C

INDOSTAR CAPITAL FINANCE LIMITED

(Incorporated as a public limited company under the Companies Act, 1956 and validly existing under the Companies Act, 2013 having **Corporate Identification Number:** L65100MH2009PLC268160), **Permanent Account Number:** AAECR4127Q, **Date of Incorporation**: 21 July 2009, **Place of Incorporation:** Kolkata, West Bengal; Registered with the Reserve bank of India (RBI) as a Non-Banking Financial Company vide Registration Number: N-13.02109 **Registered Office and Corporate Headquarters**: Silver Utopia, Third Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400099
Tel No: +91 22 43157000 **Email ID**: investor.relations@indostarcapital.com **Website**: www.indostarcapital.com

PRIVATE & CONFIDENTIAL

THIS PRIVATE PLACEMENT MEMORANDUM DATED JANUARY 18,, 2024 IS PREPARED IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021 ISSUED VIDE NOTIFICATION No. LAD-NRO/GN/2021/39 DATED AUGUST 9, 2021 AS AMENDED FROM TIME TO TIME.

PRIVATE PLACEMENT MEMORANDUM

PRIVATE PLACEMENT MEMORANDUM FOR ISSUE BY WAY OF PRIVATE PLACEMENT ("**ISSUE**") OF UPTO **32,500 9.95% ICFL 23-24/Series XV 2025** SENIOR, SECURED, REDEEMABLE, RATED, LISTED, TAXABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF INR 1,00,000 EACH (INDIAN RUPEES ONE LAKH ONLY) AMOUNTING UPTO INR 325,00,00,000 (INDIAN RUPEES THREE HUNDRED AND TWENTY FIVE CRORES ONLY) (to be referred as the "**DEBENTURES**") BY INDOSTAR CAPITAL FINANCE LIMITED (the "**ISSUER**"). THIS ISSUANCE WOULD BE UNDER THE ELECTRONIC BOOK MECHANISM FOR ISSUANCE OF DEBT SECURITIES ON A PRIVATE PLACEMENT BASIS AS PER THE SECURITIES AND EXCHANGE BOARD OF INDIA ("**SEBI**") MASTER CIRCULAR SEBI/HO/DDHS/ PoD1/P/CIR/2023/119 DATED AUGUST 10, 2021 (UPDATED AS ON JULY 07, 2023), AS AMENDED FROM TIME TO TIME ("**SEBI NCS MASTER CIRCULAR**") READ WITH SEBI CIRCULAR SEBI/HO/DDHS/ DDHS_DIV1/P/CIR/2022/00139 DATED OCTOBER 10, 2022 ON REVIEW OF PROVISIONS PERTAINING TO ELECTRONIC BOOK PROVIDER PLATFORM , AND ANY AMENDMENTS THERETO ("**EBP GUIDELINES**") TOGETHER WITH THE SEBI NCS MASTER CIRCULAR. (THE SEBI NCS MASTER CIRCULAR AND THE EBP GUIDELINES ARE HEREINAFTER COLLECTIVELY REFERRED TO AS THE "**OPERATIONAL GUIDELINES**"). THE ISSUER INTENDS TO USE WDM SEGMENT OF THE BSE EBP PLATFORM. THE ISSUER HAS COMPLIED WITH ALL THE PROVISIONS RELATED TO ELECTRONIC BOOK PROVIDER MECHANISM AND THE PRIVATE PLACEMENT MEMORANDUM SHALL BE UPLOADED ON BSE ELECTRONIC BOOK PROVIDER PLATFORM.

PROMOTERS

Name: BCP V Multiple Holdings Pte. Ltd. Telephone: +65 6750 4484 Email id: athen.liew@brookfield.com	Name: Indostar Capital, Mauritius Telephone: +230 467 7986 Email id: fchung@everstonecapital.com

CHIEF FINANCIAL OFFICER

Name: Mr. Vinodkumar Panicker ; **Telephone**:: +91 22 43157000; **Email id**: vpanicker@indostarcapital.com

GENERAL RISK

Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the Issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained under Section II of this Private Placement Memorandum. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the Debentures or investor's decision to purchase such Debentures. The Issue has not been recommended or approved by any regulatory authority including the SEBI nor does SEBI guarantee the accuracy or adequacy of the information contained herein.

ISSUER'S ABSOLUTE RESPONSIBILITY

Neither the Issuer nor its Promoter or directors are declared as wilful defaulter. The Debentures to be issued does not form part of non-equity regulatory capital mentioned under Chapter V of Securities and Exchange Board of India (Issue and Listing Of Non-Convertible Securities) Regulations, 2021.

The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Private Placement Memorandum contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in this Private Placement Memorandum is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

CREDIT RATING

The Debentures have been rated CRISIL AA-/Negative by CRISIL Ratings Limited vide its letter dated January 11, 2024 read with press release dated July 28, 2023]. The said rating is valid as on date of this Private Placement Memorandum. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The above rating is not a recommendation to buy, sell or hold Debentures and investors should take their own decisions. The rating may be subject to suspension or revision or withdrawal at any time by the assigning rating agency on the basis of new information being made available. Each rating should be evaluated independent of any other rating. Please refer to **Annexure VII** of this Private Placement Memorandum for details in respect of the rating, including the press release issued by CRISIL RATINGS Limited.

LISTING

Debentures offered through this Private Placement Memorandum are proposed to be listed on the WDM. The Issuer has obtained an in-principle approval from BSE for listing of the Debentures vide letter ref. no. DCS/COMP/AA/IP-PPDI/417/23-24 dated January 17, 2024.

COMPLIANCE OFFICER and COMPANY SECRETARY

Name: Mr. Shikha Jain; Telephone: +91 22 43157000; Email id: sjain4@indostarcapital.com

DEBENTURE TRUSTEE	REGISTRAR TO THE ISSUE	CREDIT RATING AGENCY	STATUTORY AUDITORS
IDBI Trusteeship Services Limited CIN: U65991MH2001GOI131154 Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai - 400001 Tel : +91 22 40807000 Fax : +91 22 66311776 Website : www.idbitrustee.com Contact Person : Mr. Nikhil Lohana Email : itsl@idbitrustee.com	**Link Intime India Private Limited** CIN: U67190MH1999PTC118368 C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg Vikhroli, (West), Mumbai - 400 083 Tel: +91 22 49186000 Fax: +91 22 49186060 Website: www.linkintime.co.in Contact Person: Mr. Ganesh Jadhav Email: ganesh.jadhav@linkintime.co.in SEBI Registration No.: INR000004058	**CRISIL RATINGS Limited** CIN: L67120MH1987PLC042363 Address: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076 Tel: +91 22 3342 3000 Contact Person: Mr. Krishnan Sitaraman Website: www.crisilratings.com Email: Krishnan.Sitaraman@crisil.com	**MSKA & Associates** Chartered Accountants Address: Level 9, North West Wing, The Ruby 29, Senapati Bapat Marg, Dadar West, Mumbai 400028, Maharashtra Tel: 9833255819 Contact Person: Mr. Tushar Kurani Website: www.mska.in Email: TusharKurani@mska.in

ISSUE SCHEDULE

ISSUE / BID OPENING DATE	ISSUE / BID CLOSING DATE	PAY-IN DATE	DEEMED DATE OF ALLOTMENT
23 January 2024	**23 January 2024**	**24 January 2024**	**24 January 2024**

The Issuer reserves the right to change the issue programme including the Deemed Date of Allotment (as defined hereinafter) at its sole discretion in accordance with the timelines specified in the Operational Guidelines, without giving any reasons or prior notice. The Issue will be open for bidding as per bidding window that would be communicated through BSE EBP Platform.

Coupon	Coupon Payment Frequency	Redemption Date	Redemption Amount
9.95%	Quarterly	24 September 2025	At par

DETAILS ABOUT UNDERWRITING OF THE ISSUE

The present Issue of Debentures is on private placement basis and has not been underwritten.

DETAILS ABOUT ELIGIBLE INVESTORS

ELIGIBLE INVESTORS SHALL INCLUDE ALL PERSONS ELIGIBLE TO INVEST IN THESE DEBENTURES AS PERMITTED UNDER APPLICABLE LAWS INCLUDING BUT NOT LIMITED TO THE FOLLOWING: (A) TRUSTS; (B) PORTFOLIO MANAGERS REGISTERED WITH SEBI; (C) ASSOCIATION OF PERSONS; (D) COMPANIES AND BODIES CORPORATE INCLUDING PUBLIC SECTOR UNDERTAKINGS; (E) COMMERCIAL BANKS; (F) FINANCIAL INSTITUTIONS; (G) INSURANCE COMPANIES; (H) MUTUAL FUNDS; (I) OTHER FOREIGN ENTITIES ALLOWED BY SEBI AND RBI; (K) ANY OTHER INVESTOR ELIGIBLE TO INVEST IN THESE DEBENTURES. THE PRESENT ISSUE OF DEBENTURES IS NOT UNDERWRITTEN.

The issue of Debentures shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Issuer, SEBI NCS Regulations, SEBI Listing Regulations, the terms and conditions of this Private Placement Memorandum filed with the Exchange(s), the Application Form, the Debenture Trust Deed and other documents in relation to such Issue. Capitalized terms used here have the meaning ascribed to them in this Private Placement Memorandum.

TABLE OF CONTENTS

1 DEFINITIONS 5

2 IMPORTANT NOTICE AND DISCLAIMERS 10

DISCLAIMER CLAUSE OF SEBI AND THE STOCK EXCHANGE 11

3 RISK FACTORS 15

4 DETAILS OF PROMOTERS OF THE ISSUER 29

5 NAME, LOGO, ADDRESSES, WEBSITE URL, EMAIL ADDRESS, TELEPHONE NUMBER AND CONTACT PERSON OF THE FOLLOWING: 30

6 STOCK EXCHANGES WHERE DEBENTURES ARE PROPOSED TO BE LISTED 32

7 BRIEF SUMMARY OF THE BUSINESS ACTIVITIES OF THE ISSUER AND ITS SUBSIDIARIES WITH DETAILS OF BRANCHES, IF ANY, AND ITS LINE OF BUSINESS: 33

8 FINANCIAL INFORMATION 34

9 DETAILS OF ANY OTHER CONTINGENT LIABILITIES OF THE ISSUER BASED ON THE LAST AUDITED FINANCIAL STATEMENTS INCLUDING AMOUNT AND NATURE OF LIABILITY: 35

10 A BRIEF HISTORY OF THE ISSUER SINCE ITS INCORPORATION GIVING DETAILS OF ITS FOLLOWING ACTIVITIES: 35

11 FOLLOWING DETAILS REGARDING THE DIRECTORS OF THE COMPANY: - 54

12 DETAILS REGARDING THE AUDITORS OF THE COMPANY 63

13 DETAILS OF THE FOLLOWING LIABILITIES OF THE ISSUER, AS AT MARCH 31, 2023: 64

14 DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED WHERE TAKEN/ ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF ANY OPTION 69

15 DISCLOSURES ON ALM AS ON MARCH 31, 2023: PLEASE REFER TO ANNEXURE IV (DISCLOSURES ON ASSET LIABILITY MANAGEMENT (ALM)) 69

16 DETAILS OF ALL DEFAULT(S) AND/OR DELAY IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE COMPANY, IN THE PAST 3 YEARS INCLUDING THE CURRENT FINANCIAL YEAR69

17 ANY MATERIAL EVENTS OR DEVELOPMENTS OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS OR CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER OR PROMOTERS, TAX LITIGATIONS RESULTING IN MATERIAL LIABILITIES, CORPORATE RESTRUCTURING EVENT,

ETC.) AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR(S) DECISION TO INVEST OR CONTINUE TO INVEST IN THE NON-CONVERTIBLE SECURITIES 69
18 ANY LITIGATION OR LEGAL ACTION PENDING OR TAKEN BY A GOVERNMENT DEPARTMENT OR A STATUTORY BODY DURING THE LAST THREE YEARS IMMEDIATELY PRECEDING THE YEAR OF THE ISSUE OF THIS PRIVATE PLACEMENT MEMORANDUM AGAINST THE PROMOTER OF THE COMPANY: .. 69
19 DETAILS OF DEFAULT AND NON-PAYMENT OF STATUTORY DUES 69
20 CONFIRMATION OF DEBENTURE TRUSTEES' CONSENT FOR APPOINTMENT UNDER REGULATION 8 OF SEBI NCS REGULATIONS 70
21 IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT OR LETTER WITH SIMILAR INTENT A COPY OF THE SAME SHALL BE DISCLOSED 70
22 ILLUSTRATION OF CASH FLOWS 70
23 DISCLOSURES PERTAINING TO WILFUL DEFAULTER 71
24 OTHER DETAILS 71
25 TERMS AND CONDITIONS OF THE ISSUE 77
26 TERM SHEET 78
27 NOTES TO SUMMARY TERM SHEET 99
28 GENERAL TERMS APPLICABLE TO DEBENTURE HOLDERS 103
29 DISCLOSURES AS PRESCRIBED IN FORM PAS-4 UNDER THE COMPANIES ACT105
30 DISCLOSURES AS PER THE SEBI CIRCULAR NO. SEBI/ HO/ DDHS/ P/ CIR/ 2023/ 50 DATED MARCH 31, 2023 114
32 MATERIAL DOCUMENTS 116
33 DECLARATION BY THE DIRECTOR 120
34 APPLICATION FORM 122
ANNEXURE I ..... **ERROR! BOOKMARK NOT DEFINED.**
ANNEXURE II ..... **ERROR! BOOKMARK NOT DEFINED.**
ANNEXURE III ..... **ERROR! BOOKMARK NOT DEFINED.**
ANNEXURE IV ..... **ERROR! BOOKMARK NOT DEFINED.**
ANNEXURE V ..... **ERROR! BOOKMARK NOT DEFINED.**
ANNEXURE VI ..... **ERROR! BOOKMARK NOT DEFINED.**
ANNEXURE VII ..... **ERROR! BOOKMARK NOT DEFINED.**
ANNEXURE VIII ..... **ERROR! BOOKMARK NOT DEFINED.**
ANNEXURE IX ..... **ERROR! BOOKMARK NOT DEFINED.**

1 DEFINITIONS

"AGM"	Annual General Meeting
"ALM"	Asset Liability Management
"Allotment" or "Allot"	The Allotment of Debentures
"Application Form"	The form used by the recipient of this Private Placement Memorandum, to apply for subscription to the Debentures.
"Applicant"	Persons to whom a copy of this Private Placement Memorandum will be sent, specifically addressed to such persons, with a view to offering the Debentures.
"Beneficial Owner"	The holder of the Debentures in electronic (dematerialized) form held through a Depository and whose names is so recorded by the Depository in the register maintained by it for this purpose.
"BSE"	The BSE Limited
"Business Day"	A day on which the money market is functioning in Mumbai.
"Board"	Board of Directors of the Issuer.
"CDSL"	Central Depository Services (India) Limited
"CEO"	Chief Executive Officer of the Issuer
"CARE"	CARE Ratings Limited
"CRISIL"	CRISIL Ratings Limited
"CV"	Commercial Vehicle
"Companies Act"	The Companies Act, 2013, read with the rules made there under, as amended from time to time.
"Company" or "Issuer"	IndoStar Capital Finance Limited
"Debenture Holder" or "Debenture Holders"	A person whose name appears in the Register of Debenture Holders or in the beneficial ownership record furnished by the Depository.
"Debenture Trustee"	IDBI Trusteeship Services Limited (ITSL)

"Debenture Trust Deed"	The trust deed to be entered between the Issuer and the Debenture Trustee.
"Debentures"	Means 32,500 9.95% ICFL 23-24/Series XV 2025 senior, secured, redeemable, rated, listed, taxable non-convertible debentures of face value of INR 1,00,000 each (Indian Rupees one lakh only) amounting up to INR 325,00,00,000 (Indian Rupees three hundred and twenty five crore only).
"Depository(ies)"	A depository registered with the SEBI in accordance with the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, and in this case being NSDL and CDSL.
"Depositories Act"	Means the Depositories Act, 1996, as amended from time to time.
"DP" or "Depository Participant"	Means a depository participant as defined in the Depositories Act.
"DP-ID"	Depository Participant identification number.
"EBM"	Electronic Book Mechanism for issuance of Debentures on private placement basis.
"Electronic Book Mechanism Guidelines"	The guidelines issued by SEBI and pertaining to the electronic book mechanism set out in the terms specified by SEBI in its Master Circular bearing the reference number SEBI/HO/DDHS/POD1/P/CIR/2023/119 dated August 10, 2021 on "Master Circular for issue and listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper" read with SEBI Circular bearing reference number SEBI/HO/DDHS/ DDHS_Div1/P/CIR/2022/00139 dated October 10, 2022 on "Review of provisions pertaining to Electronic Book Provider platform" (as amended from time to time) and related operational circulars issue by the relevant electronic book platform provider.
"Equity Shares"	Equity shares of the Company of face value of INR 10/- (Rupees Ten only) each.
"Financial Covenants"	Means covenants and conditions on the part of the Company to be observed and performed as set out in Term Sheet, Terms and Conditions and relevant Annexure appended to this Private Placement Memorandum.
"Financial Year" or "FY"	Means Financial Year ending March 31 of the relevant financial year, unless specified otherwise.
"Governmental Authority"	Means any national, supranational, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any person, whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank),

	established under Applicable Law.
"ICCL"	Indian Clearing Corporation Limited.
"ICA"	Inter-Creditor Agreement.
"ICM"	Indostar Capital, Mauritius
"Ind As"	Indian Accounting Standards
"INR" or "Rs." or "Rupees"	The lawful currency of the Republic of India.
"ISIN"	International Securities Identification Number
"IT Act"	The Income Tax Act, 1961 as amended from time to time.
"Law"	Means all applicable laws, bye-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions, judgments, decrees or other requirements or official directive of any Governmental Authority or Person acting under the authority of any Governmental Authority and/ or of any statutory authority in India.
"Majority Debenture Holder"	Means such number of Debenture Holders holding at least 51% of the outstanding amount of the Debentures in aggregate.
"Memorandum and Articles of Association"	Means the Memorandum of Association and Articles of Association of the Issuer.
"NEFT"	National Electronic Fund Transfer Service.
"NBFC"	Means a non-banking financial company incorporated in accordance with the provisions of the Companies Act and registered with the RBI in accordance with Section 45-IA of the RBI Act.
"NPA"	Non- Performing Asset is calculated in accordance with the provision of RBI and includes but not limited to a loan or an advance where: (a) The interest and/or instalment of principal remains overdue for a period of more than 90 (ninety) days in respect of a term loan, or (b) The account remains 'out' of 'order' as indicated below, in respect of an overdraft / cash credit ("**OD**" / "**CC**"), or (c) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted, or

	(d) The instalment of principal or interest thereon remains overdue for two crop seasons for short duration crops, or (e) The instalment of principal or interest thereon remains overdue for one crop season for long duration crops.
"NSDL"	National Securities Depository Limited.
"Obligations"	All amounts payable or reimbursable by the Company to all or any of the Debenture Holders or, as the case may be, to the Finance Parties, pursuant to the terms of any of the Transaction Documents and all other present and future obligations and liabilities of the Company to the Finance Parties under the Transaction Documents, present and future obligations and liabilities (whether financial or otherwise and whether actual or contingent), as further specified in the Debenture Trust Deed.
"PAN"	Permanent Account Number
"PAS Rules"	Companies (Prospectus and Allotment of Securities) Rules, 2014 as amended from time to time.
"RBI"	Reserve Bank of India
"RBI Act"	The Reserve Bank of India Act, 1934, as amended from time to time.
"RTA" or "Registrar and Transfer Agent"	Link Intime India Private Limited.
"RTGS"	Real Time Gross Settlement System.
"Register of Debenture Holder"	The register maintained by the Issuer at its registered office as per Section 88 of the Companies Act, 2013 containing the names of the Debenture Holder entitled to receive interest in respect of the Debentures on the Record Date, and shall include the register of Beneficial Owners maintained by the Depository under section 11 of the Depositories Act.
"ROC"	Registrar of Companies, Maharashtra situated at Mumbai.
"Secured Parties"	Means the Debenture Holders, the Debenture Trustee, and any delegate or receiver, attorney, manager, agent or other person appointed by the Debenture Trustee.
"Security Perfection Date"	Means the date falling on the expiry of 30 days from the Deemed Date of Allotment.
"SEBI"	Securities and Exchange Board of India.

"SEBI DT Master Circular"	"Master Circular for Debenture Trustees" dated March 31, 2023, issued by SEBI bearing reference number SEBI/HO/DDHS-PoD1/P/CIR/2023/109, as amended, modified, or restated from time to time.
"SEBI NCS Master Circular"	"Master Circular for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper" dated August 10, 2021, issued by SEBI bearing the reference number SEBI/HO/DDHS/POD1/P/CIR/2023/119, as amended, modified, or restated from time to time.
"SEBI NCS Regulations"	SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with the applicable circulars, as amended from time to time.
"SEBI Listing Regulations"	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the applicable circulars, as amended from time to time.
"Security Documents"	means each of: (a) the Deed of Hypothecation including any amendments thereto; and (b) any other document that is mutually designated as a Security Document by the Debenture Trustee and the Company.
"SME"	Small and Medium Enterprises
"Transaction Documents"	(a) Debenture Trustee Agreement; (b) Private Placement Memorandum; (c) PAS-4; (d) the Debenture Trust Deed; (e) Security Documents; and (f) Such other documents as agreed between the Company and the Debenture Trustee, read with amendments, if any.
"WDM"	The wholesale debt market segment of BSE.
"Wilful Defaulter"	Means an Issuer who is categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or promoter is categorised as such.
"Working Day"	All days on which commercial banks in Mumbai, are open for business; *Explanation:* For the purpose of this definition, in respect of –

	(a)	announcement of bid /issue period: working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business;
	(b)	the time period between the bid/ issue closing date and the listing of the non-convertible securities on the stock exchanges: working day shall mean all trading days of the stock exchanges for non-convertible securities, excluding Saturdays, Sundays and bank holidays, as specified by SEBI.

Capitalized terms which have not been defined in this Private Placement Memorandum shall have the meaning assigned to such term in the Debenture Trust Deed.

2 IMPORTANT NOTICE AND DISCLAIMERS

This Private Placement Memorandum for the issue of Debentures on private placement basis (the **"Document"** or the **"Private Placement Memorandum"**) will be provided to potential investors in relation to the issue of the Debentures by the Company.

This Private Placement Memorandum is neither a "Prospectus" nor a "Statement in Lieu of Prospectus" and is prepared in accordance with the SEBI NCS Regulations and with the applicable provisions relating to private placement offer letter under the Companies Act and the PAS Rules and other applicable laws, rules, regulations, circulars and guidelines, as amended from time to time. This Private Placement Memorandum has not been submitted with SEBI for its approval. This Private Placement Memorandum is intended for private use and should not be construed to be a prospectus and/or an invitation to the public or a section of the public for subscription to the Debentures under any Laws for the time being in force. This requirement is for the exclusive use to whom it is delivered and it should not be circulated or distributed to any third party(ies).

Apart from this Private Placement Memorandum, no other offer document or prospectus has been prepared in connection with the offering of this Issue nor is such a prospectus required to be registered under applicable laws. Accordingly, this Private Placement Memorandum has neither been delivered for registration nor is it intended to be registered under the applicable laws.

All the information contained in this Private Placement Memorandum has been supplied by or on behalf of the Company and the Company confirms that the Company has taken reasonable care to ensure that the information is true and accurate in all material respects as at the date of this Private Placement Memorandum and does not contain any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein that would be in the light of circumstances under which they are made, and are not misleading. No person has been authorized to give any information or to make any representation not contained or incorporated by reference in this Private Placement Memorandum or in any material made available by the Company to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Company.

The contents of this Private Placement Memorandum are intended to be used only by those potential investors to whom it is issued. It is not intended for distribution to any other person and should not be distributed or reproduced by any such potential investor.

No invitation is being made to any persons other than those to whom Application Forms along with this Private Placement Memorandum is being sent. Any application by a person to whom this Private Placement Memorandum and/ or the Application Form has not been sent by the Company shall be rejected without assigning any reason. The person in receipt of this Private Placement Memorandum shall maintain utmost confidentiality regarding the contents therein and shall not reproduce or distribute in whole or in part or make any announcement in public or to any third party regarding its contents, without the prior written consent of the Issuer.

The purpose of this Private Placement Memorandum is to provide general information about the Company and to assist recipients, who are willing and eligible to invest in the Debentures. This Private Placement Memorandum does not purport to contain all the information that any potential investor may require. This Private Placement Memorandum is not intended to provide the basis of any credit decision or other evaluation and should not be regarded; firstly as a recommendation to any recipient to participate in the Debentures and secondly any recipient of this Private Placement Memorandum should not consider such receipt a recommendation to purchase any Debentures. Each potential investor should perform his or its own independent investigation of the financial condition and affairs of the Company, and his or its own appraisal of the creditworthiness of the Company. Potential investors should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and such potential investors should possess the appropriate resources to analyse such investment and the suitability of such investment to their respective particular circumstances based upon whatever investigations it deems necessary. This Private Placement Memorandum shall not be considered as a recommendation to purchase the Debentures and the recipients are urged to determine, investigate and evaluate for themselves the authenticity, origin, validity, accuracy, completeness, adequacy or otherwise the relevance of the information contained in this Private Placement Memorandum. It is the responsibility of the investors or potential investors to also ensure that they will sell these Debentures in strict accordance with this Private Placement Memorandum and other applicable Laws, so that the sale does not constitute an offer to the public within the meaning of the Companies Act and other applicable law.

This Private Placement Memorandum is confidential and is made available only to the potential investors of the Debentures on the understanding that it is confidential. Recipients are not entitled to use any of the information contained in this Private Placement Memorandum for any purpose other than in assisting to decide whether to participate in the Issue.

Each person receiving this Private Placement Memorandum acknowledges that:

– such person has been accorded an opportunity to request and to review and has received all additional information considered by a person to be necessary to verify the accuracy of or to supplement the information herein.

This Private Placement Memorandum does not constitute, nor may it be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. No action is being taken to permit an offering of the Debentures or the distribution of this Private Placement Memorandum in any jurisdiction where such action is required. The distribution of this Private Placement Memorandum in certain jurisdictions may be restricted by Laws. Recipients of this Private Placement Memorandum are required by the Company to inform themselves about and to observe any such restrictions. No liability to any person is accepted by the Company and/or its affiliates in relation to the distribution of this Private Placement Memorandum in any jurisdiction.

This Private Placement Memorandum is made available to the potential investors to the Issue on the strict understanding that it is confidential. All Investors and potential investors are required to comply with the relevant regulations and/or guidelines applicable to them. This Private Placement Memorandum is not intended for distribution to any other person and should not be reproduced by the recipient.

The Issuer and its directors have not been prohibited from accessing the capital market under any order or directions passed by SEBI.

DISCLAIMER CLAUSE OF SEBI AND THE STOCK EXCHANGE

The issue of Debentures is being made on a private placement basis and, therefore, filing of this document with SEBI is not required, however SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this document.

As required, a copy of this Private Placement Memorandum for the issue of Debentures on private placement basis has been filed with the WDM in terms of SEBI NCS Regulations and all other provisions of applicable law.

It is to be distinctly understood that filing of the issue document to the Securities and Exchange Board of India (SEBI) should not in any way be deemed or construed to mean that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the issue is proposed to be made or for the correctness of the statements made or opinions expressed in the issue document.

It is to be distinctly understood that submission of this Private Placement Memorandum to the BSE should not in any way be deemed or construed to mean that the Document has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Private Placement Memorandum, nor does it warrant that the Debentures will be listed or will continue to be listed on the BSE; nor does it take any responsibility for the financial or other soundness of the Issuer, its promoters, its management or any scheme or project of the Issuer.

DISCLAIMER CLAUSE OF RBI

The Issuer is having a valid certificate of registration dated January 20, 2016 issued by the Reserve Bank of India ("**RBI**") under section 45IA of the RBI Act. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for discharge of liabilities or repayment of deposits by the Company. Neither is there any provision in law to keep, nor does the Company keep any part of the deposits with the RBI and by issuing the certificate of registration to the Company, the RBI neither accepts any responsibility nor guarantee for the payment of the deposit amount to any depositor.

DISCLAIMER CLAUSE OF THE COMPANY

The Company has certified that the disclosures made in this Private Placement Memorandum are adequate and in conformity with the Companies Act, SEBI guidelines and RBI guidelines in force for the time being. This requirement is to facilitate investors to take an informed decision for making an investment in the proposed Issue. The Company accepts no responsibility for statements made otherwise than in the Private Placement Memorandum or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at their own risk.

DISCLAIMER CLAUSE OF THE RATING AGENCIES

CRISIL's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned facilities or to buy, sell or hold any security. CRISIL has based its ratings on information obtained from sources believed by it to be accurate and reliable. CRISIL does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities and/or instruments are rated by CRISIL have paid a credit rating fee, based on the amount and type of bank facilities and/or instruments.

DISCLAIMER IN RESPECT TO JURISDICTION

The Issue is made in India to investors who shall be specifically approached by the Issuer. This Private Placement Memorandum does not constitute an offer to sell or an invitation to subscribe to Debentures offered hereby to any person to whom it is not specifically addressed. Any disputes arising out of this Issue will be subject to the exclusive jurisdiction of the courts and tribunals in Mumbai. This Private Placement Memorandum does not constitute an offer to sell or an invitation to subscribe to the Debentures herein, in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction.

DISCLAIMER OF THE DEBENTURE TRUSTEE

The Issuer confirms that all necessary disclosures have been made in this Private Placement Memorandum including but not limited to statutory and other regulatory disclosures. Investors should carefully read and note the contents of the Private Placement Memorandum. Each prospective investor should make its own independent assessment of the merit of the investment in the Debentures and the Issuer. Prospective investor should consult their own financial, legal, tax and other professional advisors as to the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyze such investment and suitability of such investment to such investor's particular circumstance. Prospective investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in such instruments. The Debenture Trustee, "ipso facto" does not have the obligations of a borrower or a principal debtor or a guarantor as to the monies paid or invested by investors for the debentures.

DISCLAIMER FOR ROUNDING OFF NUMBERS

Some numbers are rounded off in this Private Placement Memorandum.

FORWARD LOOKING STATEMENTS

All statements in this Private Placement Memorandum that are not statements of historical fact constitute "forward looking statements". All statements regarding the issuer's expected financial condition and results of operations, business, plans and prospects are forward looking statements. These forward looking statements and any other projections contained in this Private Placement Memorandum (whether made by the Issuer or any third party) are predictions based on the projections arising pursuant to the latest available financial information which have been disclosed in the audited financial statements. However, note that these projections may involve known and unknown risks, uncertainties and other factors that may cause the Issuer's actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections. The forward looking statements, if any, contained in this Private Placement Memorandum are based on the beliefs of the management of the Issuer, as well as the assumptions made by and information available to management as at the date of this Private Placement Memorandum. There can be no assurance that the expectations will prove to be correct. The Issuer expressly disclaims any obligation or undertaking to release any updated information or revisions to any forward looking statements contained herein to reflect any changes in the expectations or assumptions with regard thereto or any change in the events, conditions or circumstances on which such statements are based. Given these uncertainties, recipients are cautioned not to place undue reliance on such forward looking statements. All subsequent written and oral forward looking statements attributable to the issuer are expressly qualified in their entirety by reference to these cautionary statement.

This Private Placement Memorandum is not intended to be (and should not be used as) the basis of any credit analysis or other evaluation and should not be considered as a recommendation by the issuer or by any other person who participates in the issue or advice of any sort. It is understood that each recipient of this Private Placement Memorandum will perform its own independent investigation and credit analysis of the proposed financing and the business, operations, financial condition, prospects, creditworthiness, status and affairs of the issuer, based on such information and independent investigation as it deems relevant or appropriate and without reliance on this Private Placement Memorandum.

DEBENTURE DOCUMENTS

Notwithstanding any provision or statement to the contrary but subject to the disclosures made in the Private Placement Memorandum, no statement, provision, information or fact contained in this Private Placement Memorandum shall result in any defence, disclaimer or waiver or excuse of any obligation or liability of the Issuer or any of the obligors under the Private Placement Memorandum.

FORCE MAJEURE

Subject to compliance with applicable laws, the Company reserves the right to withdraw the Issue at any time prior to the closing date thereof in the event of any unforeseen development adversely affecting the economic and/or regulatory environment or disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.) force majeure or events such as strikes, lockouts, epidemic, pandemic, outbreaks of infectious disease or any other public health crisis, including quarantine or other employee restrictions; act of authority whether lawful or unlawful, compliance with any law or governmental order, rule, regulation or direction, curfew restriction, expropriation, compulsory acquisition, seizure of works, requisition. In such an event, the Company will refund the application money, if any, collected in respect of that Issue without assigning any reason.

EACH PERSON RECEIVING THIS PRIVATE PLACEMENT MEMORANDUM ACKNOWLEDGES THAT:

Such person has been afforded an opportunity to request and to review and has received all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein. Each such person (i) is a knowledgeable and sophisticated investor; (ii) have the expertise in assessing the credit, market and all the other risks involved in purchasing the Debentures; (iii) has done its own independent assessment and analysis of the Issue; (iv) understands that, by purchase or holding of the Debentures, it is assuming and is capable of bearing the risk of loss that may occur with respect to Debentures, including the possibility that it may lose all or a substantial portion of investment.

The Issuer does not undertake to update the Private Placement Memorandum to reflect subsequent events after the date of the Private Placement Memorandum. Neither the delivery of this Private Placement Memorandum nor any sale of Debentures made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

The distribution of this Private Placement Memorandum and the offering and sale of the Debentures may be restricted by law in certain jurisdictions. Persons into whose possession this Private Placement Memorandum comes are required to inform themselves about and to observe any such restrictions. The Private Placement Memorandum is made available to investors in the Issue on the strict understanding that the contents hereof are strictly confidential.

It is the responsibility of investors to ensure that any transfer of the Debentures is in accordance with this Private Placement Memorandum and the applicable laws and ensure that the same does not constitute an offer to the public.

The information and data contained herein is submitted to each of the recipient of this Private Placement Memorandum on a strictly private and confidential basis. By accepting a copy of this Private Placement Memorandum, each recipient agrees that neither it nor any of its employees or advisors will use the information contained herein for any purpose other than evaluating the subscription to the Issue or will divulge to any other party any such information. This Private Placement Memorandum must not be photocopied, reproduced, extracted, or distributed in full or in part to any person other than the recipient without the prior written consent of the Issuer.

The Issuer accepts no responsibility for statements made other than in this document or any other material expressly stated to be issued by or at the instance of the Issuer in connection with the Issue of this series of debentures and that anyone placing reliance on any other source of information would be doing so at their or its own risk.

CAUTIONARY NOTE

No person including any employee of the Issuer has been authorized to give any information or to make any representation not contained in this Private Placement Memorandum. Any information or representation not contained herein must not be relied upon as having being authorized by or on behalf of the Issuer. Neither the delivery of this Private Placement Memorandum at any time nor any statement made in connection with the offering of the Debentures shall under the circumstances imply that any information and/or representation contained herein is correct

at any time subsequent to the date of this Private Placement Memorandum. The distribution of this Private Placement Memorandum or the Application Forms and the offer, sale, pledge or disposal of the Debentures may be restricted by law in certain jurisdictions.

3 RISK FACTORS

Risk factors

The Issuer believes that the following risk factors may affect its ability to fulfil its obligations in respect of the Debentures issued under this Private Placement Memorandum. All these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below also represent the principal risks inherent in investing in Debentures issued under this Private Placement Memorandum, but the inability of the Issuer, as the case may be, to pay coupon, principal or other amounts on or in connection with any Debentures may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Debentures are exhaustive.

Investors should consider the following risk factors carefully before making any decision to invest in the Debentures issued under this Private Placement Memorandum.

The risks described below may not be the only risk we may face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows.

Unless specified in the relevant risk factors, the Company is not in a position to quantify the financial or other implications of any risks mentioned herein below.

3.1 Business Risks

3.1.1 We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to vary and consequently affect our profitability.

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest and other income charges, and interest expense and other borrowing costs. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities as well as our net interest income and net interest margins. Any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin.

Our interest income is affected by any volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. Moreover, if there is an increase in the interest rates we pay on our borrowings that we are unable to pass to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds or lower cost deposits. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income and net interest margin.

Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the

market value of our securities portfolio and other fixed income securities. In addition, we currently do not enter into any interest rate hedging instruments to protect against interest rate volatility. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations.

3.1.2 We have expanded our geographical footprint which may adversely affect results of operations and financial condition

As we expand our geographic footprint, our business may be exposed to additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business partners with whom we may have no existing relationship; successfully marketing our products in markets in which we have no familiarity; attracting customers in a market in which we do not have significant experience or visibility; being subject to additional local taxes; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to new markets in India in which different languages are spoken. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our inability to expand our current operations may adversely affect our business, financial condition and results of operations.

Further, as we enter geographical regions and new markets, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers. For instance, a number of states in India have enacted laws to regulate money lending transactions. These laws establish a maximum rate of interest that can be charged. There is ambiguity on whether NBFCs are required to comply with provisions of these state money lending laws. There are severe civil and criminal penalties for non-compliance with the relevant money lending statutes. If it is judicially determined or clarified by relevant authorities that such statutes apply to NBFCs, our expansion in such states could be hindered.

3.1.3 We have experienced significant growth in recent years and we may not be able to sustain our growth or manage it effectively.

We have experienced significant growth in recent years. Sustained growth puts pressure on our ability to effectively manage and control historical and emerging risks. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, prospects, financial condition and results of operations.

We also intend to continue to increase and diversify our customer base and delivery channels. With the launch of new businesses, particularly vehicle finance businesses, we have significantly increased the scope of our branch network and we intend to continue to add new branches over the next few years.

Such further expansion will increase the size of our business and the scope and complexity of our operations and will involve significant start-up costs to establish such branches. We may not be able to effectively manage this growth or achieve the desired profitability in the expected timeframe or at all and may not be able to reflect improvement in other indicators of financial performance from the expansion. In addition, the growth and contribution to our revenue from new branches may be slower or smaller compared to the rest of our business. We may not be able to identify real estate to lease for new branches in a cost effective manner or without delays or relocate branches that do not meet our standards of success, including profitability, to desirable locations. We cannot assure you that we will be successful in achieving our target benchmark level of efficiency and productivity in our new branches and our success will depend on various internal and external factors, some of which are not under our control.

3.1.4 **As a consequence of a larger branch network, we may also be exposed to certain additional risks, including:**

- difficulties arising from operating a larger and more complex organization;
- the failure to manage a geographically-diverse branch presence and to efficiently and optimally allocate management, technology and other resources across our branch network;
- the failure to manage third-party service providers in relation to any outsourced services;
- difficulties in the integration of new branches with our existing branch network;
- difficulties in supervising local operations from our centralized locations;
- difficulties in hiring skilled personnel in sufficient numbers to operate the new branches locally and management to supervise such operations from centralized locations;
- the failure to compete effectively with competitors in new locations;
- the failure to maintain the level of customer service in the new branches, which may adversely affect our brand and reputation;
- higher technology support services cost and operational risks;
- difficulties arising from coordinating and consolidating corporate and administrative functions, including integration of internal controls and procedures; and
- unforeseen legal, regulatory, property, labour or other issues.
- Any disruption in our sources of funding could adversely affect our liquidity and financial condition.

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including bank loans and working capital facilities, non-convertible debentures, commercial paper and equity. Our business depends and will continue to depend on our ability to access a variety of funding sources. Our ability to raise funds at competitive rates depends on various factors including our current and future results of operations and financial condition, our risk management policies, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy.

Changes in economic, regulatory and financial condition or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

3.1.5 **Our business may be adversely affected if we are unable to provide for higher levels of NPAs.**

Our Company is required to adhere to provisioning requirements related to advances (standard and / or non-performing) made by it pursuant to the Master Directions - Non- Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended ("**Master Directions**") and the Ind AS issued under the Companies Act. Further, our Subsidiary, IndoStar Home Finance Private Limited, is required to make provision for advances (standard and / or non-performing) in accordance with the Master Directions - Non- Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, as amended from time to time, the Ind AS issued under the Companies Act and such other circulars / directions issued by RBI. In case of rise in level of non-performing

assets, the Company and/or IndoStar Home Finance Private Limited will be required to provide for such assets at increased rates which may adversely affect our business, financial condition and results of operations.

3.1.6 **We depend on the accuracy and completeness of information about customers and counterparties, shared by them or on behalf of them, for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.**

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

Further, we are increasing our focus on self-employed and middle income individuals and businesses that have limited or no access to formal banking and finance channels. A significant number of such customers maybe first time buyers of financial products and often may not have credit histories supported by tax returns and other documents that would enable us to accurately assess their creditworthiness. We may also not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Although as part of our credit policy, we are required to conduct credit checks of all our customers, including with credit bureaus, conduct site-visits (wherever relevant) and personal discussions, there can be no assurance that such credit information will be accurate or comprehensive. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets, which could adversely affect our business prospects, financial condition and results of operations.

3.1.7 **We have significant exposure to certain sectors and to certain borrowers and if these exposures become non-performing, such exposures could increase the level of non-performing assets in our portfolio and affect our business, future financial performance and results of operations and the quality of our asset portfolio.**

Our Company has significant exposure in real estate, financial services and infrastructure sectors in India and may continue to have significant concentration of loans in these sectors. Any significant negative trends or financial difficulties in this sector could increase the level of non-performing assets in our portfolio and may adversely affect our business, financial performance and results of operations.

Our real estate finance loans typically have higher average loan sizes in comparison to our other loan products. Furthermore, real estate finance loans may be exposed to risks related to time and cost overruns and related increases. Factors such as third party performance risks, delays in obtaining the requisite approvals, environmental risks, changes in market conditions, changes in government or regulatory policies, permits, licenses or certifications from the relevant authorities as well as shortages of, or material increases in prices of, construction materials, equipment, technical skills and labor, or other unforeseeable problems and circumstances may lead to delays in, or prevent the completion of, real estate development projects and

result in costs substantially exceeding those originally budgeted, which may affect real estate developers' ability to repay their loans.

3.1.8 **Our indebtedness has increased significantly over the years and we are subject to certain conditions and restrictions in terms of our financing arrangements, which restrict our ability to conduct our business and operations in the manner we desire.**

Our total borrowings have increased significantly over the years. Our level of indebtedness has important consequences to us, such as:

(a) increasing our vulnerability to general adverse economic, industry and competitive conditions;

(b) limiting our flexibility in planning for, or reacting to, changes in our business and the industry;

(c) affecting our credit rating;

(d) limiting our ability to obtain additional financing in the future at competitive terms;

(e) affecting our capital adequacy requirements; and

(f) increasing our interest expenditure.

Most of our financing arrangements are secured by our movable and immovable assets. Certain of our financing agreements also include certain conditions and covenants requiring us to maintain stipulated financial ratios and obtain consents from lenders prior to carrying out certain activities and entering into certain transactions.

Any failure to satisfactorily comply with any material condition or material covenant under our financing agreements (including technical defaults) or inability to repay our loans as and when due, may lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities, and enforcement of events of default as well as cross-defaults under certain of our other financing agreements, any of which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. In the event our business suffers or our customers are not able to repay their borrowings, we may be unable to meet our repayment obligations under our financing arrangements. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, our Company may be unable to pay its debts when they fall due. Further, under some of the financing arrangements, the Issuer may be required to inform / obtain prior approval of the lenders / debentures holders / debenture trustee for various actions. Such prior approvals, consents and intimations, as may be applicable are specified in the Debenture Trust Deed.

3.1.9 **We may require additional financing for our business operations and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability.**

We may require additional capital for our business operations. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes, including any changes to RBI's monetary policies which are applicable to us. To the extent our planned expenditure requirements exceed our available resources; we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements.

Our ability to obtain additional financing on favourable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our

existing indebtedness, security, our track record of compliance of the covenants contained in our financial agreements, general market conditions and market conditions for financing activities and the economic, political and other conditions.

We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our ability to incur capital expenditure, our business, results of operations and financial condition.

3.1.10 **Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition**.

The cost and availability of debt capital depends in part on our short-term and long-term credit ratings.

Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. Our long-term debt is presently rated as:

(a) CRISIL AA- by CRISIL Ratings Limited. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk;
(b) CARE A+ and CARE PP-MLD A+; (market linked debentures) by CARE Ratings Limited. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk;

CRISIL Ratings Limited and CARE Ratings Limited have also rated our commercial paper debt as CRISIL A1+ and CARE A1+ respectively. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our current or future borrowings.

3.1.11 **As an NBFC, non-compliance with the RBI's observations, if any, made during its periodic inspections could expose us to penalties and restrictions.**

As an NBFC, we are subject to periodic inspection by the RBI under section 45N of the RBI Act, pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. While the Company seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

3.1.12 **The regulatory requirement to maintain a stipulated capital adequacy ratio could restrict our future business growth.**

As a systemically important non-deposit taking NBFC, our Company is required to maintain a minimum capital adequacy ratio on an ongoing basis.

If we continue to grow our total credit exposure and asset base, we will be required to raise additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us or at all, which could result in non-compliance with applicable capital adequacy ratios and may adversely affect the growth of our business.

3.1.13 **Our risk management measures may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.**

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behaviour. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated.

Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events.

Although we have established policies and procedures, they may not be fully effective. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFCs, standards and practices in the sectors we cater to, on a cost-effective and timely basis. The development and implementation of standards and practices entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

3.1.14 **Any failure, inadequacy and security breach in our information technology systems may adversely affect our business.**

Our operations depend on our ability to process a large number of transactions on a daily basis across our network of offices, most of which are connected through computer systems and servers to our head office. Our expansion plans will require us to invest more in information technology which may prove to be unsuccessful. Our financial, accounting, underwriting or other data processing systems may fail to operate adequately or become disabled as a result of events that are beyond our control, including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, servers, software, including software licensed from vendors and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft including customer data, customer KYC documents (including identity proofs, income and tax statements and bank account details), employee data and propriety business data, for which we could potentially be liable. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct

business may be adversely impacted by a disruption in the supporting infrastructure.

3.1.15 **We may be exposed to potential losses due to a decline in value of assets secured in our favor, and due to delays in the enforcement of such security upon default by our borrowers.**

Our total credit exposure, is secured by a mix of movable and immovable assets or other forms of collateral, depending on the nature of the loans. The value of certain types of collaterals may decline due to inherent operational risks, the nature of the asset secured in our favor and adverse market and economic conditions (both global and domestic). For example, the value of the vehicle, is subject to depreciation, deterioration, and/or a reduction in value on account of a number of factors (such as wear and tear), over the course of time. Consequently, the realizable value of the collateral for the loan provided by us, when liquidated, may be lower than the outstanding loan from such customers. Any default in repayment of the outstanding credit obligations by our customers may expose us to losses. Furthermore, in the case of a default, we typically repossess the commercial vehicles financed and sell such vehicles through auctions. The hypothecated vehicles, being movable property, may be difficult to locate or seize in the event of any default by our customers.

In the event of default by our customers, there can be no assurance that we will be able to sell our collateral including property, machinery, stock or vehicles provided as security at all or at prices sufficient to cover the amounts under borrower defaults, or that we would be able to invoke other securities, such as personal guarantees, due to among other things, unforeseen delays in our ability to take immediate action, winding up and foreclosure proceedings, defects in title, defects in perfection of the collateral or documentation relevant to the assets, stock market downturns, fraudulent transfers by our customers, difficulty in locating movable assets and the necessity of obtaining regulatory approvals and/or court orders for the enforcement of our collateral over those assets. Further, certain ownership documents of the immovable properties that are mortgaged to us may not be duly registered or adequately stamped. Failure to adequately stamp and register a document may render the document inadmissible in evidence. Consequently, should any default arise in relation to the corresponding loans, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such mortgaged properties. Further, if any of our borrowers take recourse of arbitration or litigation against our repayment claims, it may cause a further delay in our recovery process leading to depreciation of the secured asset. A failure or delay in recovering the expected value from sale of collateral could expose us to a potential loss. Any such losses could adversely affect our business prospects, financial condition and results of operations. As a result, if our customers default, we may receive less money from liquidating collateral than is owed under the relevant financing facility, and, in turn, incur losses, even where we successfully repossess and liquidate the collateral, thereby adversely affecting our business, future financial performance and results of operations.

In addition, we may face additional delay and expense in conducting an auction to sell the collateral and may face significant delay in repossessing collateral, as litigation against defaulting customers, even if governed by an arbitration clause, can be slow and expensive in India. In the event a specialized regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed. In the event of any inability or delay in the repossession and liquidation of the collateral securing loans in default, we may incur losses, which could adversely affect our results of operations and financial condition.

3.1.16 **We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.**

We face potential liquidity risks because our assets and liabilities mature over different periods. As is typical for NBFCs, we meet a portion of our funding requirements through short-term funding sources, such as by issuing commercial papers, short-term loans from banks and non-convertible debentures. The majority of our total credit exposure, however, mature over the medium term. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities in a timely and cost-effective manner or at all may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and profitability.

3.1.17 **A small portion of our collections from customers is in cash, exposing us to certain operational risks.**

A small portion of our collections from our customers is in cash and such cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network.

As we grow our retail presence, the cash collections are likely to increase. While we have taken insurance policies, including coverage for cash in safes and in transit, and undertaken measures to detect and prevent unauthorized transactions, fraud or misappropriation, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. We may also be party to criminal proceedings and civil litigation related to our cash collections.

3.1.18 **We require certain statutory and regulatory approvals for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations.**

We require certain statutory and regulatory approvals for conducting our business and may also need additional approvals from regulators in connection with other fee-based products to our customers. We are also required to comply with the prescribed requirements including exposure limits, classification of NPAs, KYC requirements and other internal control mechanisms. We also obtain licenses and approvals to operate our various lines of business and in the future, we will be required to maintain such permits and approvals and obtain new permits and approvals for any proposed expansion strategy or diversification into additional business lines or new financial products. We may not be able to obtain such approval in a timely manner or at all.

In addition, our various offices are required to be registered under the relevant shops and establishments laws of the states and also require a trade license in municipal limits of certain states. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. Certain approvals may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications. A court, arbitration panel or regulatory authority may in the future find that we have not complied with applicable legal or regulatory requirements. We may also be subject to lawsuits or arbitration claims by customers, employees or other third parties in the different state jurisdictions in India in which we conduct our business. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities. We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

3.1.19 **All of our offices and branches are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavorable to us could adversely affect our operations.**

All of our offices (including our registered and corporate office) and branches are located in leased premises. Further, as we expand our branch network in line with our growth strategy, we expect the number of leased branches to increase significantly as all of our new branches are expected to open on leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavorable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations. All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

3.1.20 We have in the past entered into related party transactions and may continue to do so in the future

We have entered into various transactions with related parties. While we believe that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although all related party transactions that we may enter into post-listing, will be subject to audit committee, board or shareholder approval, as necessary under the Companies Act and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties.

3.1.21 Any non-compliance with mandatory Anti-Money Laundering and Know Your Customer policies could expose us to additional liability and harm our business and reputation.

In accordance with the requirements applicable to us, we are mandated to comply with anti-money laundering ("**AML**") and know your client ("**KYC**") regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our banking networks for illegal money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities.

In addition, a number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA. Pursuant to these provisions, as part of our KYC processes, we are required to collect and report certain information regarding US persons having accounts with us.

There can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions, including imposition of fines and other penalties by the relevant government agencies to whom we report including the Financial Intelligence Unit - India. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

3.2 Debenture Related Risks

3.2.1 Repayment of principal or coupon is subject to the credit risk of the Company

Investors should be aware that receipt of the principal amount, coupon amount and any other amounts that may be due in respect of the Debentures is subject to the credit risk of the Company and the potential investors assume the risk that the Issuer may not be able to satisfy their obligations under the Debentures. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Company, the payment of sums due on the Debentures may be substantially reduced or delayed.

3.2.2 Risk in full recovery of the security in case of Enforcement

In the event that the Issuer is unable to meet its payment and other obligations towards the Debenture Holders under the terms of the Debentures, the Debenture Trustee may enforce the security interest created over the Secured Hypothecated Properties as per the terms of Security Documents, and other related documents. The Debenture Holders recovery in relation to the Debentures will be subject to (i) the market value of such Secured Hypothecated Properties, (ii) finding willing buyers for the security at a price sufficient to repay the

investors amounts outstanding under the Debentures. The value realized from the enforcement of the security may be insufficient to redeem the Debentures.

3.2.3 No Debenture Redemption Reserve

Pursuant to the Rule 18(7)(b)(iii) of the Companies (Share Capital and Debentures) Rules, 2014 as amended from time to time ("**Share Capital and Debentures Rules**"), listed companies which are registered as non-banking financial companies (NBFCs) with the RBI are not required to create a debenture redemption reserve for any privately placed debentures. Accordingly, no debenture redemption reserve is being created for the present Issue.

3.2.4 Tax Considerations and Legal Considerations

Special tax, accounting and legal considerations may apply to certain types of Investors. Prospective Investors are urged to consult with their own tax and legal advisors to determine any tax and legal implications of investment in Debentures.

3.3 Market Risks

3.3.1 We are exposed to significant market risk that could impair the value of our investment portfolio and adversely affect our business, results of operations and financial condition.

Changes in prevailing interest rates could affect our investment returns, which in turn could affect our investment income, results of operations and prospects. While falling interest rates could result in an increase in the mark-to-market value of our debt portfolio, they also subject us to reinvestment risk, which could result in the portfolio yields falling. Accordingly, declining interest rates could have an adverse effect on our investment income, results of operations, financial condition, cash flows and prospects. On the other hand, an increase in interest rates could also adversely affect our profitability. Even though an increase in interest rates could result in an increase in investment returns on our newly added fixed income assets, it could also result in a reduction in the value of our existing fixed income assets reducing the mark-to-market value of such instruments. Interest rates are highly sensitive to inflation and other factors including, government monetary and tax policies, domestic and international economic and political considerations, regulatory requirements and other factors beyond our control. Any adverse effect on the factors affecting equity markets in India could affect our investment returns, which in turn could affect our results of operations, financial condition, cash flows and prospects.

3.3.2 Credit risks related to our investments, loans and advances may expose us to significant losses.

We are exposed to credit risks in relation to our investments. The value of our debt portfolio could be affected by changes in the credit rating of the issuer of the securities as well as by changes in credit spreads in the bond markets. In addition, issuers of the debt securities that we own may default on principal and interest payments. We cannot assure you that we are able to identify and mitigate credit risks successfully. As a result, a probable downgrade in the credit rating of the debt securities owned by us may lead to a reduction in value of our debt portfolio, and have an adverse effect on our financial condition, results of operations and prospects. Our investments in unsecured debt instruments may carry an interest rate lower than the market rate.

Further, the counterparties in our investments, including issuers of securities we hold, counterparties of any derivative transactions that we may enter into, banks that hold our deposits and debtors, may default on their obligations to us due to bankruptcy, lack of liquidity, economic downturns, operational failure, fraud or other reasons. We are also subject to the risk that our rights against these counterparties may not be enforceable in all circumstances. In addition, we provide loan and advances to parties, including related parties. If such parties delay or default in repaying such loans and advances, we may incur significant losses.

3.4 External risks

Risks Relating to India

3.4.1 Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any pexchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic
- conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally,
- including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance.

3.4.2 Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to

suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("GST") regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

3.4.3 The secondary market for the Debentures may be illiquid

The Debentures may be very illiquid and no secondary market may develop in respect thereof. Even if there is a secondary market for the Debentures, it is not likely to provide significant liquidity. Any such Debenture so purchased may be required to be held or resold or surrendered for cancellation, to the extent that an issue of Debentures becomes illiquid. An Investor may have to hold the Debenture until redemption to realize value.

3.5 General risk factors

The Issuer further undertakes that:

Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The Debentures have not been recommended or approved by the any regulatory authority in India, including the SEBI nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of "General Risk" on the cover page and 'Risk factors' given under Section 3 (*Risk Factors*).

3.6 Issuer's Undertaking

The Issuer, having made all reasonable inquiries, accepts responsibility for, and confirms that this Private Placement Memorandum contains all information with regard to the issuer and the Issue, that the information contained in this Private Placement Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Private Placement Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

3.7 ASSUMPTIONS

3.7.1 The initial subscriber by subscribing to and any subsequent purchaser by purchasing the Debentures shall be deemed to have agreed that and accordingly the Company shall be entitled to presume that each of the initial subscribers and any subsequent purchasers:

(a) has reviewed the terms and conditions applicable to the Debentures as contained in the Private Placement Memorandum and has understood the same, and, on an independent assessment thereof, found the same acceptable for the investment and has also reviewed the risk disclosures

contained herein and has understood the risks, and determined that Debentures are a suitable investment and that the Debenture Holder can bear the economic risk of that investment;

(b) has received all the information believed by it to be necessary and appropriate or material in connection with, and for, investment in the Debentures;

(c) has sufficient knowledge, experience and expertise as an investor, to make the investment in the Debentures;

(d) has not relied on either the Company or any of its affiliate, associate, holding, subsidiary or group entities or any person acting in its or their behalf for any information, advice or recommendations of any sort except as regards the accuracy of the specific factual information about the terms of the Debentures set out in this Private Placement Memorandum;

(e) has understood that information contained in this Private Placement Memorandum is not to be construed as business or investment advice;

(f) has made an independent evaluation and judgement of all risks and merits before investing in the Debentures;

(g) has understood that the method and manner of computation of returns and calculations on the Debentures shall be solely determined by the Company and the decision of the Company shall be final and binding;

(h) has understood that in the event of any discretions to be exercised, in relation to method and manner of any of the above computations including due to any disruptions in any of the financial or other related markets or if for any other reason the calculations cannot be made as the method and manner originally stipulated or referred to or implied, such alternative methods or approach shall be used as deemed fit by the Company and may include the use of estimates and approximations. All such computations shall be valid and binding on the Debenture Holder(s) and no liability thereof will attach to the Company;

(i) has understood that in the event that the debenture holder(s) suffers adverse consequences or loss, the debenture holder(s) shall be solely responsible for the same and the Company, its parent, its subsidiaries or affiliates shall not be responsible, in any manner whatsoever, for any adverse consequences or loss suffered by the debenture holder(s) including but not limited to on the basis of any claim that no adequate disclosure regarding the risks involved were made or that the full risks involved were not explained or understood;

(j) has the legal ability to invest in the Debentures and the investment does not contravene any provision of any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the Debenture Holder or its assets;

(k) where the debenture holder is a mutual fund or provident fund or superannuation fund or gratuity fund (each a "fund"), that:

    (i) investing in the Debentures on the terms and conditions stated herein is within the scope of the fund's investment policy and does not conflict with the provisions of the trust deed or bye laws or regulations currently in force,

    (ii) the investment in Debentures is being made by and on behalf of the fund and that the fund is in force and existing and the investment has been ratified by appropriate resolutions, and

(iii) the investment in Debentures has been duly authorised and does not contravene any provisions of the trust deed or bye laws or regulations as currently in force or any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the fund or its assets.

3.8 Where the Debenture Holder is a company, that:

3.8.1 the Debenture Holder is not precluded under any law, rules, regulations and / or circular(s) issued by any statutory authority (ies) including under the Companies Act from investing in the Debentures;

3.8.2 all necessary corporate or other necessary action has been taken and that the Debenture Holder has corporate ability and authority, to invest in the Debentures;

3.8.3 investment in the Debentures does not contravene any provisions of the Memorandum and Articles of Association or any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the Debenture Holder or the Debenture Holder's assets;

3.8.4 the Debenture Holder is not debarred from accessing the capital market or has been restrained by any regulatory authority from directly or indirectly acquiring the said securities; and

3.8.5 the Debenture Holder shall pay for subscription of the Debentures from his own bank account.

DISCLOSURE AS PER SCHEDULE II OF SEBI NCS REGULATIONS

4 DETAILS OF PROMOTERS OF THE ISSUER

4.1 IndoStar Capital, Mauritius ("**ICM**")

ICM was incorporated as a private company limited by shares under the laws of Mauritius on October 25, 2010 with PAN AACCI5675C and having its registered office located at 3rd Floor, Standard Chartered Tower, Bank Street, 19 Cybercity, Ebene 72201, Mauritius. ICM is registered with the Financial Services Commission of Mauritius and has been granted a Category I – Global Business License by the Financial Services Commission (the "**FSC**") on 26 October 2010 and its principal activity is that of investment holding. ICM has its sole investments in the Company.

4.2 BCP V Multiple Holdings Pte. Ltd. ("**BCP**")

BCP is a private company limited by shares registered under the laws of Singapore on November 27, 2018 with PAN AAICB1835H and having its registered office at Income at Raffles 16 Collyer, Quay, 19-00, Singapore 049318. BCP's investment objective and policy is to invest directly or indirectly in securities of companies in India.

The PAN and bank account number of the Promoters and PAN of directors shall or have been submitted to the stock exchanges on which the Debentures are proposed to be listed, at the time of filing the Private Placement Memorandum.

5 NAME, LOGO, ADDRESSES, WEBSITE URL, EMAIL ADDRESS, TELEPHONE NUMBER AND CONTACT PERSON OF THE FOLLOWING:

Sr. No.	Particulars	Details
1.	**Name of the Issuer**	IndoStar Capital Finance Limited Date of Incorporation: July 21, 2009 CIN: L65100MH2009PLC268160 RBI Registration Number: N – 13.02109
2.	**Registered & Corporate Office of the Issuer**	Silver Utopia, Third Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400099 Tel: +91 22 43157000 Website: www.indostarcapital.com Email: investor.relations@indostarcapital.com
3.	**Promoters**	BCP V Multiple Holdings Pte. Ltd. (Holding Company) Email: athen.liew@brookfield.com Contact No**:** +65 6750 4484 PAN: AAICB1835H Indostar Capital Email: fchung@everstonecapital.com Contact No: +230 467 7986 PAN: AACCI5675C
4.	**Compliance Officer of the Issuer**	Ms. Shikha Jain Company Secretary Silver Utopia, Third Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400099 Tel: +91 22 43157000 Email: sjain4@indostarcapital.com
5.	**Chief Financial Officer of the Issuer**	Mr. Vinodkumar Panicker CFO Silver Utopia, Third Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400099 Tel: +91 22 43157000 Email: vpanicker@indostarcapital.com

Sr. No.	Particulars	Details
6.	**Debenture Trustee of the Issue**	**IDBI Trusteeship Services Limited** CIN: U65991MH2001GOI131154 Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai - 400001 Tel: +91 22 4080 7000 Fax: +91 22 66311776 Email: itsl@idbitrustee.com Website: www.idbitrustee.com Contact Person: Mr. Nikhil Lohana
7.	**Registrar & Transfer Agent of the Issue**	**Link Intime India Private Limited** CIN: U67190MH1999PTC118368 C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg Vikhroli, (West), Mumbai - 400 083 Tel: +91 22 49186000 Fax: +91 22 49186060 Email: ganesh.jadhav@linkintime.co.in Website: www.linkintime.co.in Contact Person: Mr. Ganesh Jadhav SEBI Registration No.: INR000004058
8.	**Credit Rating Agency of the Issue**	**CRISIL Ratings Limited** CIN: L67120MH1987PLC042363 Address: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076 Tel: +91 22 3342 3000 Contact Person: Mr. Krishnan Sitaraman Website: www.crisilratings.com Email: Krishnan.sitaraman @crisil.com

Sr. No.	Particulars	Details
9.	**Statutory Auditors of the Issuer**	**MSKA & Associates** Chartered Accountants Address: Level 9, North West Wing, The Ruby 29, Senapati Bapat Marg, Dadar West, Mumbai 400028, Maharashtra Tel: 9833255819 Contact Person: Mr. Tushar Kurani Website: www.mska.in Email: TusharKurani@mska.in
10.	**Guarantor, if applicable**	NA
11.	**Legal Counsel**	**SHARDUL AMARCHAND MANGALDAS & CO.** Address: Amarchand Towers, 216 Okhla Industrial Estate, Phase III, New Delhi - 110 02 Phone: +91 11 41590700, 40606060 Website: www.amsshardul.com
12.	**Issuer's Legal Counsel**	**TALWAR THAKORE & ASSOCIATES** Address: 3rd Floor, Kalpataru Heritage, 127, M.G. Road, Fort, Mumbai 400 001 Website: www.tta.in Phone: +91 22 6613 6900
13.	**Arrangers, if any**	N/A

Investors can contact the Compliance Officer in case of any pre-issue or post-issue related problems.

6 STOCK EXCHANGES WHERE DEBENTURES ARE PROPOSED TO BE LISTED

The Debentures are proposed to be listed on the WDM. For the purpose of the Issue the designated stock exchange shall be BSE.

BSE vide email or letter reference no. DCS/COMP/AA/IP-PPDI/417/23-24 dated January 17, 2024 has given its in-principle approval for the listing of the Debentures.

Brief Summary of the Business Activities of the Issuer and its subsidiaries with details of branches, if any, and its line of business:

6.1 Overview

The Company was incorporated as 'R V Vyapaar Private Limited', a private limited company under the Companies Act, 1956 with a certificate of incorporation issued by registrar of companies, West Bengal on July 21, 2009. For business and commercial reasons, the name of the Company was subsequently changed to 'IndoStar Capital Finance Private Limited' pursuant to a special resolution passed by the shareholders of the Company on November 8, 2010. A fresh certificate of incorporation consequent to name change was issued by the registrar of companies, West Bengal on November 15, 2010. Thereafter, the Company was converted into a public limited company under the Companies Act pursuant to special resolution by the shareholders of the Company on April 30, 2014, Consequently, the name of the Company was changed to 'IndoStar Capital Finance Limited' and a fresh certificate of incorporation was issued by the registrar of companies, West Bengal on May 28, 2014. Further, the registered office of the Company was changed from West Bengal to Maharashtra pursuant to a special resolution passed by the shareholders of the Company on February 16, 2015. Subsequently, an order dated August 25, 2015 was issued by Regional Director (Eastern Region), Ministry of Corporate Affairs, Kolkata confirming the change in the registered office of the Company from the State of West Bengal to the State of Maharashtra and a certificate of registration of the order dated September 8, 2015 was issued by the ROC.

The Company was registered as a non-public deposit taking non-banking financial company pursuant to a certificate of registration (bearing number N-05.06857) dated June 17, 2010, issued by the RBI. Pursuant to a change in name of the Company and conversion from a private company to a public company, a certificate of registration (bearing number N-05.06857) dated January 21, 2015 was issued by the RBI. Pursuant to change in registered office from West Bengal to Maharashtra, a certificate of registration (bearing number N-13.02109) dated January 20, 2016 was issued by the RBI.

In addition to being regulated by the provisions of the Companies Act, as an NBFC, the Issuer is subject to regulatory supervision by the Department of Non-Banking Supervision of the RBI. As a part of such surveillance, RBI may carry out inspection of the Issuer. The RBI issues detailed guidelines to NBFCs on asset classification, income recognition and provisioning, capital adequacy, ALM, resource raising, etc. from time to time. As per the Framework for Scale Based Regulation for Non-Banking Financial Companies, dated 22 October 2022, as amended from time to time, the Company is classified as NBFC Middle Layer (NBFC-ML)

The Company is professionally managed and institutionally owned organization which is primarily engaged in providing used and new vehicle financing, loans to small and medium enterprise ("**SME**") borrowers and structured term financing solutions to Indian corporates. The Company offers housing finance products, through its wholly owned subsidiary IndoStar Home Finance Private Limited.

The Company's principal lines of business are vehicle financing and SME lending.

The Company had 369 branches as on December 31, 2023. **Corporate Structure & Operations**

The operational framework of the Company consists of the Board, the various committees and an operating management committee. The Board has set the vision, strategy, direction and the broad operational framework for the Company. The Board has also formed various committees for ensuring adequate supervision and guidance to the Company in its operations.

The Board of Directors has constituted the management committee as the principal forum for taking operational decisions for effective day-to-day functioning of the Company. The management committee comprises of the senior personnel from the Company and is responsible to implement the direction and framework set out by the Board or its committees in achieving the objectives of the Company.

Pursuant to the growth of business, in size, as well as expansion across multiple products and locations, the Board of Directors has also constituted the corporate lending committee and retail lending committee which inter-alia act as decision making bodies on business related matters of corporate lending and retail lending business segments of the Company, respectively.

Organization Chart as on December 31, 2023

6.2 **Subsidiary(ies) of the Company**

6.2.1 The Company has two subsidiaries namely:

(a) 'IndoStar Asset Advisory Private Limited' (CIN: U67100MH2013PTC240676) was incorporated on February 21, 2013 under the companies act, 1956 with the ROC with its registered office situated at Silver Utopia, Third Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai – 400099 ("IAAPL"). IAAPL is engaged in the business of advising, managing, providing investment advisory services, financial advisory services, management and facilitation services; and

(b) 'IndoStar Home Finance Private Limited' (CIN: U65990MH2016PTC271587) was incorporated on January 1, 2016 under the Companies Act with the ROC with its registered office situated at Unit No. 305, 3rd Floor, Wing 2/E, Corporate Avenue, Andheri - Ghatkopar Link Road, Chakala, Andheri (East), Mumbai – 400093 ("IHFPL"). IHFPL is registered as a non-public deposit accepting housing finance company with the NHB under the National Housing Banking Act, 1987, as amended from time to time (the "**NHB Act**").

6.3 **Project cost and means of financing in case of funding of new project**: Not Applicable

7 FINANCIAL INFORMATION

(a) **A columnar representation of the audited financial statements (i.e. Profit & Loss statement, Balance Sheet and Cash Flow statement) both on a standalone and consolidated basis for a period of three completed years:** Please refer to **Annexure I (*Financial Information*)**

(b) **The financial statements of last three financial years along with the Auditor's Report and requisite schedules, footnotes, summary etc.:** Please refer to the Annual Report of the Company for financial years ended 31 March 2021 and 31 March 2022 available on website of the Company at www.indostarcapital.com. Further, the financial statements along with the Auditor's Report and requisite schedules, footnotes, summary etc for the latest financial year ended 31 March 2023 is enclosed herewith as **Annexure I.**

(c) **Key Operational and Financial Parameters on consolidated and standalone basis for the last 3 Financial Years:** Please refer to **Annexure I (*Financial Information*).**

(d) **Debt: Equity Ratio of the Company as on September 30, 2023**

Before the issue	1.52:1
After the issue	1.68:1

8 DETAILS OF ANY OTHER CONTINGENT LIABILITIES OF THE ISSUER BASED ON THE LAST AUDITED FINANCIAL STATEMENTS INCLUDING AMOUNT AND NATURE OF LIABILITY:

Particulars (Contingent liabilities)	Amount (INR in lakhs)
Corporate guarantee given by Company to banks	2.875.00 (as on March 31, 2023)

FOR MORE DETAILS ABOUT OTHER CONTINGENT LIABILITIES, SEE NOTES TO ACCOUNTS- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS OF THE FINANCIAL STATEMENTS (STANDALONE), AND FINANCIAL STATEMENTS (CONSOLIDATED).

9 A BRIEF HISTORY OF THE ISSUER SINCE ITS INCORPORATION GIVING DETAILS OF ITS FOLLOWING ACTIVITIES:

9.1.1 Share capital of the Company as on December 31, 2023 is set forth below:

Share Capital	Amount (INR)
Authorised Share Capital	
15,25,00,000 Equity Shares having face value of INR 10/- each	1,52,50,00,000
1,25,00,000 preference shares having face value of INR 10/- each	12,50,00,000
Total	**1,65,00,00,000**
Issued, Subscribed and Paid-Up Share Capital	
13,60,79,295 equity shares of face value of INR 10/- each	**1,36,07,92,950**
Total	**1,36,07,92,950**
Size of the present Offer – Debentures	3,25,00,00,000
Paid-up Capital:	
(a) after the offer	N.A.
(b) after conversion of convertible instruments (if applicable)	N.A.
Share Premium account: **Before the offer**	29,22,07,62,696

Share Capital	Amount (INR)
After the offer	N.A.

9.1.2 **Changes in the Capital Structure since incorporation, as on December 31, 2023**

Date of Change (AGM/EGM)	Amount in INR	Particulars
September 3, 2010	2,00,00,000	The authorised share capital of the Company was increased from INR 25,00,000 divided into 250,000 Equity Shares of INR 10 each to INR 2,00,00,000 divided into 20,00,000 Equity Shares of INR 10 each.
November 9, 2010	30,00,00,000	The authorised share capital of the Company was further increased from INR 2,00,00,000 divided into 20,00,000 Equity Shares of INR 10 each to INR 30,00,00,000 divided into 3,00,00,000 Equity Shares of INR 10 each.
March 15, 2011	75,00,00,000	The authorised share capital of the Company was further increased from INR 30,00,00,000 divided into 3,00,00,000 Equity Shares of INR 10 each to INR 75,00,00,000 divided into 75000,000 Equity Shares of INR 10 each.
July 25, 2011	80,00,00,000	The authorised share capital of the Company was further increased from INR 75,00,00,000 divided into 7,50,00,000 Equity Shares of INR 10 each to INR 80,00,00,000 divided into 8,00,00,000 Equity Shares of INR 10 each.
October 17, 2016	90,00,00,000	The authorised share capital of the Company was further increased from INR 800,000,000 divided into 8,00,00,000 Equity Shares of INR 10 each to INR 90,00,00,000 divided into 9,00,00,000 Equity Shares of INR 10 each.
February 7, 2018	1,10,00,00,000	The authorised share capital of the Company was further increased from INR 90,00,00,000 divided into 9,00,00,000 Equity Shares of INR 10 each to INR 1,10,00,00,000 divided into 11,00,00,000 Equity Shares of INR 10 each.
March 01, 2020	1,65,00,00,000	The authorised share capital of the Company was further increased from INR 1,10,00,00,000 divided into 11,00,00,000 Equity Shares of INR 10 each to INR 1,65,00,00,000 divided into 15,25,00,000 Equity Shares of INR 10 each and 1,25,00,000 Preference Shares of INR 10 each.

9.1.3 **Equity Share Capital History of the Company as on December 31, 2023**

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
On Incorporation	10,000	10.00	10.00	Cash	Subscriber to Memorandum	10,000	100,000	Nil	
Sept 15, 2009	202,180	10.00	100 (incl. premium of INR 90 each)	Cash	Preferential Allotment	212,180	2,121,800	18,196,200	
March 31, 2011	51,004,569	10.00	130 (incl. premium of INR 120 each)	Cash	Preferential Allotment	51,216,749	512,167,490	6,138,744,480	
March 31, 2011	*9,038,250	10.00	130 (incl. premium of INR 120 each) 0.01 was paid-up at the time of issue	Cash	Preferential Allotment	60,254,999	512,257,872.5	6,138,744,480	
June 13, 2011	8,498,384	10.00	130 (incl. premium of INR 120 each)	Cash	Preferential Allotment	68,753,383	597,241,712.5	7,158,550,560	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
July 25, 2011	8,904,814	10.00	130 (incl. premium of INR 120 each)	Cash	Preferential Allotment	77,658,197	686,289,852.5	8,227,128,240	
May – August 2015 (*Please see Note A below)	--	--	--	--	--	73,354,429	733,544,290	8,795,266,080	
May 13, 2016	3,300	10.00	140 (incl. premium of INR 130 each)	Cash	Allotment pursuant to exercise of stock options under ESOP 2012	73,357,729	733,577,290	8,795,695,080	
November 4, 2016	200	10.00	145 (incl. premium of INR 135 each)	Cash	Allotment pursuant to exercise of stock options under ESOP 2012	7,33,57,929	73,35,79,290	8,79,57,22,080	
	100	10.00	140 (incl. premium of INR 130 each)	Cash	Allotment pursuant to exercise of stock options under ESOP 2012	7,33,58,029	73,35,80,290	8,79,57,35,080	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
	470	10.00	149.37 (incl. premium of INR 139.37 each)	Cash	Allotment pursuant to exercise of stock options under ESOP 2012	7,33,58,499	73,35,84,990	8,79,58,00,583.9	
March 23, 2017	5,003,300	10.00	300 (incl. premium of INR 290 each)	Cash	Preferential Allotment	78,361,799	783,617,990	10,246,757,583.9	
May 8, 2017	317,460	10.00	315 (incl. premium of INR 305 each)	Cash	Preferential Allotment	78,679,259	786,792,590	10,343,582,883.9	
April 9, 2018	26,100	10.00	140 (incl. premium of INR 130)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	78,705,359	787,053,590	10,346,975,883.9	
April 9, 2018	99,800	10.00	145 (incl. premium of INR 135)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP	78,805,159	788,051,590	10,360,448,883.9	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
					2012				
April 9, 2018	31,040	10.00	149.37 (incl. premium of INR 139.37)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	78,836,199	788,361,990	10,364,774,928.7	
April 9, 2018	12,500	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	78,848,699	788,486,990	10,367,462,428.7	
April 9, 2018	42,500	10.00	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	78,891,199	788,911,990	10,377,874,928.7	
April 9, 2018	10,000	10.00	300 (incl. premium of INR 290)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP	78,901,199	789,011,990	10,380,774,928.7	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
					2016-II				
May 17, 2018	12,237,762	10.00	572 (incl. premium of INR 562)	Cash	Initial Public Offering of Equity Shares	91,138,961	91,13,89,610	17,25,83,97,172.7	
June 26, 2018	98,000	10.00	140 (incl. premium of INR 130)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	9,12,36,961	91,23,69,610	17,27,11,37,172.7	
June 26, 2018	2,23,200	10.00	149.37 (incl. premium of INR 139.37)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	9,14,60,161	91,46,01,610	17,30,22,44,556.7	
June 26, 2018	6,02,254	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	9,20,62,415	92,06,24,150	17,43,17,29,166.7	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
June 26, 2018	12,500	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	9,20,74,915	92,07,49,150	17,43,44,16,666.7	
June 26, 2018	1,22,000	10.00	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016 II	9,21,96,915	92,19,69,150	17,46,43,06,666.7	
July 6, 2018	21,500	10.00	140 (incl. premium of INR 130)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	9,22,18,415	92,21,84,150	17,46,71,01,666.7	
September 6, 2018	15,000	10.00	300 (incl. premium of INR 290)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	9,22,33,415	92,23,34,150	17,47,14,51,666.7	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
September 6, 2018	1,500	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	9,22,34,915	92,23,49,150	17,47,17,74,666.7	
September 6, 2018	2,500	10.00	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	9,22,37,415	92,23,74,150	17,47,23,86,666.7	
February 06, 2019	20,000	10.00	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	92,257,415	922,574,150	17,477,286,666.7	
May 30, 2019	10,000	10.00	149.37 (incl. premium of INR 139.37)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	92,267,415	922,674,150	17,478,680,366.7	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
February 19, 2020	16,300	10.00	140 (incl. premium of INR 130)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	92,283,715	922,837,150	17,480,799,366.7	
February 19, 2020	63,700	10.00	149.37 (incl. premium of INR 139.37)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	92,347,415	923,474,150	17,489,677,235.7	
February 26, 2020	16,000	10.00	149.37 (incl. premium of INR 139.37)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	92,363,415	923,634,150	17,491,907,155.7	
March 9, 2020	86,300	10.00	149.37 (incl. premium of INR 139.37)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	92,449,715	924,497,150	17,50,39,34,786.7	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
March 24, 2020	1,200	10.00	149.37 (incl. premium of INR 139.37)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	92,450,915	924,509,150	17,504,102,030.7	
May 15, 2020	4,000	10.00	149.37 (incl. premium of INR 139.37)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	92,454,915	924,549,150	17,504,659,510.7	
May 27, 2020	30,172,414	10.00	290 (incl. premium of INR 280)	Cash	Preferential Allotment	122,627,329	1,226,273,290	25,952,935,430.7	
June 4, 2020	60,000	10.00	149.37 (incl. premium of INR 139.37)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2012	122,687,329	1,226,873,290	25,961,297,630.7	
June 4, 2020	4,83,000	10.00	255 (incl. premium of INR 245)		Allotment pursuant to Exercise of Stock Option	123,170,329	1,231,703,290	26,079,632,630.7	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
					granted under ESOP 2016-II				
September 17, 2020	15,000	10.00	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,185,329	1,231,853,290	26,083,307,630.7	
November 5, 2020	15,000	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,200,329	1,232,003,290	26,086,532,630.7	
November 11, 2020	15,000	10.00	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,215,329	1,232,153,290	26,090,207,630.7	
November 19, 2020	15,000	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP	123,230,329	1,232,303,290	26,093,432,630.7	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
					2016				
November 28, 2020	20,000	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,250,329	1,232,503,290	26,097,732,630.7	
December 8, 2020	1,35,000	10.00	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,385,329	1,233,853,290	26,130,807,630.7	
December 11, 2020	2,500	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,387,829	1,233,878,290	26,131,345,130.7	
December 14, 2020	20,000	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,407,829	1,234,078,290	26,135,645,130.7	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
December 17, 2020	50,000	10.00	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,457,829	1,234,578,290	26,147,895,130.7	
January 12, 2021	2,500	10.00	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,460,329	1,234,603,290	26,148,432,630.70	
January 31, 2021	40,000	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,500,329	1,235,003,290	26,157,032,630.70	
February 1, 2021	20,000	10	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,520,329	1,235,203,290	26,161,932,630.70	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
February 7, 2021	40,000	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,560,329	1,235,603,290	26,170,532,630.70	
February 15, 2021	44,000	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,604,329	1,236,043,290	26,179,992,630.70	
February 15, 2021	20,000	10	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,624,329	1,236,243,290	261,84,892,630.70	
February 23, 2021	44,400	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,668,729	1,236,687,290	26,194,438,630.70	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
March 09, 2021	11,600	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,680,329	1,236,803,290	26,196,932,630.70	
March 09, 2021	25,000	10	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,705,329	1,237,053,290	26,203,057,630.70	
March 17, 2021	25,000	10	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,730,329	1,237,303,290	26,209,182,630.70	
June 3, 2021	20,000	10	255 (incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,750,329	1,237,503,290	26,214,082,630.70	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
June 23, 2021	44,400	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,794,729	1,237,947,290	26,223,628,630.70	
August 30, 2021	10,000	10	255(incl. premium of INR 245)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,804,729	1,238,047,290	26,22,60,78,630.70	
September 2, 2021	50,000	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,854,729	1,238,547,290	26,23,68,28,630.70	
September 14, 2021	65,600	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,920,329	1,239,203,290	26,25,09,32,630.70	

Date of Allotment	No. of Equity Shares Allotted	Face Value (INR)	Issue Price (INR)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative			Remarks
						No. of Equity Shares	Equity Share Capital (INR)	Equity Share Premium (INR)	
September 21, 2021	66,500	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,986,829	1,239,868,290	26,26,52,30,130.70	
September 28, 2021	23,500	10	225 (incl. premium of INR 215)	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	124,010,329	1,240,103,290	26,27,02,82,630.70	
*November 26, 2021 (Please refer to Note B)	1,20,68,966	10	290 (incl. premium of INR 280)	Cash	Allotment pursuant to Conversion of Compulsory Convertible Preference shares (CCPS)	13,60,79,295	1,36,07,92,950	29,64,95,93,110.70	

Note A –

The Company in FY 2015-16 made the first and final call of INR 129.99 on 9,038,250 partly paid-up equity shares. Out of 9,038,250 partly paid-up equity shares, the Company received call money on 4,734,482 partly paid-up shares and the remaining 4,303,768 partly paid-up equity shares were forfeited due to non-payment of call and cancelled from the equity share capital of the Company.

#Note B –

The Issue Price of INR 290 per share was received on May 27, 2020 i.e. at the time of allotment of 12,068,966 CCPS and no amount was received at the time of conversion of these CCPS into equity shares i.e. on November 26, 2021.

9.2 **Details of Acquisition or Amalgamation with any entity in the last 1 year -** None

9.3 **Details of any Reorganization or Reconstruction in the last 1 year** – None

9.4 **Details of the Shareholding of the Company, as on September 30, 2023:** The detailed shareholding pattern of the Company as on December 31, 2023 in the format prescribed under Regulation 31 of SEBI Listing Regulations is enclosed herewith as **Annexure III** and the summary is presented as under

Sr. No.	Particulars	Total no. of equity shares held	% of total no. of equity shares	No. of equity shares held in dematerialized form
(A)	Promoter and Promoter Group	10,20,58,226	75	*8,99,89,260
(B)	Public	3,40,21,069	25	3,40,21,069
(C)	Non Promoter-Non Public	0	0	0
	Total	**13,60,79,295**	**100.00**	**12,40,10,329**

Note: No equity shares held by the Promoter are pledged or encumbered

** 1,20,68,966 equity shares allotted pursuant to conversion of 1,20,68,966 compulsorily convertible preference shares on November 26, 2021 were issued in dematerialised mode, however since these shares are pending for listing, dematerialisation process is yet to be completed.*

9.5 **The list of top 10 holders of equity shares of the Company as on September 30, 2023**

S. No.	Name of the shareholders	Total no. of Equity Shares	No. of shares held in demat form	Total shareholding as % of total no. of equity shares
1.	BCP V Multiple Holdings Pte Ltd	76,482,638	64,413,672	56.20
2.	Indostar Capital	23,262,583	23,262,583	17.09
3.	Madhuri Madhusudan Kela.	3,379,834	3,379,834	2.48
4.	ECP III FVCI Pte Ltd	2,313,005	2,313,005	1.70
5.	ICICI Prudential Life Insurance Company Limited	1,851,855	1,851,855	1.36

S. No.	Name of the shareholders	Total no. of Equity Shares	No. of shares held in demat form	Total shareholding as % of total no. of equity shares
6.	Cohesion MK Best Ideas Sub-Trust	1,336,624	1,336,624	0.98
7.	Rosy Blue (India) Private Limited	1,200,000	1,200,000	0.88
8.	Vikas Vijaykumar Khemani	961,505	961,505	0.70
9.	Khemani Distributors and Marketing Limited	961,505	961,505	0.70
10.	Carnelian Capital Compounder Fund-1.	840,000	840,000	0.61

10 FOLLOWING DETAILS REGARDING THE DIRECTORS OF THE COMPANY: -

Details of Directors of the Company

The current composition of Board of Directors of the Company is as follows:

Sr. No.	Name, Designation and DIN	Age	Address	Date of appointment	Details of other directorship	Whether willful defaulter or not (Yes/No)
1.	Bobby Parikh Chairman and Non- Executive Independent Director *DIN*: 00019437 Professional	59 Years	4th Floor, Seven on the Hill, Pali Hill, Auxilium Convent Road, Bandra (West), Mumbai – 400050	March 5, 2015	Infosys Limited Biocon Limited Biocon Biologics Limited BMR Global Services Private Limited BMR Business	No

Sr. No.	Name, Designation and DIN	Age	Address	Date of appointment	Details of other directorship	Whether willful defaulter or not (Yes/No)
					Solutions Private Limited	
2.	Mr. Dhanpal Jhaveri Non-Executive Non-Independent Director DIN: 02018124 Professional	54 years	2 Sumangal, 13, Ridge Road, Malbar Hill, Mumbai-400 006, Maharashtra	September 2, 2010	IndoStar Asset Advisory Private Limited Interarch Building Products Private Limited Amulya Corporation Private Limited Eversource Capital Private Limited Everock Reality Private Limited Everock Real Estate Private Limited Avasara Leadership Institute IMC Chamber of Commerce and Industry	No

Sr. No.	Name, Designation and DIN	Age	Address	Date of appointment	Details of other directorship	Whether willful defaulter or not (Yes/No)
					Asian Genco Pte. Ltd. Onward Technologies Limited	
3.	Hemant Kaul Non-Executive Independent Director *DIN*: 00551588 Management consultant	67 years	A-105, Atrey Path, Near Classic Hotel, Shyam Nagar, Jaipur – 302019	February 5, 2018	Transcorp International Limited IndiaFirst Life Insurance Company Limited Earlysalary Services Private Limited Social Worth Technologies Private Limited Egis Healthcare Services Private Limited Ola Financial Services Private Limited Ola Capital Services Private Limited	No

Sr. No.	Name, Designation and DIN	Age	Address	Date of appointment	Details of other directorship	Whether willful defaulter or not (Yes/No)
					Goddard Technical Solutions Private Limited Jaipur Advisory Group Private Limited Namdev Finvest Private Limited	
4.	Naina Krishna Murthy Non-Executive Independent Director *DIN*: 01216114 Professional	51 years	4th Floor, No. 23, Prestige Takt, Kasturabha Road, Bengaluru, Karnataka – 560001	February 5, 2018	Sterling And Wilson Renewable Energy Limited Bandhan Mutual Fund Trustee Limited Asset Reconstruction Company (India) Limited	No
5.	Aditya Joshi Non-Executive Non-Independent Director *DIN*: 08684627	42 years	Appartment 1801, Tower 4, Planet Godrej, Mahalaxmi East, Mumbai – 400 011	July 10, 2020	India Mortgage Guarantee Corporation Private Limited	No

Sr. No.	Name, Designation and DIN	Age	Address	Date of appointment	Details of other directorship	Whether willful defaulter or not (Yes/No)
	Professional					
6.	Vibhor Kumar Talreja Non-Executive Non-Independent Director *DIN*: 08768297 Professional	44 years	B-2001, Ashok Gardens, T J Road, Near Sweree Post Office, Sewri Mumbai 400 015	July 10, 2020	IndoStar Home Finance Private Limited IndoStar Asset Advisory Private Limited Calibre Chemicals Private Limited	No
7.	Karthikeyan Srinivasan Whole Time Director and Chief Executive Officer DIN: 10056556 Service	50 years	9A, 901/2, Whispering Palms Exclusive, Lokhandwala Township, Mumbai, Mumbai Suburban, Maharashtra 400101	Whole-Time Director - March 30, 2023	Nil	No
8.	Mr. Devdutt Marathe Non-Executive Director DIN: 10294876 Service	40 years	B604, Rustomjee seasons, N Dharmadhikari Road, Bandra East, Mumbai Suburban, Maharashtra 400051	September 8, 2023	-	No

Details of change in directors since last three years**:**

Sr. No.	**Name, Designation and DIN**	**Date of Appointment**	**Date of Cessation, if applicable**	**Date of Resignation, if applicable**	**Remarks**
1.	Sameer Sain Non-Executive Director DIN: 01164185	April 28, 2011	N.A.	June 26, 2019	Resignation
2.	Shailesh Shirali Whole-Time Director DIN: 06525626	June 26, 2019	N.A.	N.A.	Appointment
3.	Bobby Parikh Non-Executive Independent Director DIN: 00019437	March 05, 2020	N.A.	N.A.	Re-appointment
4.	Shailesh Shirali Whole-Time Director DIN: 06525626	June 26, 2019	N.A.	June 26, 2019	Resignation
5.	Dinesh Kumar Mehrotra Non-Executive Independent	February 5, 2018	N.A.	July 10, 2020	Resignation

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
	Director DIN: 00142711				
6.	Alok Oberoi Non-Executive Director DIN: 01779655	April 28, 2011	N.A.	July 10, 2020	Resignation
7.	Sridhar Rengan Executive Director DIN: 03139082	July 10, 2020	N.A.	N.A.	Appointment
8.	Aditya Joshi Non-Executive Director DIN: 08684627	July 10, 2020	N.A.	N.A.	Appointment
9.	Vibhor Kumar Talreja Non-Executive Director DIN: 08768297	July 10, 2020	N.A.	N.A.	Appointment
10.	Sridhar Rengan	July 10, 2020	N.A.	February 4, 2021	Resignation

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
	Non-Executive Director DIN: 03139082				
11.	Munish Dayal Non-Executive Director DIN: 01683836	February 4, 2021	N.A.	September 8, 2023	Appointment
12.	R. Sridhar Executive Director DIN: 00136697	April 18, 2017	April 17, 2022	N.A.	Cessation pursuant to expire of tenure as Whole-time Director
13.	Deep Kumar Jaggi Whole Time Director and Chief Executive Officer DIN: 09412860	February 10, 2022	N.A.	N.A.	Appointment
14.	Hemant Kaul Non-Executive Independent Director *DIN*: 00551588	February 5, 2023	N.A.	N.A.	Re-appointment

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
15.	Naina Krishna Murthy Non-Executive Independent Director *DIN*: 01216114 Professional	February 5, 2023	N.A.	N.A.	Re-appointment
16.	Deep Kumar Jaggi Whole Time Director and Chief Executive Officer DIN: 09412860	February 10, 2022	-	February 14, 2023	Resignation
17.	Karthikeyan Srinivasan Whole Time Director and Chief Executive Officer DIN: 10056556	March 30, 2023	-	-	Appointment
18.	Munish Dayal Non-Executive Non-Independent Director	-	-	September 8, 2023	Resignation

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable	Remarks
	DIN: 0168383				
19.	Devdutt Marathe Non-Executive Director DIN: 10294876	September 8, 2023	-	-	Appointment

Details of remuneration of directors:

Particulars	Remuneration (INR in lacs)		
	As on March 31, 2023	FY 2021-22	FY 2020-21
Remuneration of Managing Director and Whole-Time Director	190.48	305.57	1,210.74
Remuneration of Non-Executive Independent Directors	36.95	54.90	21.65

11 DETAILS REGARDING THE AUDITORS OF THE COMPANY

11.1 Details of the Auditor of the Company

Name of the Auditor	Address	Auditor Since
MSKA & Associates	Chartered Accountants Level 9, North West Wing, The Ruby 29, Senapati Bapat Marg, Dadar West, Mumbai 400028, Maharashtra	September 18, 2023

11.2 Details of change in auditor since last three years

Name of the Auditor	Address	Date of Appointment	Date of Cessation, if applicable	Date of Resignation, if applicable
S. R. Batliboi & Co. LLP	14th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028	March 21, 2011	September 24, 2020	N.A.

Deloitte Haskins & Sells LLP	32 Floor, One International Center, Tower 3, Elphinstone Mills Compound, Senapati Bapat Marg, Elphinstone (West), Mumbai – 400 013	September 24, 2020	September 18, 2023	N.A.
MSKA & Associates	Level 9, North West Wing, The Ruby 29, Senapati Bapat Marg, Dadar West, Mumbai 400028, Maharashtra	September 18, 2023	N.A.	N.A.

12 DETAILS OF THE FOLLOWING LIABILITIES OF THE ISSUER, AS AT SEPTEMBER 30, 2023:

12.1 Details of Outstanding Secured Loan Facilities as of September 30, 2023

Sr. No	Name of the bank	Nature of facility	Amount Sanctioned	Principal Amount outstanding	Repayment Date / Schedule	Security, if applicable
1	Indian Bank (Erstwhile Allahabad Bank)	Term Loan	100.00	12.50	8 equated half yearly instalments of after initial moratorium period of 3 months from the date of first disbursement	See Note (1)
2	Bank of India	Term Loan	150.00	24.67	Repayment in 12 quarterly instalment after moratorium of 12 months	See Note (1)
3	Bank Of Maharashtra	Term Loan	100.00	62.50	to be repaid in 16 equated quarterly installments as per sanction	See Note (1)
4	Catholic Syrian Bank	Term Loan	50.00	29.17	Repayment in 12 quarterly equal instalment after moratorium of 15 months	See Note (1)
5	Central Bank Of India	Term Loan	100.00	43.62	Repayment in 16 quarterly instalments after moratorium periof of 12 months	See Note (1)
6	IDFC First Bank Ltd	Term Loan	300.00	50.00	Repayble in 36 Minthly installment after 2 Years	See Note (1)
7	Indian Bank	Term Loan	100.00	12.50	8 equated half yearly repayment after moratorium period of 12 months.	See Note (1)
8	Indian Bank	Term Loan	100.00	33.33	15 equated Quarterly instalments	See Note (1)
9	Karnataka BANK	Term Loan	50.00	18.75	to be repaid in 8 Half yearly installments as per sanction	See Note (1)
10	National Bank for Agriculture and	Term Loan	200.00	90.00	20 equated Quarterly instalments	See Note (1)

	Rual Development					
11	Small Industries Development Bank of India	Term Loan	100.00	15.00	20 quarterly installments of after moratorium period of 6 months.	See Note (1)
12	South Indian Bank	Term Loan	51.26	6.25	8 Half yearly instalments after moratorium period of 1 year	See Note (1)
13	State Bank of India	Term Loan	300.00	100.02	Nine half yearly instalment of INR 33.33 each after moratorium period of 6 months	See Note (1)
14	Union Bank of India	Term Loan	150.00	17.45	Repayments in 8 half yearly installments	See Note (1)
15	Yes Bank	Term Loan	100.00	39.58	Repayment in 48 monthly equal instalment	See Note (1)
16	Development Bank of Singapore	Term Loan	150.00	27.78	36 equated Monthly installments	See Note (1)
17	IDFC First Bank Ltd	Term Loan	150.00	75.00	8 equated Quarterly instalments	See Note (1)
18	IndusInd BANK	Term Loan	100.00	56.25	16 equated Quarterly instalments	See Note (1)
19	RBL Bank Ltd	Term Loan	50.00	12.50	24 equated Monthly installments	See Note (1)
20	State Bank of India	Term Loan	300.00	195.00	9 equated Quarterly instalments	See Note (1)
21	Small Industries Development Bank of India	Term Loan	100.00	25.00	8 equated Quarterly instalments	See Note (1)
22	ICICI Bank Ltd	Term Loan	75.00	46.88	8 equated Quarterly instalments	See Note (1)
23	Bajaj Finance Ltd	Term Loan	50.00	50.00	8 equated Quarterly instalments	See Note (1)
24	State Bank of India	Term Loan	100.00	100.00	6 equated Quarterly instalments	See Note (1)
25	HERO FINCORP LTD	Term Loan	75.00	75.00	9 equated Quarterly instalments	See Note (1)
26	Kotak Mahindra Bank	WCDL	105.00	105.00	At the time of Maturity	See Note (1)

Note 1 – Facilities are secured by First Pari-Passu charge on standard asset portfolio of receivables of the Company.

12.2 **Details of Outstanding Unsecured Loan Facilities as on September 30, 2023:**

Name of lender	Type of Facility	Amount Sanctioned (Rs. crore)	Outstanding As on 30 June 2023 (Rs. crore)	Repayment Date / Schedule
NIL				

12.3 **Details of Outstanding Non-Convertible Securities as on September 30, 2023**

Series of NCS	Tenor/ Period of Maturity	Coupon (per annum)	Amount (in INR Crore)	Date of Allotment	Redemption Date / Schedule	Credit Rating	Security^
Series XXXIV	1796 Days	9.75% p.a.	25.00	25-11-19	25-10-24	CARE "AA-"	See Note (1)
SERIES V 2024	729 Days	10.20% p.a.	120.00	29-12-22	27-12-24	CRISIL "AA-"	See Note (4)
SERIES IV 2024	638 Days	10.20% p.a.	108.00	29-12-22	27-09-24	CRISIL "AA-"	See Note (4)
SERIES III 2024	547 Days	10.20% p.a.	40.00	29-12-22	28-06-24	CRISIL "AA-"	See Note (4)
SERIES II 2024	456 Days	10.20% p.a.	40.00	29-12-22	29-03-24	CRISIL "AA-"	See Note (4)
SERIES I 2024	368 Days	10.20% p.a.	32.00	29-12-22	01-01-24	CRISIL "AA-"	See Note (4)
SERIES VI 2025	729 Days	9.95% p.a.	100.00	23-03-23	21-03-25	CRISIL "AA-"	See Note (4)
SERIES VII 2024	550 Days	9.95% p.a.	400.00	23-03-23	23-09-24	CRISIL "AA-"	See Note (4)
Series VIII 2025	731 Days	9.95% p.a.	230.00	15-05-23	15-05-25	CRISIL "AA-"	See Note (4)
Series IX 2026	1106 Days	10.25% p.a.	25.00	15-05-23	25-05-26	CRISIL "AA-"	See Note (4)
Series X 2025	639 Days	9.95% p.a.	350.00	30-06-23	30-03-25	CRISIL "AA-"	See Note (4)
Series XI 2025	731 Days	9.95% p.a.	350.00	30-06-23	30-06-25	CRISIL "AA-"	See Note (4)
Series XIII 26 as Tranche 2	1096 Days	9.85% p.a.	250.00	07-08-23	07-08-26	CRISIL "AA-"	See Note (4)
Series XII 25 as Tranche 1	731 Days	9.95% p.a.	350.00	07-08-23	07-08-25	CRISIL "AA-"	See Note (4)

^All Debentures are secured.

Note 1: Debentures are secured by (i) first pari-passu charge by way of hypothecation on the standard asset portfolio of receivables of the Company; and (ii) first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat.

Note 2: First pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation of standard asset portfolio of receivables (Net of NPA) of the Issuer and / or cash or cash equivalent or treasury assets and / or such other asset, as may be identified by the Company

12.4 **Details of commercial paper issuances as at the end of the last quarter in the following format as on September 30, 2023**

Series of NCS	**ISIN**	**Tenor/Period of Maturity**	**Coupon**	**Amount outstanding (INR in Crore)**	**Date of allotment**	**Redemption date/schedule**	**Credit Rating**	**Secured/ unsecured**	**Other details viz. details of issuing and paying agent, list of credit rating agency**
CP-23-24-00028	INE896L14DD1	253	8.85%	75	15-Jun-23	23-Feb-24	CRISIL A1+/ Watch Negative	Unsecured	Issuing and paying agent- Axis Bank , BKC Ltd, Axis House, Bombay dyeing mills, Mumbai 400075 Credit Rating Agency- CRISIL Ratings Limited
CP-23-24-00030	INE896L14DE9	90		50	30-Aug-23	28-Nov-23	CRISIL A1+	Unsecured	
CP-23-24-00031	INE896L14DF6	123		10	14-Sep-23	15-Jan-24	CRISIL A1+	Unsecured	
CP-23-24-00032	INE896L14DG4	45		50	15-Sep-23	30-Oct-23	CRISIL A1+	Unsecured	

12.5 **List of Top 10 non-convertible securities holders as on September 30, 2023 (on cumulative basis):**

Sr No	Name of holders of Non-convertible Securities	Amount (in INR Crore)	% of total NCS outstanding
1	ICICI MF	400.00	17%
2	Morgan Stanley India Primary Dealer Private Limited	369.45	15%
3	Tata Capital Financial Services Ltd	340.00	14%
4	HDFC Mutual Fund-HDFC Credit Risk Debt Fund	300.00	12%
5	Citicorp Finance India Limited	200.00	8%
6	Wipro Enterprises Private Limited	150.00	6%
7	Sporta Technologies Private Limited	100.00	4%
8	Axis Mutual Fund	75.00	3%
9	Nippon MF	74.30	3%
10	Baroda MF	70.00	3%

12.6 **List of top ten holders of Commercial Paper in terms of value as on September 30, 2023 (in cumulative basis)**

S. No	Name of holder	Category of holder	Face value of holding (Amt in cr)	Holding as a % of total commercial paper outstanding of the issuer
1	MORGAN STANLEY INDIA PRIMARY DEALER PRIVATE LIMITED	Body Corporate	100.00	54%
2	INDIAN POTASH LIMITED	Body Corporate	75.00	41%
3	ROPPEN TRANSPORTATION SERVICES	Body Corporate	10.00	5%

12.7 **Details of the bank fund based facilities/ rest of the borrowing as on September 30, 2023 [●] (if any, including hybrid debt like Foreign Currency Convertible Bonds (FCCB), Optionally Convertible Debentures/ Preference Shares) from financial institutions or financial creditors: NA**

12.8 **The amount of corporate guarantee issued by the Issuer along with name of the counterparty (like name of the subsidiary, JV entity, group company, etc.) on behalf of whom it has been issued, as on September 30, 2023:** Guarantee of INR 25 crore (Rupees Twenty five crore only) issued to bank(s) on behalf of IndoStar Home Finance Private Limited, wholly owned subsidiary of the Company.

13 DETAILS OF ANY OUTSTANDING BORROWINGS TAKEN/ DEBT SECURITIES ISSUED WHERE TAKEN/ ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF ANY OPTION

13.1.1 The Issuer has not issued any debt securities nor taken any borrowings for consideration other than cash, whether in whole or part.

13.1.2 The Issuer has not issued any debt securities at a premium or discount which are outstanding as on date.

13.1.3 The Issuer has not issued any debt securities nor taken any borrowings in pursuance of an option.

14 DISCLOSURES ON ALM AS ON MARCH 31, 2023: Please refer to Annexure IV (Disclosures on Asset Liability Management (ALM))

15 DETAILS OF ALL DEFAULT(S) AND/OR DELAY IN PAYMENTS OF INTEREST AND PRINCIPAL OF ANY KIND OF TERM LOANS, DEBT SECURITIES AND OTHER FINANCIAL INDEBTEDNESS INCLUDING CORPORATE GUARANTEE ISSUED BY THE COMPANY, IN THE PAST 3 YEARS INCLUDING THE CURRENT FINANCIAL YEAR – Nil

16 ANY MATERIAL EVENTS OR DEVELOPMENTS OR CHANGE HAVING IMPLICATIONS ON THE FINANCIALS OR CREDIT QUALITY (E.G. ANY MATERIAL REGULATORY PROCEEDINGS AGAINST THE ISSUER OR PROMOTERS, TAX LITIGATIONS RESULTING IN MATERIAL LIABILITIES, CORPORATE RESTRUCTURING EVENT, ETC.) AT THE TIME OF ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR(S) DECISION TO INVEST OR CONTINUE TO INVEST IN THE NON-CONVERTIBLE SECURITIES- Nil

17 ANY LITIGATION OR LEGAL ACTION PENDING OR TAKEN BY A GOVERNMENT DEPARTMENT OR A STATUTORY BODY DURING THE LAST THREE YEARS IMMEDIATELY PRECEDING THE YEAR OF THE ISSUE OF THIS PRIVATE PLACEMENT MEMORANDUM AGAINST THE PROMOTER OF THE COMPANY:

The Promoters does not have any litigation or legal action pending or taken by any government department or any statutory authority during the 3 (three) years immediately preceding the year of the Private Placement Memorandum except special leave to appeal against the final order of the Bombay High Court in the matter of deducting tax at source under Section 197 of the Income Tax Act, 1961 as amended from time to time ("**IT Act**"), filed by assistant commissioner of Income Tax Department against Indostar Capital, one of the Promoter of the Company.

18 DETAILS OF DEFAULT AND NON-PAYMENT OF STATUTORY DUES: None

19 CONFIRMATION OF DEBENTURE TRUSTEES' CONSENT FOR APPOINTMENT UNDER REGULATION 8 OF SEBI NCS REGULATIONS

The Company has appointed IDBI Trusteeship Services Limited (ITSL) as Debenture Trustee. The address and contact details of ITSL have been mentioned above.

ITSL has given its consent to act as Debenture Trustee to the Debenture Holders vide letter ref no. 62016-1/ITSL/OPR/CL/23-24/DEB/1095 dated January 16, 2024 appended as **Annexure V**. This will be mentioned in all subsequent periodical communications sent to the holders of Debentures. The Issuer has/will enter a Debenture Trustee Agreement / Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Issuer and the Debenture Trustee in respect of the Debentures.

The Debenture Holders shall, without any further act or deed, be deemed to have irrevocably given their consent to the appointment of the Debenture Trustee by the Company. The Debenture Holders shall, without further act or deed, also be deemed to have already given their consent to and to have authorised the Debenture Trustee, or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or required to be done in the interest of the Debenture Holders or otherwise provided for and/ or referred to in this Private Placement Memorandum. All rights and remedies under the Debenture Trust Deed shall vest in and be exercised by the Debenture Trustee only and unless, otherwise expressly provided for, without having it referred to the Debenture Holders.

20 IF THE SECURITY IS BACKED BY A GUARANTEE OR LETTER OF COMFORT OR ANY OTHER DOCUMENT OR LETTER WITH SIMILAR INTENT A COPY OF THE SAME SHALL BE DISCLOSED – Not Applicable

21 ILLUSTRATION OF CASH FLOWS

The illustrative cash flows per Debenture (bearing face value of ₹ 1,00,000 (Rupees one lakh only)) is as under:

Sr	Description	Scheduled Date	Prin Disb	Int Paid	Bond Servicing	Bond Cashflow
0	Pay-in Date	24-Jan-24	-1,00,000.00	0.00	0.00	-1,00,000.00
1	Coupon Payment	24-Apr-24	0.00	2,473.91	2,473.91	2,473.91
2	Coupon Payment	24-Jul-24	0.00	2,473.91	2,473.91	2,473.91
3	Coupon Payment	24-Oct-24	0.00	2,501.09	2,501.09	2,501.09
4	Coupon Payment	24-Jan-25	0.00	2,501.09	2,501.09	2,501.09
5	Coupon Payment	24-Apr-25	0.00	2,453.42	2,453.42	2,453.42
6	Coupon Payment	24-Jul-25	0.00	2,480.68	2,480.68	2,480.68
7	Principal/Coupon Payment	24-Sep-25	0.00	1,690.14	1,01,690.14	1,01,690.14

22 DISCLOSURES PERTAINING TO WILFUL DEFAULTER- NIL

Name of the bank declaring the entity as a wilful defaulter	**NIL**
The year in which the entity is declared as a wilful defaulter	NA
Outstanding amount when the entity is declared as a wilful defaulter	NA
Name of the entity declared as a wilful defaulter	NA
Steps taken, if any, for the removal from the list of wilful defaulters	NA
Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions	NA
Any other disclosure as specified by the Board	NA

23 OTHER DETAILS

23.1 Creation of Debenture Redemption Reserve

Pursuant to the Rule 18(7)(b)(iii) of the Share Capital and Debentures Rules, listed NBFCs registered with the RBI are not required to create a debenture redemption reserve for privately placed debentures.

23.2 Issue or Instrument specific regulations

The Debentures are governed by and will be construed in accordance with the Indian laws. The Issuer, the Debentures and Issuer's obligations under the Debentures shall, at all times, be subject to the provisions of the Companies Act, regulations or guidelines or directions of the RBI, SEBI and Stock Exchanges and other applicable laws and regulations from time to time. The Debenture-holders, by purchasing the Debentures, agree that the courts in Mumbai shall have exclusive jurisdiction with respect to any matters relating to the Debentures. Further, the said Debentures shall be subject to the terms and conditions as contained in the application form, this Private Placement Memorandum, Debenture Trust Deed, Debenture Trustee Agreement and other Transaction Documents.

23.3 **Disclosure pertaining to charge creation**

The security in relation to the Debentures shall be created in accordance with Applicable Laws on or prior to the listing of the Debentures on the Stock Exchange, or such other timeline as may be agreed between the eligible investors and the Issuer in accordance with the provisions of the Debenture Trust Deed. The security shall be perfected in accordance with the timeline as specified further in the Debenture Trust Deed.

Debentures shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or Central Registry set up under The Security Interest (Enforcement) Rules, 2002 as applicable, or is independently verifiable by the Debenture Trustee.

23.4 **Recovery expense fund**

The Issuer agrees and undertakes to create and maintain a recovery expense fund, in accordance with the regulations, guidelines and circulars issued by SEBI, and if during the currency of these presents any guidelines are formulated (or modified or revised) by any Governmental Authority having authority under Applicable Law in respect of creation of the recovery expense fund. The Issuer shall abide by such guidelines and issue supplemental letters, agreements and deeds of modification, as may be required, by the Debenture Holders or the Debenture Trustee and shall also cause the same to be registered, where necessary subject to the same being applicable

23.5 **Default in payment:** Please refer to Section 25 (*Term Sheet*).

23.6 **Delay in Listing:** Please refer to Section 25 (*Term Sheet*).

23.7 **Delay in execution of Trust Deed** : Where the Issuer fails to execute the Debenture Trust Deed within the period specified under regulation 18 (2) of SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021 i.e. prior to the listing of debentures without prejudice to any liability arising on account of violation of the provisions of the Companies Act, 2013 and these regulations, the Company shall also pay interest of at least two percent per annum or such other rate, as specified by the Board to the holder of debt securities, over and above the agreed coupon rate, till the execution of the Debenture Trust Deed. For avoidance of doubt, it is clarified that no other default interest will be applicable on failure of execution of the Debenture Trust Deed in accordance with the provisions specified under regulation 18 (2) of SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021

23.8 **Delay in allotment of securities:** Please refer to Section 25 (*Term Sheet*)

23.9 **Issue details:** Please refer to Section 25 (*Term Sheet*).

23.10 **Application Process:** Please refer to Section 29 (*Application Process*).

23.11 **Disclosure prescribed under PAS-4 of PAS Rules but not contained in this schedule, if any:** Please refer Section 27 (*Disclosures as prescribed in Form PAS-4 under the Companies Act*)

23.12 **Project details** : NA

23.13 **Confirmation of existing lender's consent for creation of *pari passu* charge in favor of the Debenture Trustee to the Issue:** The Issuer hereby undertakes where the assets to be provided as security for the Debentures are already charged to secure debt, the consent to create a *pari passu* charge on the assets of the Issuer has been obtained.

23.14 Further Issue under existing International Securities Identification Number ("**ISIN**")

(a) Company reserves right to make multiple issuances under the same ISIN with reference to SEBI NCS Master Circular, as amended from time to time, read with Regulation 49 of the SEBI NCS Regulations. Such additional tranches of Debentures may be issued with the same terms as set out in the Debenture Trust Deed (except with regard to coupon and tenure, which may be modified in the manner agreed between the Company and the Debenture Holders and as may be permitted by Applicable Law); and

(b) Issue can be made either by way of creation of fresh ISIN or by way of issuance under the existing ISIN at premium or par or discount as the case may be in line with aforesaid SEBI NCS Master Circular, as amended from time to time.

23.15 **Side Letter:** The Issuer undertakes that the Issuer has no side letter with any debt securities holder except the one(s) disclosed in this Private Placement Memorandum. Any covenants later added shall be disclosed

on the stock exchange website where the Debentures are listed.

23.16 Summary of reservation or qualifications or adverse remarks of auditors in the last five Financial Years immediately preceding the year of issue of private placement offer cum application letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservation or qualifications or adverse remark – **Nil, except as detailed below:**

For the year ended 31 March 2022:

Qualified Opinion by Auditors

We have audited the accompanying standalone financial statements of the Company, which comprise the Balance Sheet as at 31 March, 2022, and the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in 'Basis for Qualified Opinion' section of our report, the aforesaid standalone financial statements give the information required by the Companies Act in the manner so required and give a true and fair view in conformity with the Ind As prescribed under section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

As at 31 March, 2022, the gross loan balances relating to CV loans and SME loans are INR 448,399 lakhs and INR 153,484 lakhs respectively out of total gross loans of INR 760,755 lakhs. The impairment allowance of INR 111,659 lakhs as at 31 March, 2022 includes impairment allowance of INR 88,628 lakhs and INR 8,503 lakhs for CV and SME loans, respectively. Further, the security receipts relating to CV loans and related impairment allowance are INR 41,281 lakhs and INR 18,217 lakhs, respectively and the fair value of the financial guarantee relating to CV loans included within other financial liabilities is INR 2,993 lakhs as at 31 March, 2022.

As a result of control deficiencies in the CV and SME loans portfolio identified during the audit for the year ended 31 March, 2022, the audit committee of the Company, appointed an external agency to:

(a) review existence of the borrowers for the CV and SME loans;

(b) assess the quality and risks pertaining to the loan portfolio for CV and SME loans; and

(c) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans.

Further, the audit committee has also appointed an external law firm to review the transactions pertaining to the CV and SME loans portfolio for (i) identifying the root cause of control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees and/or ex-employees to understand the transactions which were processed through deficient controls ("Conduct review").

As at the date of this Report, the external agency provided their report on matters relating to (a) to (c) above which was considered by the Company in recording an impairment allowance (net of

recoveries) of INR 115,077 lakhs for the year ended 31 March, 2022 (includes INR 48,075 lakhs for CV loans, INR 782 lakhs for SME loans, INR 14,533 lakhs for investment in security receipts and INR 1,351 lakhs for changes in fair value of financial guarantee contracts and INR 57,764 lakhs was recorded for loan assets written off during the year).

As per information and explanations provided to us, the external law firm has not submitted their findings relating to the Conduct review stated above to the audit committee of the Company. Further, the Company has concluded that it is impracticable to determine the prior period-specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year ended 31 March, 2022 in respect of account balances identified above and explained by the Company in Notes 41.2 and 41.3 to the standalone financial statements. As a result, we are unable to determine whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the conduct review for:

(a) the impairment allowance and therefore the carrying value of CV and SME loans;

(b) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;

(c) the fair value of financial guarantee contracts relating to CV portfolio;

(d) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to (a) to (b) above; and

(e) presentation and disclosures in the standalone financial statements arising due to consequential impact arising from (a) to (b) above.

Comments in Annexure B to the Auditors Report

(iii) (b) In our opinion, having regard to the nature of the Company's business, the loans and advances in the nature of loans given, the investments made, guarantees provided and security given, during the year are, prima facie, not prejudicial to the Company's interest. Our reporting under this clause is subject to our observations identified in the 'Basis for Qualified Opinion' section above and should be read in conjunction with our reporting under clause (xi)(a) below.

(iii) (c) In respect of loans and advances in the nature of loans (together referred to as "loan assets"), the schedule of repayment of principal and payment of interest has been stipulated. Note 2.3(f)(i) to the standalone financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets were categorised as credit impaired ("Stage 3") and those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 31(E) to the standalone financial statements. Additionally, out of loans and advances in the nature of loans, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delinquencies in the repayment of principal and payment of interest aggregating INR 26,449 lakhs were also identified, albeit of less than 31 days. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified. Our reporting under this clause is subject to our observations identified in the Basis of Qualified Opinion section above.

(iii) (d) The total amount overdue for more than ninety days (stage 3 loan assets), in respect of loans and advances in the nature of loans, as at the year-end is INR 118,092 lakhs as disclosed in Note 31(E) to the standalone financial statements. Reasonable steps are being taken by the Company for recovery of the principal

and interest. Our reporting under this clause is subject to our observations identified in the Basis of Qualified Opinion section above.

(xi) (a) As described in the 'Basis for Qualified' Opinion section above, the audit committee of the Company has appointed an external law firm to review the transactions pertaining to CV and SME loans portfolio for: (i) identifying the root cause for control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees and/or ex-employees to understand the transactions which were processed through deficient controls ("**Conduct review**"). As at the date of this report, the external law firm has not submitted their findings relating to the Conduct review to the audit committee of the Company. In the absence of this information, we are unable to comment as to whether any fraud by the Company or any material fraud on the Company has been noticed or reported during the year.

(xvii) Considering the standalone financial statements of the Company as presented, and the matter of audit qualification as reported by us in 'Basis for Qualified Opinion' section of our Audit Report, the effect of which we have been unable to determine, we are unable to state if the Company has incurred cash losses during the financial year covered by our audit. The Company has not incurred cash losses in the immediately preceding financial year.

Directors' response to qualifications above of the Statutory Auditors in the Audit Report

With respect to the qualifications of the Statutory Auditors, the Company has concluded that it is impracticable to determine the prior period specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year under review in respect of loan assets, investment in security receipts and impairment thereon because significant judgements have been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on March 31, 2022 and the Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

As set out in Company's state of affairs above, the audit committee has also initiated a separate Conduct review which is currently ongoing.

During the year under review, the Statutory Auditors have not reported any instances of fraud in the Company committed by officers or employees of the Company to the audit committee under Section143(12) of the Companies Act.

The Statutory Auditors have also observed the following in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2022:

As discussed in Note 41.4 to the standalone financial statements, the total liabilities exceed the total assets maturing within 12 months by INR 220,604 lakhs and for certain borrowings, the gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios have exceeded thresholds because of additional impairment allowance recorded during the year. These events or conditions, along with other matters as set forth in Note 41.4 to the standalone financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The standalone financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion on the standalone financial statements is not modified in respect of this matter.

Management's Plan to address the Going Concern uncertainty:

Subsequent to the year under review and till the adoption of the financial statements and Board's report, the Company has raised incremental borrowings of INR 1,170 crore from banks and financial institutions. The part of the borrowings have been raised with the support of promoter of the Company. Further INR 300 crore

have been raised through additional funding line with banks and INR 280 crore have been raised from securitisation and asset reconstruction company sale.

As at March 31, 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating INR 71.8 crore, liquid investments aggregating INR 294 crore and has pool of loan assets eligible for securitization in the event the lenders recall the borrowing arrangements. As at the date of adoption of these financial results, none of the lenders have recalled their borrowings. Further, after due approvals by the Board of Directors of the Company, Management may also plan to raise additional financing through monetization of a portion of its holding in its 100% subsidiary lndoStar Home Finance Private Limited. Accordingly, the Management considers it appropriate to prepare these financial statements or results on a going concern basis and that the Company will be able to pay its dues as they fall due and realise its assets in the normal course of business.

For the year ended 31 March 2023:

Qualified Opinion (excerpt)

We have audited the accompanying standalone financial statements of IndoStar Capital Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion (excerpt)

The Company had recorded a charge on account of impairment (net of recoveries) of ₹115,077 lakh for the year ended March 31, 2022 (including ₹48,075 lakh against loans for Commercial Vehicles ("CV"), ₹782 lakh against loans to Small and Medium Enterprises ("SME"), ₹14,533 lakh against investment in Security Receipts, ₹1,351 lakh against additional liability on financial guarantee contracts consequent to impairment of the underlying loan assets and a loss of ₹57,764 lakh on write off of loan assets during the previous year).

The Company had concluded that it was impracticable to determine the prior period-specific effects, if any, of the charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the year ended March 31, 2022 in respect of certain account balances as explained by the Company in Note 41.2 of the Statement. As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Our opinion on the standalone financial statements for the year ended March 31, 2022 was modified accordingly. Our opinion on the financial statements for the year ended March 31, 2023 ("current period") is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Comments in Report on Other Legal and Regulatory Requirements section of the Audit Report

1 (a) We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
1 (d) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

Comments in Annexure B to the Auditors Report

(xvii) The Company has not incurred cash losses in the financial year covered by our audit. In respect of the immediately preceding financial year, expect for the possible effect of the matter described in Basis for Qualified Opinion section of our report on the financial statements as at and for the year ended March 31, 2022, the Company had incurred cash losses.

Directors' response to comments of the Statutory Auditors in the Audit Report

With respect to the qualification of the Statutory Auditors, the qualification pertains to comparability of the current year figures with that of previous year as explained in note 41.2 of the Standalone financial statements. There is no impact of the audit qualification on the figures for the current year i.e. year ended March 31, 2023.

As explained in Note 41.2 of the financial statements, for the previous year ended 31 March 2022, the Company had made incremental provision for expected credit loss (ECL) allowances on account of certain deficiencies in the Company's internal controls that were identified during period ended March 31, 2022. Considering that these control deficiencies have since been remediated during the current year and the findings of the Conduct Review have been adequately evaluated (refer note 41.1 of the Standalone Financial Statements), no incremental provisioning is considered necessary during the year ended 31 March 2023.

Although the possibility that the control deficiencies that were identified during previous year could potentially have had an impact on the financial statements for periods ending prior to April 1, 2021, the Company had concluded that it was impracticable to determine the prior period – specific effects, if any, in respect of the charge to the Statement of Profit and Loss for the previous year ended March 31, 2022 when it finalized its financial statements for the year ended 31 March 2022 because significant judgements had been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

Consequent to the above, in respect of such account balances, related income and the related disclosures, the figures for the year ended 31 March 2023 may not be strictly comparable with the figures for the year ended 31 March 2022.

24 TERMS AND CONDITIONS OF THE ISSUE

The Company proposes to issue upto 32,500 (thirty two thousand five hundred) 9.95% (nine decimal nine five percent) ICFL 23-24/Series XV 2025 senior, secured, redeemable, rated, listed, taxable non-convertible debentures having face value of INR 1,00,000 each (Indian Rupees one lakh only) amounting upto INR 325,00,00,000 (Indian Rupees three hundred and twenty five crore only) by way of private placement.

25 TERM SHEET

1.	**Name of the Instrument**	9.95% ICFL 23-24 Series XV 25
2.	**Type of Instrument**	Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures
3.	**Nature of Instrument**	Secured
4.	**Seniority**	Senior (*Pari-passu*)
5.	**Mode of Issue**	Dematerialized, Private Placement
6.	**Issuer/ Company**	IndoStar Capital Finance Limited
7.	**Promoter**	Brookfield and ICM
8.	**Brookfield**	Brookfield Asset Management Inc., along with its Affiliates, subsidiaries, investment funds including but not limited to BCP V Multiple Holdings Pte. Ltd
9.	**Face Value/Nominal Value**	INR 1,00,000 (Indian Rupees One Lakh only) per Debenture
10.	**Issue Price**	At par value of INR 1,00,000/- (Indian Rupees One Lakh Only) per Debenture
11.	**Allotment Quantity**	32,500 Debentures
12.	**Issue Size**	32,500 senior, secured, redeemable, rated, listed, taxable non-convertible debentures of face value of INR 1,00,000 each (Indian Rupees one lakh only) amounting upto INR 325,00,00,000 (Indian Rupees three hundred twenty five crore only)
13.	**Tenor**	609 days
14.	**Ranking**	Each Debenture issued by the Company will constitute direct, secured and senior obligations of the Company. The claims of the Debenture Holders shall be akin to the claims of senior secured lenders and shall rank pari-passu with all senior, secured indebtedness of the Company. The claims of the Debenture Holders shall be superior to the claims of investors/lenders of Tier I and Tier II Capital. Each of the Debenture Holders shall inter-se rank pari passu in relation to their rights and benefits in relation to the Debentures, without any preference or privilege.
15.	**Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)**	(i) Proposed to be listed on the wholesale debt market segment of BSE Limited within 3 (three) trading days from the date of closure of the Issue. (ii) In case of delay in listing the Debentures beyond 3 (three) trading days from the date of closure of respective Issue, the Company shall pay penal interest of 1% (one percent) p.a. over the Coupon Rate for the period of delay (i.e. from the Deemed Date of Allotment to the date of listing).

16.	**Rating of the Instrument**	"CRISIL AA-/Watch Negative" by CRISIL Ratings Limited
17.	**Minimum subscription amount**	INR 1,00,00,000/- (Indian Rupees One Crore only)
18.	**Objects of the Issue / Purpose for which there is requirement of funds**	The proceeds of the Issue will be utilized for the following purposes: (i) The funds raised through this Issue, after meeting the expenditures of and related to the Issue, will be used for onward lending to customers, organically or inorganically, as per RBI guidelines, in compliance with relevant regulatory guidelines. (ii) The proceeds of the issuance shall not be utilised for any purpose which may be in contravention of the Governmental Authority / RBI / SEBI / other regulatory guidelines. (iii) Issue proceeds will not be used for acquisition of land or for investing in money markets/capital markets or for the following purposes which are not eligible for bank finance: 1. Bills discounted / rediscounted by the Company 2. Investments of the Company both of current and long-term nature, in any company / entity by way of shares, debentures 3. Unsecured loans / inter-corporate deposits by the Company to / in any company 4. All types of loans and advances by the Company to their subsidiaries, group companies / entities Further lending to individuals for subscribing to Initial Public Offerings (IPOs) and for purchase of shares from secondary market.
19.	**In case the issuer is a** non-banking financial company **and the objects of the issue entail loan to any entity who is a 'group company' then disclosures shall be made**	Not Applicable
20.	**Mandatory Event(s) Redemption**	**The Company has to mandatorily redeem the Debentures without paying any pre-payment premium upon occurrence of the following mandatory redemption events:** (i) the credit rating of the Company/Debentures (as the case may be) by any Credit Rating Agency is downgraded by 2 notches from the current rating level; (ii) Brookfield ceasing to hold at least 51% shareholding in the Company on fully diluted basis; (iii) Brookfield ceases to have management control on the Company, in accordance with the provisions in the Debenture Trust Deed; and/or

		(iv) with respect to a Debenture Holder, funding or maintaining its investment in the Debentures becomes or will become unlawful or contrary to any Applicable Law or regulation in any applicable jurisdiction. Upon the occurrence of any of the above mandatory redemption events, the Company shall unconditionally pay to, or to the order of, the Debenture Holder in INR, the amounts due in respect of all the Debentures then outstanding (including but not limited to the principal amount, the accrued coupon and default coupon and other costs, charges and expenses), in accordance with the timelines and the process specified in the Debenture Trust Deed and the other Transaction Documents. As further specified, modified, substituted or replaced in Clause 6.2 (*Mandatory Redemption*) of Part A of the Debenture Trust Deed.

21.	**Early Redemption Event (s)**	**The following are the early redemption events which can be exercised by any of the Debenture Holders:** (i) withdrawal / suspension of the credit rating of the Debentures/ Company or affixation of remarks to the existing credit rating of the Debentures/ Company, for instance- 'Issuer Not Cooperating'; (ii) the Company fails to comply with or breaches any Financial Covenant and/or any other covenants set out in the Debenture Trust Deed or any other Transaction Documents; Upon the occurrence of an early redemption event, the Company shall (i) promptly, but in no event beyond 2 (two) days of the occurrence of the early redemption event, notify the Debenture Trustee, and (ii) within 3 (three) Business Days of the occurrence of the early redemption event, notify the Debenture Holders (on the basis of the benpos statement provided by the relevant Depository). Any of the Debenture Holders (acting by itself or through the Debenture Trustee) shall have the right to require the Company to redeem the principal amount of such number of outstanding Debentures as such Debenture Holder(s) may, by way of a written notice within 15 (fifteen) Business Days from the occurrence of such Early Redemption Event ("**Early Redemption Notice**"), instruct the Company to redeem the Debentures by paying an amount equal to the total amount towards the early redemption in respect of each such Debenture. Upon receipt of an Early Redemption Notice, the Company shall redeem the Debentures within 30 (thirty) days calculated from the date falling on the expiry of the 15 Business Day notice period specified in the paragraph above, in accordance with the particulars furnished in the Early Redemption Notice. No Default Coupon or penalty shall be applicable further from the date of exercise of this early redemption option by any of the Debenture Holders. As further specified, modified, substituted or replaced in Clause 6.3 (*Early Redemption*) of Part A of the Debenture Trust Deed.
22.	**Redemption Amount**	The sum of INR 1,00,000/- (Indian Rupees One Lakh only) per debenture, accrued Coupon, Default Coupon payable (if any), and other charges and fees payable.
23.	**All commissions by whatever name called, if any, paid by Company to distributor for selling/ distribution of such securities to end investors**	NA

24.	**Coupon Type**	Fixed
25.	**Coupon Payment Frequency**	Quarterly
26.	**Coupon Rate**	9.95% per annum payable quarterly
27.	**Coupon Payment Dates**	[As per the Cashflow schedule]
28.	**Day Count Basis**	Actual/ Actual
29.	**Coupon on Application Money**	At coupon rate from the date of realization of the cheque or receipt of funds in case of RTGS till one day prior to Deemed Date of Allotment.
30.	**Principal Amortization**	Bullet
31.	**Redemption Value**	At par
32.	**Scheduled/Final Redemption Date**	The Company shall redeem the Debentures in full on the Scheduled Redemption Date (subject to any early redemption) by paying the Redemption Amount on [September 24, 2025].
33.	**Redemption Premium / Discount**	NA
34.	**Security Cover**	Means the value as per the following formula expressed as a ratio: **SC = [RV/OL]** Where: "**SC**" is the Security Cover; "**RV**" is the aggregate value of all of the Secured Hypothecated Properties after deducting the value of Secured Hypothecated Properties required to be allocated towards meeting the security cover requirements of other Financial Indebtedness of the Company also secured by the Secured Hypothecated Properties; *For the avoidance of doubt, this is a notional demarcation and deduction only and does not affect the obligation of the Company to maintain the Security Cover as further detailed in the Debenture Trust Deed.* and "**OL**" is the aggregate outstanding nominal value / principal amount of the Debentures. Provided that the SC shall at all times during the tenure of the Debentures be atleast 1.15x.
35.	**Option to retain oversubscription (Amount)**	Nil

36.	**Default Coupon Rate**	(i) In case of default in payment of Coupon and / or principal redemption on the due dates, additional Coupon @ 2% p.a. over the Coupon Rate will be payable by the Company for the defaulting period. (ii) In case of default by the Company in the performance of any of the covenants of this Issue, including but not limited to the financial covenants of this Issue, additional Coupon @ 2% p.a. over the Coupon Rate will be payable by the Company for the defaulting period. (iii) In case the Company fails to perfect the security by the Security Perfection Date, the Company shall pay default coupon of 2% (two percent) p.a. over and above the coupon rate for the delayed period till the perfection of the security interest over the Secured Hypothecated Receivables is complete, at the option of the Debenture Holders.
37.	**Discount at which security is issued and the effective yield as a result of such discount**	NA
38.	**Put Option Notice**	None
39.	**Put Option Price**	Not Applicable
40.	**Put Option Date**	Not Applicable
42.	**Call Option Notice**	None
43.	**Call Option Price**	Not Applicable
44.	**Call Option Date**	Not Applicable
45.	**Call Notification Time**	Not Applicable
46.	**Step Up**	In addition to the Coupon payable on the Debentures at the Coupon Rate, the Company shall, immediately and in any case no later than 1 (one) Business Day from the date on which a Rating Downgrade Event occurs, notify the Debenture Trustee in writing of such occurrence. On the date of press release for each downgrade (of a notch) by CRISIL or any other Credit Rating Agency in the credit rating of (i) the Debentures, or (ii) the Company, as the case may be ("**Rating Downgrade Event**"), the Coupon Rate for the Debentures will be increased by 0.50% (zero decimal point five zero per cent) over the Coupon Rate, as on the date of the downgrade ("**Step Up Coupon Rate**"). It is hereby clarified that outlook change shall not be deemed as rating downgrade. Prior consent of the Debenture Trustee (acting on the instructions of the Majority Debenture Holders) shall be required in the event that the Debentures are required to be rated (at any time during the tenure of the Debentures) by a Credit Rating Agency duly registered with SEBI approved by the Debenture Trustee other than CRISIL.

		In the event of multiple ratings, the lowest of the ratings available for long term borrowings shall be taken into account for purposes of calculating the Step Up Coupon Rate. For avoidance of doubt, it is hereby clarified that in each case the Step Up Coupon Rate, will be applicable from the date of the press release of CRISIL or any other Credit Rating Agency reflecting the aforesaid credit rating downgrade. As further specified, modified, substituted or replaced in Clause 5.1 (*Step-Up Coupon*) of Part A of the Debenture Trust Deed.
47.	**Step Down Coupon Rate**	Not Applicable
48.	**Issue mode of the Instrument**	In dematerialized mode only
49.	**Trading mode of the Instrument**	In dematerialized mode only
50.	**Settlement mode of the Instrument**	Cheque(s) / Direct Credit / Electronic Clearing Services / RTGS (Electronic mode) / Fund Transfer / NEFT / EBP
51.	**Depositories**	NSDL and/or CDSL
52.	**Registrar**	Link Intime India Pvt. Ltd
53.	**Eligible Investors**	Eligible Investors shall include all persons eligible to invest in these Debentures as permitted under Applicable Laws including but not limited to the following: (A) Trusts; (B) portfolio managers registered with SEBI; (C) association of persons; (D) companies and bodies corporate including public sector undertakings; (E) commercial banks; (F) financial institutions; (G) insurance companies; (H) mutual funds; (I) other foreign entities allowed by SEBI and RBI; (K) any other investor eligible to invest in these debentures.
54.	**Creation of recovery expense fund**	The Company has created a recovery expense fund as required in accordance with regulations issued by the SEBI from time to time. The recovery expenses fund may be utilized in accordance with requirement of Applicable Laws.
55.	**All Covenants of the issue (including side letters, accelerated payment clause, etc.)**	Please refer to the Annexure I. As further specified, modified, substituted or replaced in Schedule VI (*Covenants of the Company*) of Part B of the Debenture Trust Deed.
56.	**Other Covenants**	Please refer to the Annexure I. As further specified, modified, substituted or replaced in Schedule VI (*Covenants of the Company*) of Part B of the Debenture Trust Deed.

57.	**Risk Factors pertaining to the Issue**	Please refer to Section 3 of the Private Placement Memorandum.
58.	**Description regarding Security (where applicable) including type of security (movable/immovable/tangibl e etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in the Offer Document/ Private Placement Memorandum.**	**Security** First pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Company) by way of hypothecation over portfolio of assets or receivables of the Company which are less than 90 (Ninety) days overdue from the original scheduled date and/or any cash and cash equivalent, unencumbered treasury assets (as further specified in the Debenture Trust Deed and other Security Documents) secured in favour of the Debenture Trustee for the benefit of the Secured Parties pursuant to the Deed of Hypothecation and any amendments thereto, and does not include any investment in or loan(s) extended to the subsidiaries of the Company ("**Secured Hypothecated Properties**"). **Security Cover** The value of Secured Hypothecated Properties shall at all times be equal to 1.15x of the value of the outstanding principal amount of the Debentures plus accrued interest (including default interest). The Company undertakes: (i) to maintain the Security Cover at 1.15x of the value of the outstanding principal amount of the Debentures plus accrued interest (including default interest); (ii) Security shall be created before making the application for listing of Debentures; (iii) to register and perfect the security over the Secured Hypothecated Properties as contemplated above no later than the Security Perfection Date by executing a duly stamped Deed of Hypothecation and filing CHG-9 within the time period applicable. The receivables forming part of the secured hypothecated receivables must fulfil certain conditions i.e. eligibility criteria as specified below: (a) the receivables must be in the form of loans advanced as permitted by the RBI that are less than 90 (ninety) days overdue from the original scheduled repayment date as on the date of hypothecation and on an ongoing basis; (b) the receivables have not been restructured or rescheduled; (c) the receivables are existing at the time of selection and have not been terminated or pre-paid; (d) all loans hypothecated under the deed of hypothecation comply with RBI norms and guidelines; (e) all "Know Your Customer" norms have been complied with as prescribed by the RBI,

		as more particularly described in the Debenture Trust Deed. Compliance Certificate The Company shall supply to the Debenture Trustee, within (i) 60 (sixty) days from the end of each financial quarter save and except the end of the financial year and (ii) 75 (seventy five) days from the end of the financial year, along with the quarterly financial or annual statements, a Compliance Certificate setting out (in reasonable detail), computations as to compliance with the required Security Cover (in accordance with Clause 24.5 (*Security / Asset Cover*) of the Debenture Trust Deed) and compliance with the relevant financial covenants (as specified herein) as at the date as at which those Financial Statements were drawn up.
59.	**Non – maintenance of Security Cover**	Default interest of 2% (two percent) p.a. over the coupon rate for the period of non-compliance
60.	**Record Date**	The day falling 15 days prior to each Coupon Payment Date and Redemption Date
61.	**Conditions Precedent to subscription of Debentures / Disbursement**	The Company shall submit/ensure submission of the following documents prior to the Pay-In Date, to the satisfaction of Debenture Trustee (as applicable): 1. A certified true copy of latest Constitutional Documents of the Company. 2. A certified true copy of the certificate of registration as a 'systemically important non-deposit taking non-banking financial company' obtained by the Company from the RBI. 3. A certified true copy of a resolution of the Board or committee of Board in respect of the below: (a) approving the terms of, and the transactions contemplated by, the Transaction Documents to which it is a party and resolving that it execute the Transaction Documents to which it is a party; (b) approving the appointment of the Debenture Trustee and each other intermediary as may be relevant for the Issue; (c) approving creation and perfection of the security over the Secured Hypothecated Properties (as applicable); (d) authorising a specified person or persons to execute the Transaction Documents to which it is a party on its behalf by way of a letter of authority; and (e) authorising a specified person or persons, on its behalf, to sign and/or dispatch all documents and notices (including a subscription request certificate) to be signed and/or dispatched by it under or in connection

		with the Transaction Documents to which it is a party; 4. A certified true copy of the letter of authority by the Board or committee of Board authorising a specified Person or Persons to execute the Transaction Documents to which it is a party on behalf of the Company. 5. A certified true copy of the special resolution of the shareholders of the Company under Section 180(1)(a) and Section 180(1) (c) of the Companies Act, 2013 setting out the borrowing limit applicable to the Company. 6. A certified true copy of the resolution of the shareholders of the Company under Section 42 of the Act. 7. A certified true copy of the resolution of the Board, inter alia, approving the terms of the Issue and identifying the investors. 8. Copies of the Form MGT-14, pertaining to the resolution dated September 29, 2022, passed by the shareholders of the Company. 9. A certified copy of the most recent annual Financial Statements of the Company. 10. A certified true copy of the specimen signature certificate setting out the specimen signature of each person authorised by the Board or committee of directors. 11. Submission of credit rating of CRISIL AA-/ Rating watch with Negative Implications for the Debentures from CRISIL along with a rating rationale (not older than one year from the date of opening of the Issue), which should be valid on the date of the Issue. 12. Receipt of all applicable consents/no-objection certificates by the Company from its existing lenders (as applicable) as set out in Annexure I (*Details of consent from existing lenders of the Company*) of the Debenture Trust Deed. 13. In the event there are no no-objection certificates required to be obtained from the existing lenders of the Company under paragraph 11 above, a certificate from an independent chartered accountant certifying that (i) a no-objection certificate is not required to be obtained from any existing lenders of the Company and (ii) the existing lenders of the Company hold a pari-passu charge over the Secured Hypothecated Properties and no *pari passu* charge on the other assets of the Company. 14. Submission of the in-principle approval of the Stock Exchange for listing of the Debentures. 15. Evidence of receipt of an ISIN from the Depository in relation

		to the issuance of the Debentures in dematerialised form. 16. Evidence on the opening of/ use of an existing separate bank account by the Company for deposit of the subscription proceeds. 17. Evidence on appointment of Debenture Trustee and submission of consent letter of the Debenture Trustee to act as the trustee for the Issue. 18. A certificate from a director/authorised officer of the Company addressed to the Debenture Trustee and the legal counsel. 19. Evidence of payment of the stamp duty on Debentures, by the Company to the concerned Depository. 20. The Company shall ensure that the audited Financial Statements for the most recent Financial Year or limited review financials for the half-year ended 30 September 2023 were provided to the Debenture Trustee by the Company. 21. A certificate from an independent chartered accountant, as acceptable to the Debenture Trustee, in relation to the Company. 22. Submission of executed copies of specified the following Transaction Documents by all parties thereto and appropriately stamped, in form and substance satisfactory to the Debenture Trustee: (a) the Debenture Trustee Agreement; (b) the private placement offer cum application letter in Form PAS-4; and (c) the Private Placement Memorandum. 23. Certified true copies of all 'know your customer' requirements to the satisfaction of the Debenture Trustee. 24. Consent letter and engagement letter from the registrar and transfer agent of the Company confirming its appointment as registrar and transfer agent for the Issue of Debentures. 25. Due diligence certificate to be issued by the Debenture Trustee as per format specified in Annexure II-A of the SEBI DT Master Circular, to the Company and Company to file it with the Stock Exchange(s) at the time of filing the relevant Disclosure Document. 26. Execution of listing agreement and tripartite agreements.

		27. Conditions precedent satisfaction letter / e-mail from the legal counsel to the Issue. 28. Submission of legal opinion by the legal counsel to the Issue. 29. Evidence that the fees, costs and expenses due from the Company as may be payable under Applicable Laws (including any non-refundable fees payable to the Stock Exchange and/or SEBI) have been paid or will be paid on or prior to the relevant Deemed Date of Allotment. 30. Such other documents, undertakings, compliances with conditions that may be requested or prescribed by the Debenture Trustee and / or the Debenture Holders, as confirmed by the Debenture Trustee prior to uploading of the Private Placement Memorandum under the electronic book provider process. 31. The Company shall provide the Debenture Trustee with the pre-authorisation pertaining to the Subscription Account on or prior to the Deemed Date of Allotment. The Company shall submit/ensure submission of the following documents prior to listing of the Debentures: 1. Submission of executed copies of specified the following Transaction Documents by all parties thereto and appropriately stamped, in form and substance satisfactory to the Debenture Trustee: (a) The Debenture Trust Deed; (b) the Deed of Hypothecation; 2. Company shall provide notarized copy of the Deed of Hypothecation. 3. A copy of Board resolution authorising allotment of Debentures. 4. Due diligence certificate to be issued by the Debenture Trustee as per format specified in Annexure II-B of the SEBI DT Master Circular, as amended from time to time, confirming creation of charge over security and execution of the Debenture Trust Deed, prior to making listing application for Debentures. 5. Such other documents, undertakings, compliances with conditions that may be requested by the Stock Exchange for the purpose of listing of the Debentures. As further specified, modified, substituted or replaced in Part A (*Conditions Precedent to Pay-In Date*) and Part B (*Conditions Precedent to Listing of Debentures*) of Schedule IV of the

		Debenture Trust Deed.
62.	**Condition Subsequent to subscription of Debentures / Disbursement**	

No.	Condition Subsequent	Timeframe
1.	The Company shall maintain a record in Form PAS-5 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 in respect of the Issue of the Debentures.	Within 30 (thirty) days from the Deemed Date of Allotment.
2.	The Company shall file a return of allotment of securities in Form PAS-3 under Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the Registrar of Companies along with a list of the Debenture Holders and with the prescribed fee.	Within 3 (three) days from the Deemed Date of Allotment.
3.	The Company shall provide evidence of listing of the Debentures on the wholesale debt market segment of the Stock Exchange.	Within 3 (three) Working Days from the date of closure of the Issue.
4.	The Company shall credit the Debentures in the demat account(s) of the allottee(s).	Within 2 (two) Working Days from the Deemed Date of Allotment
5.	The Company shall submit an acknowledged copy of the application made to the income-tax authority under section 281 of the Income Tax Act, 1961	Within 10 (ten) Business Days from the Deemed Date of Allotment.
6.	The Company shall deliver to the Debenture Trustee a certified true copy of the Form CHG-9 filed by the Company, recording the creation of the Security Interest created for the benefit of the Secured Parties, together with the relevant challan form generated by the registrar of companies.	No later than the Security Perfection Date

7.	The Company shall facilitate that the Debenture Trustee makes relevant filings in respect of the Security Documents (wherever applicable) with Central Registry of Securitization Asset Reconstruction and Security Interest and the Company shall provide all assistance necessary and desirable enabling the Debenture Trustee to make the relevant filing.	No later than the Security Perfection Date

As further specified, modified, substituted or replaced in Part A (*Conditions Subsequent*) and Part B (*Conditions Precedent to Listing of Debentures*) of Schedule IV of the Debenture Trust Deed.

63.	**Events of Default** **(including manner of voting /conditions of joining Intercreditor Agreement)**	**Key Events of Default**: The key events of default include: 1. Failure to comply with Applicable Law 2. Default in payments of Obligations 3. Default in performance of covenants and conditions 4. Misrepresentation 5. Insolvency 6. Insolvency proceedings 7. Proceedings against company 8. Company ceases to carry on business 9. Expropriation 10. Cessation of business 11. Repudiation and recession of agreements 12. Material Adverse Effect 13. Unlawfulness and invalidity 14. Moratorium 15. Fraud 16. Cross default 17. Liabilities exceed the assets 18. Prompt corrective action Any other event specified in Schedule VII (*Events of Defaults and Consequences*) of the Debenture Trust Deed, each subject to cure periods, as applicable and as more particularly described in the Debenture Trust Deed.
64.	**Consequences of Event of Default**	Upon occurrence of any of the aforesaid event of default, the consequences of default will include but not be limited to the following: (a) require the Company to mandatorily redeem the Debentures and accelerate repayment all or part of the Obligations due and including the Principal Amount on the Debentures, along with accrued but unpaid Coupon, the Default Coupon, and other costs, charges and expenses incurred under or in connection with the Transaction Documents; and/or

		(b) enforce the Security Interest created pursuant to the Security Documents; and/or (c) appropriate any amount in the bank account maintained and operated by the Company for deposit of the subscription proceeds of the Debentures and utilize it for payment/ repayment of any amount outstanding under the Issue; and/or (d) appoint nominee directors on the board of directors of the Company in accordance with Applicable Laws and subject to, and in accordance with, the provisions of the Debenture Trust Deed. The particulars are further specified in Clause 2, Schedule VII (*Events of Default and Consequences*) of the Debenture Trust Deed.
65.	**Transaction Documents**	(i) Debenture Trustee Agreement; (ii) Private Placement Memorandum; (iii) PAS-4; (iv) Debenture Trust Deed; (v) Security Documents; and Such other documents as agreed between the Company and the Debenture Trustee, read with amendments, if any. All transaction documents will comply with the requirements prescribed by the RBI (if applicable), SEBI (if applicable) and under the Companies Act, 2013 for the issuance of non-convertible debentures.
66.	**Conditions for breach of covenants (as specified in Debenture Trust Deed)**	Please refer to Schedule VII (*Events Of Defaults And Consequences*) of Part B
67.	**Provisions related to Cross default**	The occurrence of any of the following shall lead to an event of Cross Default: (i) Any Financial Indebtedness of the Company or any of its Subsidiary is not paid when due nor within any originally applicable grace period. (ii) Any Financial Indebtedness of the Company or its Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of any actual or potential default, event of default, credit review or other similar event (*howsoever described*). (iii) A commitment for any Financial Indebtedness of the Company or its Subsidiary is cancelled or suspended by a

		creditor as a result of an event of default (*howsoever described*). (iv) Any Security Interest over any assets of the Company or its Subsidiary to secure any other Financial Indebtedness becomes enforceable. (v) If the Company or its Subsidiary is declared as a wilful defaulter under any Financial Indebtedness. As further specified, modified, substituted or replaced in Schedule VII (*Events of Defaults and Consequences*) of Part B of the Debenture Trust Deed.

68.	**EBP Process**	**Issue and Payment Procedure**

- **Bidding Process**

All Eligible Investors are required to apply for the Issue and make payment of the full application amount in accordance with the Bidding Process outlined in the Private Placement Memorandum. The Issue will be through closed bidding on the EBP platform in line with Chapter VI of SEBI NCS Master Circular issued under SEBI NCS Regulations.

- **Manner of settlement**

Settlement of the Issue will be done through ICCL and the account details are given in the section on 'Payment Mechanism' of this Private Placement Memorandum.

- **Provisional or Final Allocation**

Allotment to the bidders shall be done on yield-time priority basis.

Bidding Scenario	**Allotment**
First case scenario	Yield priority
Where two or more bids are at the **same yield**	Time-priority basis
Where two or more bids have the **same yield and time**	Pro-rata basis

Post completion of bidding process, the Company will upload the provisional allocation on the BSE EBP platform. Post receipt of details of the successful bidders, the Company will upload the final allocation file on the BSE-EBP platform.

- **Method of Allotment**

The allotment will be done on Uniform Yield basis in line with EBP Guidelines.

- **Settlement cycle**

The process of pay-in of funds by investors and pay-out to Company will be done on T+2 day, where T is the Bidding day. For further, details, please see below section named 'Settlement Process'.

- **Payment Mechanism**

Payment of subscription money for the Debentures should be made by the Identified Investors as notified by the Company.

The participants should complete the funds pay-in to the designated bank account of Indian Clearing Corporation Ltd (ICCL).

List of Designated Banks is as under:

	ICICI BANK	YES BANK	HDFC BANK
Beneficiary Name	Indian Clearing Corporation Ltd	Indian Clearing Corporation Ltd	Indian Clearing Corporation Ltd
Account Number	ICCLEB	ICCLEB	ICCLEB
IFSC Code	ICIC0000106	YESB0CMSNOC	HDFC0000060
Mode	RTGS	RTGS	RTGS

Successful bidders must do the subscription amount payment to the Designated Bank Account on or before 10:30 a.m. on the Pay-in Date ("**Pay-in Time**"). Identified Investors should ensure to make payment of the subscription amount for the Debentures from their same bank account which is updated by them in the BSE EBP platform while placing the bids. In case of mismatch in the bank account details between BSE - EBP platform and the bank account from which payment is done by the successful bidder, the payment would be returned.

Note: In case of failure of any Identified Investor to complete the subscription amount payments by the Pay-in Time or the funds are not received in the Designated Bank Account by the Pay-in Time for any reason whatsoever, the bid will liable to be rejected and the Company shall not be liable to issue Debentures to such Identified Investors.

- **Settlement Process**

Upon final allocation by the Company, the Company or the Registrar on behalf of the Issue shall instruct the Depositories on the Pay-In Date, and the Depositories shall accordingly credit the allocated Debentures to the demat account of the successful bidder.

The Company shall give the instruction to the Registrar for crediting the Debentures by 12:00 p.m. on the Pay-In Date. The Registrar shall provide corporate action file along with all requisite documents to Depositories by 12:00 p.m. on the Pay-In Date. On the Pay-In Date, the Depositories shall confirm to the Company the transfer of Debentures in the demat account(s) of the successful bidder(s).

69.	**Manner of Bidding**	Closed Bidding
70.	**Mode of Allotment / Allocation option**	Uniform allocation
71.	**Mode of Settlement**	RTGS / NEFT /EBP
72.	**Settlement Through**	ICCL & BSE
73.	**Debenture Trustee to the Issue**	IDBI Trusteeship Services Limited
74.	**Role and Responsibilities of Debenture Trustee**	To oversee and monitor the overall transaction for and on behalf of the Debenture Holders
75.	**Approvals**	The Company agrees to comply with all applicable rules and regulations in respect of the transaction. The Company will be responsible for taking all necessary authorization and / or approvals internal, external regulatory, statutory or otherwise
76.	**Governing Law and Jurisdiction**	The Transaction Documents shall be governed by the laws of India. The courts in Mumbai will have exclusive jurisdiction in relation to any dispute that may arise out of or in connection with any of the Transaction Documents.
77.	**Calculation Date**	Any date with reference to which any Security Cover is calculated for purposes of the Transaction Documents, and means each day from (and including) the date of the Debenture Trust Deed until the Final Settlement Date.
78.	**Validity of the Placement Memorandum**	This Private Placement Memorandum is valid until the Issue Closing Date
79.	**Issue/ Bid Timing**	10-11 am
80.	**Issue / Bid Opening date**	23-January-2024
81.	**Issue / Bid Closing Date**	23-January-2024
82.	**Pay in Date**	24-January-2024
83.	**Deemed Date of Allotment**	24-January-2024
84.	**Coupon Reset Process**	**N/A**
85.	**Date of earliest closing of the Issue, if any**	Not applicable.
86.	**Disclosure of Coupon / Redemption Dates**	As specified in “Coupon Payment Dates” and “Scheduled/Final Redemption Date”

25.1 Annexure I - Financial Covenants

1. **The Company on standalone basis shall, at all times, till the Final Settlement Date:**

(a) minimum Tier I Capital Ratio of20% (twenty percent).

(b) minimum CRAR of20% (twenty percent).

(c) Leverage or Gearing Ratio shall not exceed 3.75x during the tenure of the Debentures.

(a) Gross NPA of the Company shall be maintained below 10.50% (ten decimal five percent).

(b) Net NPA of the Company shall be maintained below 4.75% (four decimal seven five percent),

For the purpose of this sub-section:

(i) "**Capital**" shall mean the sum of(i) Tier I Capital (as defined under the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) and (ii) Tier II Capital (as defined under the Non-Banking Financial Company - Systemically Important Non- Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016).

(ii) **"CRAR"** means the ratio of Capital to Risk Weighted Assets (hereunder written).

(iii) "**Debt"** means, in respect of the Company, at any time, the aggregate of the following liabilities calculated at only the nominal or principal amount at which the liabilities would be carried in a balance sheet of the Company drawn up at that time (or in the case of any guarantee, indemnity or similar assurance referred to in paragraph (E) below, the maximum liability under the relevant instrument):

(a) any moneys borrowed;

(b) any acceptance under any acceptance credit;

(c) any bond, loan, note, debenture, commercial paper or other similar instrument;

(d) any moneys owing m connection with the sale or discounting of receivables (except to the extent that there is no recourse);

(e) Corporate guarantee, indemnity or similar assurance provided by the Company to any person including subsidiaries, special purpose vehicles, Affiliates and joint ventures in the nature of financial indebtedness but excluding performance related corporate guarantee provided in the form of performance guarantee etc. (Note: all corporate guarantee given by the Company in the nature of financial indebtedness shall be included as part of the Debt);

(f) the liabilities arising in connection with loans which have been transferred by the Company by way of securitisation transactions which are on the balance sheet of the Company;

(g) shares which are expressed to be redeemable or any shares or instruments convertible into shares or any shares or other securities which are otherwise the subject of a put option or any form of guarantee; and

(h) any obligation under any put option arrangement or guarantee or indemnity in respect of any put option where that put option or guarantee is granted or entered into primarily as a method of raising or assuring the payment or repayment of any indebtedness.

(iv) "**Gross NPA**" means percentage of NPAs calculated in accordance with the RBI provision to the total advances of the Company.

(v) "**Leverage or Gearing Ratio**" shall mean the ratio between Debt and Tangible Net Worth of the Company.

(vi) "**Net NPA**" means ratio of the amount remaining after deducting, outstanding provisions (provided through profit and loss account) from the Gross NPA to total advances of the Company.

(vii) "**Risk Weighted Assets**" as defined by RBI under extant guidelines from time to time and applicable to the company.

(viii) "**Tier I Capital Ratio**" means the ratio of Tier I Capital (as defined under the Non- Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank)

Directions, 2016) to Risk Weighted Assets.

Replenishment of the Non-Performing Assets with new receivables to be done immediately.

Any pre- payments, fall-offs to be replenished on as and when basis with monthly statement submitted with minimum assets cover of 1.15 times of the outstanding exposure.

As further specified, modified, substituted or replaced in or detailed under the Debenture Trust Deed.

26 NOTES TO SUMMARY TERM SHEET

26.1 NOTE 1: COUPON ON DEBENTURES

The Debentures shall carry a Coupon at the rate mentioned in the Private Placement Memorandum. The Coupon payable on any Coupon Payment Date will be paid to the Debenture Holder(s) whose names appear in the list of Beneficial Owners given by the Depository to the Company as on the Record Date.

If there is any change in coupon rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new coupon rate and events which lead to such change shall be disclosed by the Company.

Other than the Deemed Date of Allotment and Coupon Payment Date, should any of the other date(s) fall on a day that is not a Working Day, then immediately preceding Working Day shall be considered as the effective Working Day.

Should the Deemed Date of Allotment or any Coupon Payment Date fall on a day that is not a Working Day, then immediately succeeding Working Day shall be considered as the effective Working Day. However the calculation of the said coupon payment would be as per the schedule originally stipulated at the time of issuing the security. Thus, the subsequent coupon schedule would not be disturbed.

"Working Day" shall be a day on which Commercial Bank in Mumbai are open for business.

In case the Deemed Date of Allotment is revised (advanced or postponed) then the Coupon Payment Date may also be revised (advanced or postponed) accordingly by the Company.

26.2 NOTE 2: INTEREST ON APPLICATION MONEY

Interest on application money will be paid to investors at the interest rate or implicit yield from the date of realization of subscription money up to one day prior to the Deemed Date of Allotment. This clause will not be applicable where the Deemed Date of Allotment is the same as the Issue Closing Date and Pay-in-Date.

26.3 NOTE 3: REDEMPTION

Unless previously redeemed or purchased and cancelled, the Debentures shall be redeemed at such price, at the expiry of the tenor, as mentioned in the Private Placement Memorandum.

26.4 NOTE 4: PAYMENT ON REDEMPTION

The Company shall compute the redemption proceeds to be paid to the Debenture Holder(s) as

mentioned in the Private Placement Memorandum. The Company's liability to the Debenture Holders in respect of all their rights including for payment or otherwise shall cease and stand extinguished after maturity, in all events save and except for the Debenture Holder's right of redemption. Upon dispatching the payment instrument towards payment of the redemption amount in respect of the Debentures, the liability of the Company shall stand extinguished. On such payment being made, the Issuer will inform the Depository and the accounts of the Debenture Holders will be adjusted accordingly. For details on redemption, please refer to the Term sheet.

26.5 **NOTE 5: DEEMED DATE OF ALLOTMENT**

The Deemed Date of Allotment shall be date as mentioned in the Private Placement Memorandum. The actual allotment of Debentures may take place on a date other than the Deemed Date of Allotment. All benefits, including coupon payment, relating to the Debentures will be available to the investors from the Deemed Date of Allotment. In case if the Issue Closing Date is changed (advanced or postponed), the Deemed Date of Allotment may also be changed (advanced or postponed) by the Company at its sole and absolute discretion.

26.6 **NOTE 6: UNDERWRITING**

The present Issue of Debentures is on private placement basis and has not been underwritten.

26.7 **NOTE 7: DISCLOSURE PERTAINING TO SECURITY**

a) **Additional Security**

Please refer to Clause 24.6 (*Additional Security*) in Part A of the Debenture Trust Deed.

b) **Supplemental Deed of Hypothecation**

Please refer to Clause 24.7 (*Supplemental Deed of Hypothecation*) in Part A of the Debenture Trust Deed.

26.8 **NOTE 8: ISSUE OF DEBENTURES IN DEMATERIALISED FORM**

26.8.1 The Issuer has made depository arrangements with NSDL and CDSL for issue of the Debentures in dematerialised form. The Investors holding the Debentures in dematerialised form will have to hold and deal with the same as per the provisions of the Depositories Act, 1996 as amended from time to time ("**Depositories Act**"), the regulations made thereunder and the rules, regulations and bye-laws of NSDL or CDSL, as the case may be.

26.8.2 The Applicants are requested to mention their depository participant's name (along with the relevant identification details) and beneficiary account number in the appropriate place in the Application Form. The Issuer will take necessary steps to credit the depository account of the allottee(s) with the number of Debentures allotted. The initial credit in the depository account will be akin to the letter of allotment. On the completion of all statutory formalities, such credit will be substituted with the number of Debentures allotted to each Debenture Holder.

26.9 **NOTE 9: MODE OF TRANSFER**

Transfer of Debentures in dematerialized form would be in accordance with the Depositories Act the regulations made thereunder and the rules, regulations and byelaws of NSDL or CDSL as the case may be. The Debenture issued under this Private Placement Memorandum shall be transferable freely amongst the class of Investors who are eligible to apply.

The Debenture(s) shall be transferred or transmitted in accordance with the applicable provisions of the Companies Act, regulations and circulars issued by SEBI and the Articles of Association of the Company. The provisions relating to the transfer and transmission and other related matters in respect of shares of the Issuer contained in the Articles of Association and the Companies Act shall apply, mutatis mutandis (to the extent applicable to debentures) to the Debentures as well. The Debentures held in dematerialised form shall be transferred subject to and in accordance with the rules and/or procedures as prescribed by NSDL or CDSL or DP of the transferor or transferee and any other applicable laws and rules notified in respect thereof. Transfer of Debentures to and from NRIs or other non-resident entities in case they seek to hold the Debentures and are eligible to do so, will be governed by then prevailing guidelines of the RBI. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, Coupon will be paid and/or redemption will be made to the person, whose name appears in the Register of Debenture Holders or record of the Depository on the Record Date. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.

The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of Debentures held in dematerialised form.

26.10 NOTE 10: TAX DEDUCTION AT SOURCE

As per the provisions of section 193 of the Income-tax Act, 1961 ('IT Act'), amended vide Finance Act, 2023, with effect from 1 April 2023, tax is required to be deducted at source on any interest payable to a person resident in India on listed dematerialized security at rates in force and the following provisions shall apply:

26.10.1 The Company shall deduct tax as required under the applicable law and the Company shall make a payment of such taxes deducted into the Indian government's treasury as required under the applicable law;

26.10.2 The Company shall issue a Form No 16A (or any other similar evidence of taxes deducted) in the format and within the timeline as prescribed under the applicable law.

Interest on Application Money shall be subject to tax deducted at source ("**TDS**") at the rates prevailing from time to time under the provisions of the IT Act or any other statutory modification or re-enactment thereof. For seeking TDS exemption and/or lower rate of TDS, relevant certificate and/or document must be lodged by the Debenture Holder(s) at the registered office of the Company at least 15 days before the interest payment becoming due. Tax exemption certificate and/or declaration of non-deduction of tax at source on interest on application money should be submitted along with the application form.

For detailed tax implications of the investment in Debentures, investors should get in touch with their tax consultant. Prospective investors are urged to consult their own tax advisors with respect to their own tax situations and the tax consequences in respect of their investments.

26.11 NOTE 11: RIGHT TO ACCEPT OR REJECT APPLICATIONS

The Issuer is entitled at its sole and absolute discretion, to accept or reject any application, in part or in full, without assigning any reason whatsoever.

26.12 NOTE 12: POWER OF ISSUER TO EXERCISE RIGHT TO RE-PURCHASE, RE-SELL AND/ OR RE-ISSUE THE DEBENTURES

(a) The Issuer shall be entitled to redeem (in whole or in part) or buy back all (or less than all) of the Debentures held by one or more Debenture Holders provided that:

(i) the Issuer issues a written notice of voluntary redemption / buy-back to all Debenture Holders and the Debenture Trustee in the manner as more particularly set out in sub-paragraphs (b) and (c) below,

(ii) the Debenture Holder from whom the Debentures are proposed to be redeemed/ bought-back by the Issuer consents to such redemption/ buy-back in writing subject to sub-paragraph (c) below (each such Debenture Holder, an "**Accepting Debenture Holder**").,

(iii) no Event of Default has occurred and is continuing or shall occur pursuant to such buy-back or redemption, and

(b) The Issuer shall issue a prior written notice of voluntary redemption / buy-back to all Debenture Holders and the Debenture Trustee (any such notice a "**Issuer Notice**") specifying:

(i) the aggregate value or number of the Debentures proposed to be redeemed/ bought-back;

(ii) the date on which the Issuer proposes to redeem/ buy-back the Debentures ("**Voluntary Redemption Date**" or "**Buy-Back Date**", as the case may be), and

(iii) in respect of each Debenture proposed to be redeemed or bought back on the voluntary redemption date or the buy-back date (as the case may be), the amount proposed to be paid by the Issuer towards such voluntary redemption or buy back (as the case may be).

(c) Provided that:

(i) each Debenture Holder shall no later than 4 (four) Business Days from the date of issuance of the Issuer Notice by the Issuer notify the Issuer in writing its consent or rejection (as the case may be) to such redemption/ buy-back ("**Response Period**") and, in respect of a buy-back, the number of Debentures it proposes to accept to be bought back by the Issuer pursuant to the relevant Issuer Notice,

(ii) the Issuer shall be entitled to redeem/buy back the relevant Debentures held by the Accepting Debenture Holders on the voluntary redemption date or buy-back date (as the case may be) as specified in such Issuer Notice, notwithstanding that all the then Debenture Holders may not have consented to and/or may not have responded to the relevant Issuer Notice within the Response Period, and

(iii) for the avoidance of doubt, it is hereby expressly clarified that, the voluntary redemption date or the buy-back date as specified in the Issuer Notice shall be any date falling after the expiry of the Response Period but within (and including) 10 (ten) Business Days from the date of the relevant Issuer Notice.

(d) Where the Issuer proposes to buy-back some and not all of the Debentures held by the Accepting Debenture Holders, the Issuer shall buy-back Debentures from such Accepting Debenture Holders in proportion to the number of Debentures of the Accepting Debenture Holders that are being bought back.

(e) Where the Issuer proposes to redeem the Debentures held by the Accepting Debenture Holders in part (and not whole), the Issuer shall redeem the Debentures held by such Accepting Debenture Holders on a pro rata basis.

Any notice of redemption or buy-back of the relevant Debentures given by the Issuer under this paragraph shall be irrevocable in respect of the relevant Accepting Debenture Holder so long as such Accepting Debenture Holder has consented to such redemption or buy-back (as the case may be) and notified its consent to the Issuer in writing prior to expiry of the Response Period in accordance with this provision.

27 GENERAL TERMS APPLICABLE TO DEBENTURE HOLDERS

27.1 Payment of coupon amount

Payment of Coupon amount on the Debenture(s) will be made to those of the Debenture Holders whose name(s) appear in the Debenture Register (or to the first holder in case of joint holders) as on the Record Date fixed by the Issuer for this purpose and/ or as per the list provided by NSDL or CDSL to the Issuer of the beneficiaries who hold Debentures in demat form on such Record Date, and are eligible to receive Coupon amount. Payment will be made by the Issuer, the bank details of the allottees, by way of export credit services or direct credit or RTGS or NEFT and where such facilities are not available the Issuer shall make payment of all such amounts by way of payable at par cheque(s) or warrants, which will be dispatched to the Debenture Holder(s) by registered post or speed post or courier or hand delivery on or before the Coupon Payment Date.

Coupon amount and Redemption Amount would be payable on the relevant Coupon Payment Date or Redemption Date to the beneficiaries as per the Register of Debenture Holder or beneficiary list provided by the Depository as on the Record Date. The Coupon shall be computed on the basis of actual number of days elapsed in a year, for this purpose a year to comprise of a period of 365 days except in case of a leap year where the year will comprise of 366 days. The day count shall be on an actual or actual basis or as maybe mentioned in the Private Placement Memorandum.

27.2 List of Debenture Holders

The Issuer shall request the Depository to provide a list of Debenture Holders as at the end of the Record Date. This shall be the list, which shall be considered for payment of Coupon or repayment of principal amount, as the case may be.

27.3 Rights of the Debenture Holders

The Debenture Holders will not be entitled to any rights and privileges available to the shareholders of the Issuer and shall not be entitled to any rights and privileges other than those available to them under statutory provisions of the Companies Act, applicable law and the Terms of the Issue. The Debentures shall not confer upon the Debenture Holders the right to receive notice or to attend and vote at the general meetings of shareholders of the Issuer. The principal amounts and coupon amounts, if any, on the Debentures will be paid to the Debenture Holder whose name appears in the Debenture Register or list of Beneficial Owners only, or in the case of joint holders, to the one whose name stands first.

27.4 If any resolution affecting the rights attached to the Debentures is to be placed before the shareholders, the said resolution will first be placed before the Debenture Holders for their consideration. All administrative and procedural issues will be resolved by the Issuer, without further reference to the Debenture Holders.

The provisions of the Companies Act will apply to any meeting of the Debenture Holders.

The Debenture Holders will be entitled to their Debentures free from any equities and/ or cross claims by the Issuer against the original or any intermediate or subsequent holders thereof.

27.5 Modification of rights

The rights, privileges, terms and conditions attached to the Debentures may be varied, modified or abrogated, subject to compliance with applicable laws, if any, in this regard, with the consent in writing of the holders of three-fourth by value of outstanding amount of Debentures, or with the sanction of a resolution passed at a separate Meeting of the holders of Debentures representing three-fourth by value of outstanding amount of debentures. Provided that nothing in such consent or resolution shall be

operative against the Issuer where such consent or resolution modifies or varies the terms and conditions of the Debentures if the same are not acceptable to the Issuer.

27.6 Notices

All notices to be given to the Debenture Holder(s) shall be first sent by electronic mail or facsimile transmission to the Debenture Trustee or by registered post or by hand delivery to the Debenture Holder or to such persons at such address as may be notified by the Debenture Holder from time to time.

All transfer related documents, tax exemption certificates, intimation for loss of letter(s) of allotment or Debenture(s), etc., requests for issue of duplicate debentures, etc. and/or any other notices or correspondence by the Debenture Trustee or the Debenture Holder(s) to the Issuer with regard to this Issue should be first sent by electronic mail or facsimile transmission and thereafter be sent by registered post or email or facsimile or by hand delivery to the Company or to such other person(s) at such address(es) as may be notified by the Issuer from time to time.

27.7 Future Borrowings

The Company may be entitled to borrow by making further issue of debentures/ bonds, other securities in any manner and/ or raise term loans/ deposits or raise further funds by availing of financial assistance in whatever form from time to time from such persons or banks or financial institutions or body corporate or any other agency having the same ranking or lower ranking as compared to the ranking of the Debentures in priority of payments or otherwise on such terms and conditions as the Company may think appropriate, with the consent of or intimation to the Debenture Trustee in this connection. The Debenture Trustee may provide consent to the Company for availing such further borrowings / financial assistance, provided that (i) the adequacy of the Secured Hypothecated Properties for the present Issue referred hereinabove is not affected, (ii) the Security Cover is maintained in accordance with Clause 24.5 (*Security / Asset Cover*) of the Debenture Trust Deed and (iii) no Event of Default is continuing or would result from the proposed borrowing.

Provided that the Company shall be entitled to raise unsecured borrowings within the limits stipulated by law without the prior consent of the Debenture Trustee.

27.8 Miscellaneous

Loss of coupon cheques should be intimated to the Issuer along with the request for issue of duplicate interest cheque. The issue of duplicate cheque(s) would be governed by such conditions as may be prescribed by the Issuer.

27.9 Confidentiality

The information and data contained herein is submitted to each recipient of this Private Placement Memorandum on a strictly private and confidential basis. By accepting a copy of this Private Placement Memorandum, each recipient agrees that neither it nor any of its employees or associates or advisors will use the information contained herein for any purpose other than evaluating the specific transactions described herein or will divulge to any other party any such information. This Private Placement Memorandum must not be photocopied, reproduced, extracted or distributed in full or in part to any person other than the recipient without the prior written consent of the Company. If at any time any such reproduction or disclosure is made and the Company suffers any loss, damage or incurs liability of any kind whatsoever arising out of or in connection with any such reproduction or disclosure, the recipient of this Private Placement Memorandum breaching the restriction on reproduction or disclosure agrees to hold harmless and indemnify the Company from and against any such loss, damage or liability.

27.10 Undertaking from the Issuer

The Issuer undertakes that the Secured Hypothecated Properties on which the charge or security has been created to meet the Security Cover (as specified in Row 34 and 58 of the Term Sheet) in accordance with the Transaction Documents, is free from any encumbrances and in case the Secured Hypothecated Properties are encumbered, the permissions or consent to create any further charge on the Secured Hypothecated Properties has been obtained from the existing creditors of the Issuer to whom the Secured Hypothecated Properties are charged, prior to creation of the charge**.** Disclosures as prescribed in Form PAS-4 under the Companies Act

PART – A - PRIVATE PLACEMENT OFFER CUM APPLICATION LETTER

(Pursuant to section 42 rule 14(3) of PAS Rules)

Sr. No.	Particulars	Details
1.	**General Information**	
(i)	Name, address, website, if any, and other contact details of the Company indicating both registered office and corporate office	Please refer to Section 5
(ii)	Date of Incorporation of the Company	Please refer to Section 6.1 (*Overview*)
(iii)	Business carried on by the company and its subsidiaries with the details of the branches or units, if any	Please refer to Section 6.1 (*Overview*) and 6.2 (*Subsidiary(ies) of the Company*)
(iv)	Brief particulars of the management of the Company	Please refer to Section 6.2 (*Corporate Structure & Operations*)
(v)	Names, Addresses, Director Identification Number (DIN) and occupations of the Directors	Please refer to Section 10 (*Details of Directors of the Company*)
(vi)	Management's perception of risk factors	Please refer to Section 3 (*Risk Factors*)
(vii)	Details of default, if any, including therein the amount involved, duration of default and present status, in	--

Sr. No.	Particulars	Details
	repayment of:	
	b. Statutory dues	None
	c. Debentures and interest thereon	None
	d. Deposits and interest thereon	Not Applicable
	e. Loan from any bank or financial institution and interest thereon	None
(viii)	Name, designation, address and phone number, email ID of the nodal/compliance officer of the company, if any, for the private placement offer process	Please refer to Section 5
(ix)	Any Default in Annual filing of the Company under the Companies Act or the rules made thereunder	None
1.	Particular of Issue	
(i)	Financial position of the Company for the last 3 financial years	Please refer to Annexure I (*Financial Information*)
(ii)	Date of passing of Board resolution	August 2, 2023 read with resolution passed by the Debenture Committee of the Board of the Company on January 16, 2024*(Certified true copy of the Board resolution have been annexed in Part A of Annexure VIII)*
(iii)	Date of passing of resolution in the general meeting, authorising the offer of securities	September 18, 2023 *(Certified true copy of the shareholders resolution have been annexed in Part B of Annexure VIII)*
(iv)	Kind of securities offered (i.e. whether share or debenture) and class of security, the total number of shares or other securities to be issued	Please refer to Section 24 (*Terms and Conditions of the Issue*)

Sr. No.	Particulars	Details
(v)	Price at which the security is being offered including the premium, if any, alongwith justification of the price	Please refer to Section 24 (*Terms and Conditions of the Issue*)
(vi)	Name and address of the valuer who performed valuation of the security offered and basis on which the price has been arrived at along with report of the registered valuer	Not Applicable
(vii)	Relevant date with reference to which the price has been arrived at	Not Applicable
(viii)	The class or classes of persons to whom the allotment is proposed to be made	Please refer to Section 25 (*Term Sheet*)
(ix)	Intention of promoters, directors or key managerial personnel to subscribe to the offer	Not Applicable
(x)	The proposed time within which the allotment shall be completed	Within the statutory time period as prescribed under the laws applicable to the Company
(xi)	The names of the proposed allottees and the percentage of post private placement capital that may be held by them	Not Applicable
(xii)	The change in control, if any, in the Company that would occur consequent to the private placement	Not Applicable
(xiii)	The number of persons to whom allotment on preferential basis / private placement / rights issue has already been made during the year, in terms	25,500 (Twenty Five thousand Five hundred) non-convertible debenture of face value of INR 1 Lakh each has been made to 1 investor 70,000 (Seventy thousand) non-convertible debenture of face value of INR 1 Lakh each has been made to 1 investor 60,000 (Sixty thousand) non-convertible debenture of face value of INR

Sr. No.	Particulars	Details
	of number of securities as well as price	1 Lakh each has been made to 1 investor 10,000 (Ten thousand) non-convertible debenture of face value of INR 1 Lakh each has been made to 1 investor
(xiv)	The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not Applicable
(xv)	Amount which the Company intends to raise by way of proposed offer of securities	Please refer to Section 24 (*Terms and Conditions to the Issue*)
(xvi)	Terms of raising of securities: Duration, if applicable, Rate of Dividend or rate of interest, mode of payment and repayment	Please refer to Section 25 (*Term Sheet*)
(xvii)	Proposed time schedule for which the private placement offer cum application letter is valid	Please refer to Section 25 (*Term Sheet*)
(xviii	Purposes and objects of the offer	Please refer to Section 25 (*Term Sheet*)
(xix)	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Nil
(xx)	Principle terms of assets charged as security, if applicable	Please refer to Section 25 (*Term Sheet*)
(xxi)	The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of the Company and its future	None

Sr. No.	Particulars	Details
	operations	
(xxii)	The pre-issue and post-issue shareholding pattern of the Company	Not Applicable
1.	**Mode of payments for subscription**	Please refer to Section 25 (*Term Sheet*)
2.	**Disclosures with regard to interest of directors, litigation etc.**	
(i)	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interest of other persons	None
(ii)	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the Issuer during the last three years immediately preceding the year of the issue of the private placement offer cum application letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	The Promoter does not have any litigation or legal action pending or taken by any Ministry or Department of the Government or any statutory authority during the 3 (three) preceding Financial Years or any directions issued by such Ministry or Department of the Government except special leave to appeal against the final order of the Bombay High Court in the matter of deducting tax at source under Section 197 of the IT Act, filed by assistant commissioner of Income Tax Department against Indostar Capital, Promoter of the Company
(iii)	Remuneration of Directors	Please refer to Section 10 (*Details of remuneration of directors*)
(iv)	Related Party transactions entered during the last three financial years immediately preceding the year of issue of private placement offer cum application letter including with regard to	• For financial year 2022 - 23: Note 32 of the Annual Audited Standalone Financial Statements of the Company for the financial year 2022-23 annexed herewith at Annexure II. • For financial year 2021 - 22:

Sr. No.	Particulars	Details
	loans made or, guarantees given or securities provided	Note 32 of the Annual Audited Standalone Financial Statements of the Company for the financial year 2021-22 annexed herewith at Annexure II. • For financial year 2020 – 21: Note 32 of the Annual Audited Standalone Financial Statements of the Company for the financial year 2020-21 annexed herewith at Annexure II.
(v)	Summary of reservation or qualifications or adverse remarks of auditors in the last five Financial Years immediately preceding the year of issue of private placement offer cum application letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservation or qualifications or adverse remark	Please refer to Section 23.16 (*Other Details*)
(vi)	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in the last three years immediately preceding the year of issue of private placement offer cum application letter circulation of offer letter in the case of company and all its subsidiaries, and if there were any prosecution filed (whether pending or not), fines imposed,	Nil

Sr. No.	Particulars	Details
	compounding of offences in the last three years immediately preceding the year of the private placement offer cum application letter and if so, section wise details thereof for company and all its subsidiaries	
(vii)	Details of acts of material frauds committed against the Company in the last 3 three Financial Years, if any, and if so, the action taken by the Company	Nil
3.	**FINANCIAL POSITION OF THE COMPANY**	
a(i)	The capital structure of the Company: (a) The authorised capital, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value); (b) Size of the present offer; (c) Paid up capital (i) After the offer; (ii) After conversion of convertible instrument; (d) Share premium account (before and after)	Please refer to Section 9.1.1
a.	The details of the existing share capital of the Issuer	Please refer to Section 9.1.1

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>(ii)</td><td>in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and form of consideration.</td><td></td></tr>
<tr><td>b.</td><td>Profits of the Company, before and after making provision for tax, for the three financial years immediately preceding the date of issue of private placement offer cum application letter:</td><td>
<table>
<tr><th>Particulars</th><th>FY 2022-23</th><th>FY 2021-22</th><th>FY 2020-21</th></tr>
<tr><td>Profit Before Taxation</td><td>18,727.05</td><td>(94,085.69)</td><td>(25,710.80)</td></tr>
<tr><td>Profit After Taxation</td><td>18,727.05</td><td>(76,919.79)</td><td>(24,146.80)</td></tr>
</table>
</td></tr>
<tr><td>c.</td><td>Dividends declared by the Company in respect of the said three financial years, interest coverage ratio for last three years (cash profit after tax plus interest/ interest paid):</td><td>
<u>Dividend on equity shares of the Company:</u>

Interim Dividend for financial year 2019-20: INR 1 per equity share 9,22,67,415 equity shares

<u>Dividend on compulsorily convertible preference shares of the Company:</u>

Dividend on 1,20,68,966 Compulsorily Convertible Preference Shares of face value INR 10 each allotted on 27 May 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (INR 290 per CCPS), pursuant to terms approved by the Shareholders of the Company, for the period 27 May 2020 to 26 November 2021.

Interest Coverage Ratio:
<table>
<tr><th>Particulars</th><th>2022-23</th><th>2021-22</th><th>2020-21</th></tr>
<tr><td>Interest Coverage Ratio</td><td>Not Applicable</td><td>Not Applicable</td><td>0.62</td></tr>
</table>
</td></tr>
</table>

Sr. No.	Particulars	Details
d.	A summary of the financial position of the Company as in three audited balance sheets immediately preceding the date of circulation of offer letter cum application letter	Please refer to Annexure I (*Financial Information*)
e.	Audited Cash Flow Statement for the three years immediately preceding the date of issue of private placement offer cum application letter	Please refer to Annexure I (*Financial Information*)
f.	Any change in accounting policies during the last three years and their effect on the profit and reserves of the Company	Nil
Part B	**Application Form**	Please refer to Section 31.
4.	**A DECLARATION BY THE DIRECTORS**	Please refer to Section 30 (*Declaration by the Director*)

28 DISCLOSURES AS PER THE SEBI DT MASTER CIRCULAR.

1. In terms of the reference circular, the Issuer hereby confirms that Debentures shall be considered as secured only if the charged asset is registered with sub-registrar, if required and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by IDBI Trusteeship Services ("ITSL").

2. Covenants as per Debenture Trust Deed at **Annexure IX,** as further specified, modified, substituted or replaced in Schedule VI (*Covenants of the Company*) of Part B of the Debenture Trust Deed.

3. Terms and conditions of debenture trustee agreement:

   ITSL has agreed to act as the debenture trustee for 32,500 (thirty two thousand five hundred) 9.95% (nine decimal nine five percent) ICFL 23-24/Series XV senior, secured, redeemable, rated, listed, taxable non-convertible debentures having face value of INR 1,00,000 each (Indian Rupees one lakh only) amounting upto INR 325,00,00,000 (Indian Rupees three hundred and twenty five crore only), to be issued by the Company on Private Placement Basis. Copy of consent letter received from ITSL in this regard is enclosed herewith at **Annexure V.**

   Fees charged by ITSL:

   The Company shall pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other documents executed/to be executed to give effect to the creation of security for securing the Debentures and such any other expenses like advertisement, notices, letters to debenture holders, and additional professional fees/expenses that would be incurred in case of default. The remuneration of the Debenture Trustee shall be as per details below, which may be amended/modified from time to time.

Charge Heads	Terms
Acceptance Fees	INR 2,43,7500/- plus applicable GST to be charged upfront
Service Charges	INR 2,27,500/- per annum plus applicable GST. First such payment would become payable on the date of execution from 1 April 2024 for FY 2024-25 there after the Service Charges are payable on an Annual Basis in Advance on 1 - Apr every year till the redemption and satisfaction of charges in full.
Delay Payment Charges	In case the payment of service charges not received within a period of 30 days from the date of the bill, ITSL reserve the right to charge "delayed payment charges" @ 12% p.a. on the outstanding amount.
Out of Pocket Expenses & Statutory Dues	Would be reimbursable on actual basis within 30 days of the claim.

   Details of security to be created: Please refer details mentioned in "Term Sheet" in the section 26 of this Private Placement Memorandum

   Process of due diligence carried out by the debenture trustee:

   - The Debenture Trustee, has either through itself or its agents /advisors/consultants, carried out requisite diligence to verify the status of encumbrance and valuation of the assets and whether all permissions or consents (if any), as may be required to create the security as

stipulated in the disclosure documents and the relevant laws, has been obtained. For the purpose of carrying out the due diligence as required in terms of the relevant laws, the Debenture Trustee, either through itself or its agents /advisors/consultants, has examined the books of account of the Company and to have the Company's assets inspected by its officers and/or external auditors/valuers/consultants/ lawyers/technical experts/ management consultants appointed by the Debenture Trustee. Prior to appointment of any agents /advisors/consultants, the Debenture Trustee has obtained necessary confirmation from the said agents/ advisors/ consultants that they do not have any conflict-of-interest in conducting the diligence under the transaction.

- The Company has provided all assistance to the Debenture Trustee to enable verification from the Registrar of Companies, Sub-registrar of Assurances (as applicable), CERSAI, depositories, information utility or any other authority, as may be required, where the assets and/or prior encumbrances in relation to the assets of the Company or any third-party security provider for securing the Debentures, are registered / disclosed.

- Further, in the event that existing charge holders or the concerned trustee on behalf of the existing charge holders, have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee has verified such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. Further, wherever required, the Debenture Trustee has intimated the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

- The Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as required by the Debenture Trustee to carry out the requisite diligence in connection with the issuance and allotment of the Debentures, in accordance with the relevant laws.

4. Due Diligence Certificate from ITSL in format prescribed by SEBI, is enclosed herewith at **Annexure VI** and shall be submitted to BSE at the time of filing this Private Placement Memorandum.

(A) **MATERIAL DOCUMENTS CERTIFICATE OF INCORPORATION OF THE COMPANY DATED JULY 21, 2009.**

(b) Fresh Certificate of Incorporation consequent to the change of name to IndoStar Capital Finance Private Limited dated November 15, 2010.

(c) Fresh Certificate of Incorporation consequent to the conversion of the Company from private limited to public limited dated May 28, 2014.

(d) NBFC registration certificate issued by the Reserve Bank of India dated January 20, 2016.

(e) Certification of Registration of Regional Director order for Change of State dated September 8, 2015**.**

(f) Memorandum and Articles of Association of the Issuer.

(g) Special Resolution(s) under Section 180(1) (c) and Section 180 (1) (a) of the Companies Act, passed on September 29, 2022 and September 7, 2016, respectively.

(h) Special Resolution under Section 71 of the Companies Act read with the Share Capital and Debentures Rules and Section 42 of the Companies Act read with the PAS Rules, passed on September 18, 2023.

(i) Board resolution dated August 2, 2023 in in relation to the issue of non-convertible debentures

(j) Board resolution under Section 179 of the Companies Act dated February 11, 2022 in relation with Borrowing Limit of the Company upto INR 25,00,00,00,000 (Indian Rupees twenty five thousand crore only).

(k) Debenture Committee resolution dated January 16, 2024 approving this Private Placement Memorandum.

(l) Annual reports / Financial Statements of the Company for the last five years are available on website of the Company at www.indostarcapital.com/investors-corner#investor-relations.

(m) Credit rating letter issued by CRISIL Ratings Limited dated January 11, 2024 read with press release dated July 28, 2023 is annexed as **Annexure VII**.

(n) Audited Financial Statements and Financial Results along with the Audit Report for the year ended March 31, 2023 is annexed as **Annexure II.**

(o) Copy of letter agreement dated August 13, 2012 between the Issuer and the Registrar and Transfer Agent.

(p) Copy of the tripartite agreement dated February 3, 2011 between the Issuer, National Securities Depository Limited (NSDL) and Link Intime India Private Limited.

(q) Copy of the tripartite agreement dated May 16, 2012 and January 8, 2018 between the Issuer, Central Depository Services (India) Limited (CDSL) and Link Intime India Private Limited.

29. APPLICATION PROCESS

The Issuer proposes to Issue the Debentures on the terms set out in this Private Placement Memorandum subject to the provisions of the Companies Act and the companies act, 1956 (to the extent in force on the date of this Private Placement Memorandum), the SEBI NCS Regulations, the SEBI Listing Regulations, the Memorandum and Articles of Association of the Issuer, the terms of this Private Placement Memorandum, Application Form, and other terms and conditions as may be incorporated in the Debenture Trust Deed. This section applies to all applicants. Please note that all applicants are required to make payment of the full application amount along with submission of the Application Form.

The Issuer or any of its promoters or directors is not a wilful defaulter as at the date of filing of this Private Placement Memorandum and neither the Issuer or any of its promoters or its directors have been categorized as wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

29.1 WHO CAN APPLY

Only the persons who are specifically addressed through a communication by or on behalf of the Company directly are eligible to apply for the Debentures.

This Private Placement Memorandum and the contents hereof are restricted for only the intended recipient(s) who have been addressed directly through a communication by or on behalf of the Company. The categories of investors eligible to invest in the Debentures, when addressed directly, include banks, financial institutions including development financial institutions, companies and bodies corporate, insurance companies, mutual funds registered with SEBI and such other category of investors as authorised to invest in the Debentures under applicable laws. All Investors are required to comply with the relevant regulations and/or guidelines applicable to them for investing in this Issue. An application made by any other person will be deemed as an invalid application and rejected.

All applicants are required to comply with the relevant regulations and/or guidelines applicable to them for investing in the Issue as per the norms approved by Government of India, RBI or any other statutory body from time to time. The contents of this Private Placement Memorandum and any other information supplied in connection with this Private Placement Memorandum or the Debentures are intended to be used only by those investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced or disseminated by the recipient.

DISCLAIMER: PLEASE NOTE THAT ONLY THOSE PERSONS TO WHOM THIS PRIVATE PLACEMENT MEMORANDUM HAVE BEEN SPECIFICALLY ADDRESSED ARE ELIGIBLE TO APPLY. HOWEVER, AN APPLICATION, EVEN IF COMPLETE IN ALL RESPECTS, IS LIABLE TO BE REJECTED WITHOUT ASSIGNING ANY REASON FOR THE SAME. THE COMPANY MAY, BUT IS NOT BOUND TO REVERT TO ANY INVESTOR FOR ANY ADDITIONAL DOCUMENTS OR INFORMATION, AND CAN ACCEPT OR REJECT AN APPLICATION AS IT DEEMS FIT. INVESTMENT BY INVESTORS FALLING IN THE CATEGORIES MENTIONED ABOVE ARE MERELY INDICATIVE AND THE ISSUER DOES NOT WARRANT THAT THEY ARE PERMITTED TO INVEST AS PER EXTANT LAWS, REGULATIONS, ETC. EACH OF THE ABOVE CATEGORIES OF INVESTORS IS REQUIRED TO CHECK AND COMPLY WITH EXTANT RULES/ REGULATIONS AND/OR GUIDELINES, ETC. GOVERNING OR REGULATING THEIR INVESTMENTS AS APPLICABLE TO THEM AND THE COMPANY IS NOT, IN ANY WAY, DIRECTLY OR INDIRECTLY, RESPONSIBLE FOR ANY STATUTORY OR REGULATORY BREACHES BY ANY INVESTOR, NEITHER IS THE COMPANY REQUIRED TO CHECK OR CONFIRM THE SAME.

29.2 HOW TO APPLY

The Issue will open on the Issue Opening Date and close on the Issue Closing Date (both days inclusive). Investors who wish to invest are requested to submit an application form with all the accompanying documents and the application money at any time starting from the Issue Opening Date and upto the Issue Closing Date. Since the Issue will be done through EBM, successful bidders shall transfer funds through clearing corporation of BSE. On the Issue Closing Date, the application along with the accompanying documents should be submitted within the working hour, which shall be the cut-off time.

Application(s) for the Debentures must be made in the enclosed form and must be completed in block letters in English.

Application form(s) must be accompanied by either a demand draft or cheque, drawn or made payable at par in Mumbai in favour of IndoStar Capital Finance Limited and crossed Account Payee only, in case not through online mode

The applications must be accompanied by certified true copies of (i) Memorandum and Articles of Association or constitution or bye-laws or Debenture Trust Deed; (ii) board resolution authorizing the investment and containing operating instructions; (iii) a letter of authorisation; (iv) power of attorney or relevant resolution or authority to make application; (v) specimen signatures of authorised signatories; (vi) copy of PAN Card issued by the Income Tax Department; and (vii) necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.

29.3 INSTRUCTIONS FOR APPLICATION

(1) Application must be completed in BLOCK LETTERS IN ENGLISH. A blank must be left between two or more parts of the name.

(2) Signatures should be made in English.

(3) The Applicant should mention its permanent account number or the GIR number allotted to it under the IT Act and also the relevant income-tax circle or ward or district details.

(4) The Issuer is entitled at its sole and absolute discretion to accept or reject any application, which is not complete in any respect.

(5) The Debentures are being issued at face value. The amount to be paid on application should be the total face value of the Debentures applied for. Applications for incorrect amounts are liable to be rejected.

(6) Since the Issue will be done through EBM, successful bidders shall transfer funds through clearing corporation of BSE. Below are the designated Bank Accounts of ICCL

The Designated Bank Accounts of ICCL are as under:

- **ICICI Bank** :
  Beneficiary Name: INDIAN CLEARING CORPORATION LTD
  Account Number: ICCLEB
  IFSC Code : ICIC0000106
  Mode: NEFT/RTGS

- **YES Bank** :
  Beneficiary Name: INDIAN CLEARING CORPORATION LTD
  Account Number: ICCLEB
  IFSC Code : YESB0CMSNOC
  Mode: NEFT/RTGS

- **HDFC Bank**
  Beneficiary Name: INDIAN CLEARING CORPORATION LTD
  Account Number: ICCLEB
  IFSC Code : HDFC0000060
  Mode: NEFT/RTGS

Below are the Bank details of the Company where funds from ICCL will flow in:

Beneficiary Name	IndoStar Capital Finance Limited
Name of Bank	Kotak Mahindra Bank
Branch	Nariman Point Branch
Account Number	9711744739
Type of account	Current
IFSC Code	KKBK0000958

29.4 APPLICATIONS UNDER POWER OF ATTORNEY OR RELEVANT AUTHORITY

In case of an application made under a Power of Attorney or resolution or authority to make the application, a certified true copy of such Power of Attorney or resolution or authority to make the application and the memorandum and articles of association of the Investor must be attached to the application form at the time of making the application, failing which, the Company reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof. Names and specimen signatures of all the authorised signatories must also be lodged along with the submission of the completed application.

The applications should be submitted during normal banking hours at the office mentioned below:

Mumbai: IndoStar Capital Finance Limited.

Address: Silver Utopia, Third Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400099

Email: icf.legal@indostarcapital.com

The Applicant is requested to contact the office of the Company as mentioned above for any clarifications.

Other Relevant Information

Authority for the issue and details of the resolutions passed for the issue

The Issue of Debentures is being made pursuant to the following resolutions:

(i) Shareholders Resolutions:

(a) Special Resolution(s) under Section 180(1)(c) and Section 180(1)(a) of the Companies Act, passed on 29 September 2022 and September 7, 2016, respectively;

(b) Special Resolution under Section 71 of the Companies Act read with the Share Capital and Debentures Rules and Section 42 of the Companies Act read with the PAS Rules, on September 18, 2023.

(ii) Board Resolution:

Resolution dated August 2, 2023 under Section 71 of the Companies Act read with the Share Capital and Debentures Rules and Section 42 of the Companies Act read with the PAS Rules, for issue of non-convertible debentures on private placement basis during a period of one year from the date of shareholder's resolution i.e. on September 18, 2023 such that the aggregate principal amount of such Debentures does not exceed INR 3,000,00,00,000 (Indian Rupees three thousand crore only).

(iii) Debenture Committee Resolution:

Resolution dated January 16, 2024 for issue of Debentures on private placement basis upto INR 325,00,00,000 (Indian Rupees Three Hundred and Twenty Five Crore). **[**Declaration by the director

30 DECLARATION BY DIRECTOR

1. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992, and Companies Act and the rules made thereunder.

2. The compliance with the Companies Act and the rules made thereunder do not imply that payment of dividend or interest or repayment of preference shares or debenture, if applicable, is guaranteed by the Central government.

3. The monies received under the offer shall be used only for the purposes and objects indicated in this Private Placement Memorandum.

4. I am authorized by the Debenture Committee constituted by the Board of Directors of the Company vide resolution dated September 23, 2023 to sign this Private Placement Memorandum and declare that all the requirements of Companies Act and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this Private Placement Memorandum and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum and Articles of Association.

5. It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Private Placement Memorandum.

6. The Company has also complied with the relevant regulation and/or guidelines issued by the SEBI and other applicable laws and no statement made in this Private Placement Memorandum is contrary to the provisions of the regulations and/or guidelines issued by SEBI and other applicable laws, as the case may be. The information contained in this Private Placement Memorandum is as applicable to private placed debt securities and subject to information available with the Company. The extent of disclosures made in the Private Placement Memorandum is consistent with disclosures permitted by regulatory authorities to the issue of securities made by the companies in the past.

`For and on behalf of the Board of Directors of

IndoStar Capital Finance Limited

Chief Executive Officer

Place: Mumbai
Date: January 20, 2024

31 APPLICATION FORM

INDOSTAR CAPITAL FINANCE LIMITED

CIN:L65100MH2009PLC268160

Regd. Office: Silver Utopia, Third Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400099

DEBENTURE APPLICATION FORM SERIAL NO.									

ISSUE BY WAY OF PRIVATE PLACEMENT ("**ISSUE**") OF UPTO 32,500 9.95% ICFL 23-24/SERIES XV 2025 SENIOR, SECURED, REDEEMABLE, RATED, LISTED, TAXABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF INR 1,00,000 EACH (INDIAN RUPEES ONE LAKH ONLY) AMOUNTING (TO BE REFERRED AS THE "DEBENTURES") BY INDOSTAR CAPITAL FINANCE LIMITED (THE "**ISSUER**").

DEBENTURES APPLIED FOR:

(Minimum application for Series _____ ____ Debenture, in increments of 1 Debenture)

Number of Debentures – Series _____ _____ in words _____

AMOUNT RECEIVED

Series ___

APPLICATION MONEY (Premium / Par / Discount): In INR _____ in words _____

ACCRUED INTEREST: In INR _____ in words _____

DETAILS OF PAYMENT:

Cheque / Demand Draft / NEFT / RTGS

No. _____ Drawn on_____

Funds transferred to _____

Dated _____

Total Amount Enclosed

(In Figures) _____ (In words) _____

FIRST/SOLE APPLICANT'S NAME IN FULL (CAPITALS) SPECIMEN SIGN

SECOND APPLICANT'S NAME IN FULL (CAPITALS) SPECIMEN SIGN

THIRD APPLICANTS NAME IN FULL (CAPITALS) SPECIMEN SIGN

FIRST/SOLE APPLICANT FATHER'S NAME IN FULL (CAPITALS) SPECIMEN SIGN

SECOND APPLICANT FATHER'S NAME IN FULL (CAPITALS) SPECIMEN SIGN

THIRD APPLICANT FATHER'S NAME IN FULL (CAPITALS) SPECIMEN SIGN

FIRST/SOLE APPLICANT'S ADDRESS

ADDRESS																			
STREET																			
CITY																			
PIN							**PHONE**								**FAX**										
EMAIL ADDRESS																			

FIRST/SOLE APPLICANT'S BANK ACCOUNT DETAILS

BANK NAME	
ACCOUNT HOLDER NAME	
ACCOUNT NUMBER	
IFSC CODE	

FIRST/SOLE APPLICANT'S PAN/GIR NO. _____ IT CIRCLE/WARD/DISTRICT _____

IF THE APPLICANT IS AN INSTITUTION / COMPANY / BODY CORPORATE (INCLUDING A SOCIETY), THEY MAY ADD ADDITIONAL SIGNATORY(IES) AS PROVIDED BELOW.

Name of the Authorised Signatory (ies)	Designation	Signature

I/WE ARE BANK ( ) FINANCIAL INSTITUTION ( ) COMPANY ( ) OTHERS ( ) SPECIFY _____

I/WE CONFIRM RESIDENTIAL STATUS AS **INDIAN TAX STATUS** NON EXEMPT ( ) EXEMPT ( )

(IF EXEMPT PLEASE SPECIFY) _____

(IF EXEMPT, PLEASE PROVIDE SUPPORTING DOCUMENTS FROM INCOME TAX AUTHORITIES)

The following particulars relating to details of the beneficiary (electronic) account as given below are required to be filled up.

I/We confirm that unless expressly set out in the Application Form, I/We are applying to the Debentures as investors and not as distributors. I/We confirm that I/We have not been debarred from accessing the capital market or have been restrained by any regulatory authority from directly or indirectly acquiring the said securities

Depository Name	
Depository Participant Name	
DP-ID	
Beneficiary Account Number	
Name of the Applicant(s)	

Please tick wherever applicable:

(a) I/We are not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of Debentures;

(b) I / We are required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of Debentures and the same has been obtained, and is enclosed herewith.

I/We understand that: i) in case of allotment of Debentures to me/us, my/our beneficiary account as mentioned above would get credited to the extent of allotted Debentures, ii) applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with DP, iii) if the names of the applicant(s) in this application are not identical and also not in the same order as the beneficiary account details with the above mentioned DP or if the Debentures cannot be credited to my/ our beneficiary account for any reason whatsoever, the Issuer shall be entitled at its sole option to issue the Debentures to me/us in the physical form or reject the application.

I/We have read and understood the Terms and Conditions of the issue of Debentures including the Risk Factors described in the Private Placement Memorandum dated January 18, 2024 ("Private Placement Memorandum") issued in pursuance thereof have considered these in making our decision to apply. I/We bind ourselves to these Terms and Conditions and wish to apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Holders. The provisions of the Debenture Documents are incorporated herein by reference and both the Debenture Holders and the Company are bound by the provisions of the Debenture Documents and the Terms and Conditions set out herein. In the event of any inconsistency between the Terms and Conditions set out herein and the Debenture Documents, the Debenture Documents shall prevail. I/We confirm that any transferee who purchases the Debentures shall similarly understand the Terms and Conditions of the issue of Debentures including the Risk Factors described in the Private Placement Memorandum and be bound by these Terms and Conditions.

Sole/First Applicant's	Second Applicant's	Third Applicant's
Signature	Signature	Signature

FOR OFFICE USE ONLY
DATE OF RECEIPT _____ DATE OF CLEARANCE _____

(Note: Cheque and Drafts are subject to realisation)

----------(TEAR HERE)----------

ANNEXURE I

FINANCIAL INFORMATION

A brief overview of the financial performance of the Issuer for the past 3 (three audited financial years), wherever applicable:

1. Columnar representation of the Financial Statements (Standalone)

Balance Sheet - (As per IND AS)

(INR in Lakhs)

Particulars	**As at**	**As at**	**As at**	**As at**
	30-Sep-23	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
	(Unaudited)	**(Audited)**	**(Audited)**	**(Audited)**
I. **ASSETS**				
Financial assets				
Cash and cash equivalents	11,037.20	16,500.70	7,180.23	26,862.05
Bank balances other than cash and cash equivalents	20,977.25	20,343.50	38,867.95	23,836.32
Loans	5,13,637.28	5,19,561.53	6,49,096.68	6,69,245.71
Investments	1,32,916.69	1,45,705.73	97,713.42	1,78,848.94
Other financial assets	30,630.49	33,419.56	8,956.43	12,223.71
	7,09,198.91	7,35,531.02	8,01,814.71	9,11,016.73
Non-financial assets				
Current tax assets (net)	6,642.46	5,376.00	6,636.87	11,824.56
Deferred tax assets (net)	31,643.62	31,643.62	31,669.41	14,519.20
Property, plant and equipment	3,946.79	4,788.71	6,938.06	5,920.90
Capital work-in-progress	-	-	-	-
Assets held for sale	1,300.00	1,300.00	1,300.00	1,609.37
Goodwill	30,018.69	30,018.69	30,018.69	30,018.69
Intangible assets	1,538.48	2,034.77	1,103.75	348.45
Other non-financial assets	4,279.97	3,234.49	2,945.40	3,472.15
	79,370.01	78,396.28	80,612.18	67,713.32
TOTAL ASSETS	**7,88,568.92**	**8,13,927.30**	**8,82,426.89**	**9,78,730.05**
II. **LIABILITIES AND EQUITY**				
LIABILITIES				
Financial liabilities				
Trade payables				
(i) total outstanding to micro enterprises and small enterprises	0.13	7.62	30.15	7.8

Particulars	As at	As at	As at	As at
	30-Sep-23	31-Mar-23	31-Mar-22	31-Mar-21
	(Unaudited)	(Audited)	(Audited)	(Audited)
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	8.18	727.63	238.88	420.45
Debt securities	2,54,795.41	1,10,886.95	1,97,793.62	2,01,276.18
Borrowings (other than debt securities)	2,08,965.58	3,70,421.44	3,50,504.82	3,74,790.64
Other financial liabilities	17,230.25	28,211.11	44,874.67	30,261.28
	4,80,999.55	5,10,254.75	5,93,442.14	6,06,756.35
Non-financial liabilities				
Current tax liabilities (net)	-		-	-
Provisions	497.65	465.66	612.03	697.83
Other non-financial liabilities	534.1	951.6	571.06	608.29
	1,031.75	1,417.26	1,183.09	1,306.12
TOTAL LIABILITIES	**4,82,031.30**	**5,11,672.01**	**5,94,625.23**	**6,10,833.61**
Equity				
Equity share capital	13,607.93	13,607.93	13,607.93	12,373.03
Preference share capital	-	-	-	1,206.90
Other equity	2,92,929.69	2,88,647.36	2,74,193.73	3,54,316.51
TOTAL EQUITY	**3,06,537.62**	**3,02,255.29**	**2,87,801.66**	**3,67,896.44**
TOTAL LIABILITIES AND EQUITY	**7,88,568.92**	**8,13,927.30**	**8,82,426.89**	**9,78,730.05**

Statement of Profit & Loss: (As per IND AS)

(INR in Lakhs)

Particulars	For the six months ended	For the year ended	For the year ended	For the year ended
	30-Sep-23	31-Mar-23	31-Mar-22	31-Mar-21
	(Unaudited)	(Audited)	(Audited)	(Audited)
Revenue from operations				
Interest income	44,028.37	88,947.05	95,574.81	1,10,560.38
Fees and commission income	2,332.75	4,706.70	3,846.81	3,142.70
Net gain on fair value changes	1,178.19	2,511.40	2,310.14	4,803.20
Gain on derecognition of financial instruments measured at amortised cost category	0	722.8	2,486.64	273.88
Total revenue from operations	47,539.31	96,887.95	1,04,218.40	1,18,780.16

Particulars	For the six months ended	For the year ended	For the year ended	For the year ended
	30-Sep-23	31-Mar-23	31-Mar-22	31-Mar-21
	(Unaudited)	(Audited)	(Audited)	(Audited)
Other income	19.42	437.03	1,135.87	546.56
Total income	47,558.73	97,324.98	1,05,354.27	1,19,326.72
Expenses				
Finance costs	27,390.43	51,801.92	51,430.77	69,224.61
Impairment on financial instruments	-1,387.77	-4,013.46	1,15,076.93	45,240.80
Employee benefit expenses	9,750.09	13,255.60	17,627.03	15,563.01
Depreciation and amortization expenses	1,304.29	3,634.76	3,381.93	3,149.38
Other expenses	6,359.25	13,919.11	11,923.30	11,859.72
Total expenses	43,416.29	78,597.93	1,99,439.96	1,45,037.52
Profit/(loss) before tax	4,142.44	18,727.05	-94,085.69	-25,710.80
Tax expense:				
1. Current tax	-	-	-	-
2 Tax of Earlier year	-	-	-	456.55
3. Deferred tax expense /(income)	-	-	-17,165.90	-2,020.55
Total tax expenses	-	-	-17,165.90	-1,564.00
Profit/(loss) after tax	**4,142.44**	**18,727.05**	**-76,919.79**	**-24,146.80**
Other comprehensive income				
Items that will not be reclassified to profit and loss				
- Remeasurements of the defined benefit plans	-36.39	119.17	55.66	8.36
- Income tax relating to items that will not be reclassified to profit or loss	-	-29.99	-14	-2.11
Items that will be reclassified to profit and loss				
- Debt instruments through other comprehensive income	10.64	-16.72	6.72	-6.72
- Income tax relating to items that will be reclassified to profit or loss	-	4.2	-1.69	1.69
Other comprehensive income for the year, net of tax	-25.75	76.66	46.69	1.22
Total comprehensive income for the year	4,116.69	18,803.71	-76,873.10	-24,145.58

Particulars	For the six months ended	For the year ended	For the year ended	For the year ended
	30-Sep-23	31-Mar-23	31-Mar-22	31-Mar-21
	(Unaudited)	(Audited)	(Audited)	(Audited)
Earnings per equity share (Equity Share of face value of INR 10 each))(*not annualised)				
Basic earnings per share (INR	*3.04	13.76	-62.06	-23.14
Diluted earnings per share (INR)	*3.04	13.76	-62.06	-23.14

Statement of Cash Flows : (As per IND AS)

Particulars	For the half year ended	For the year ended	For the year ended	For the year ended
	30-Sep-23	31-Mar-23	31-Mar-22	31-Mar-21
	(Unaudited)	(Audited)	(Audited)	(Audited)
Cash Flow from Operating Activities				
Profit/ (loss) before tax	4,142.44	18,727.05	-94,085.69	-25,710.80
Adjustments for :				
Interest income on financial assets	-44,028.37	-88,947.05	-95,574.81	-1,10,560.38
Finance costs	27,390.43	51,801.92	51,430.77	69,224.91
Depreciation and amortisation expense	1,304.29	3,634.76	3,381.93	3,149.38
Loss on sale of property plant and equipment	-6.24	27.11	31.81	614.23
Provisions for expected credit loss	-1387.77	-4013.46	1,15,076.93	45,240.80
Impairment allowance on assets held for sale	-	-	-	108.76
Provision for gratuity and leave encashment	74.55	186.2	193.09	49.76
Employee share based payment expense	174.77	-4,375.16	1,955.84	878.05
Gain on sale/revaluation of investments	-1,178.19	-2,511.40	-2,310.14	-4,803.20
Gain on derecognition of financial instruments measured at amortised cost category	0	-722.80	-2,486.64	-273.88
	-13,514.09	-26,192.83	-22,386.91	-22,082.37
Interest income realised on financial assets	44,833.55	95,250.92	91,044.29	1,13,137.67
Finance costs paid	-33,654.59	-56,293.31	-56,183.85	-65,112.64

Cash generated from operating activities before working capital changes	-2,335.13	12,764.78	12,473.53	25,942.66
Adjustments:				
(Increase)/Decrease in loans and advances	-61,892.19	1,20,639.79	-1,37,882.93	72,805.72
(Increase)/Decrease in other financial assets	2,789.07	-23,797.36	3,476.25	21,154.39
(Increase)/Decrease in other non-financial assets	-1045.48	-289.09	850.05	679.44
Increase/(Decrease) in trade payable	-726.94	494.44	-159.22	-528.78
Increase/(Decrease) in other financial liabilities	-10,105.59	-15,231.83	6,047.01	5,300.22
Increase/(Decrease) in provisions	-	-	-	-
Increase/(Decrease) in other non-financial liabilities	-417.5	380.54	-37.26	147.31
Cash (used in)/generated from operating activities	-73,733.76	94,961.27	-1,15,232.57	1,25,500.96
Taxes paid / (refund)	-1,266.46	1,260.87	5,187.69	882.03
Net cash (used in)/generated operating activities (A)	-75,000.22	96,222.14	-1,10,044.88	1,26,382.99
Cash flows from investing activities				
Purchase of property, plant and equipment	-79.16	-462.29	-2,225.72	-680.93
Sale of property, plant and equipment	6.46	14.01	9.7	644.72
Purchase of intangible assets	-4.76	-1,621.25	-1,154.78	-242.66
Payment on account of acquisition of business	-	-	-	-
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	-633.75	18,524.45	-15,031.63	13,832.90
(Acquisition)/redemption of FVTPL investments (net)	73,840.31	-40,747.71	1,00,108.25	-99,459.54
(Acquisition)/redemption of FVOCI investments (net)	0	-9,494.06	12,672.72	-12,640.36
(Acquisition)/redemption of amortised cost investments (net)	7,706.70	10,479.23	25,273.03	-
Net cash (used in)/generated from investing activities (B)	80,835.80	-23,307.62	1,19,651.57	-98,545.87
Cash Flow from Financing Activities				
Proceeds from issue of equity shares (including securities	-	-	639	1,22,212.77

premium and net off share issue expenses)				
Proceeds from bank borrowings	36,500.00	2,80,098.46	1,50,625.81	82,939.33
Repayments towards bank and other borrowings	-1,98,861.49	-2,57,877.76	-1,75,551.88	-2,08,267.03
Proceeds from issuance of Non-Convertible Debentures	155500	90,000.00	74,590.00	55,000.00
Repayments towards Non-Convertible Debentures	-22,590.00	-1,29,000.00	-1,04,579.99	-78,500.00
Proceeds from/(repayments towards) Commercial Papers (net)	18,500.00	-45,500.00	32,211.77	12,312.20
Payment of lease liabilities	-347.59	-1,314.75	-1,373.90	-1,375.86
Dividend and DDT paid	-	-	-5,849.32	-
Net cash (used in)/generated from financing activities (C)	-11,299.08	-63,594.05	-29,288.51	-15,678.59
Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	-5,463.50	9,320.47	-19,681.82	12,158.52
Cash and Cash Equivalents at the beginning of the year/period	16,500.70	7,180.23	26,862.05	14,703.53
Cash and Cash Equivalents at the end of the year/period	11,037.20	16,500.70	7,180.23	26,862.05
Reconciliation of cash and cash equivalents with the balance sheet				
Cash on hand	357.06	314.49	389.54	460.19
Balances with banks				
- in current accounts	8,175.96	11,682.07	6,786.64	10,325.06
Deposits with original maturity of less than three months	2,504.18	4504.14	4.05	16,076.80
Total	11,037.20	16,500.70	7,180.23	26,862.05

2. Columnar representation of the Financial Statements (Consolidated)

i **(i) Consolidated Balance Sheet (As per IND AS)**

(INR in lacs)

Particulars	As at 30-Sep-23 (Unaudited)	As at 31-Mar-23 (Audited)	As at 31-Mar-22 (Audited)	As at 31-Mar-21 (Audited)
I. ASSETS				
Financial assets				
Cash and cash equivalents	12,634.14	17,974.12	8,027.20	27,917.57
Bank balances other than cash and cash equivalents	24,610.64	23,603.59	40,938.43	24,096.60
Loans	6,62,848.66	6,51,567.00	7,70,693.86	7,13,933.61
Investments	93,056.62	1,03,934.67	54,767.03	1,59,136.05
Other financial assets	32,843.98	35,156.36	10,098.19	14,377.47
	8,25,994.04	**8,32,235.74**	**8,84,524.71**	**9,39,461.30**
Non-financial assets				
Current tax assets (net)	7,204.14	5,607.74	6,896.18	12,053.80
Deferred tax assets (net)	31,643.62	31,643.62	31,669.41	14,519.21
Property, plant and equipment	5,017.50	5,353.44	7,271.54	6,092.79
Assets held for sale	1,300.00	1,300.00	1,300.00	2,087.45
Goodwill	30,018.69	30,018.69	30,018.69	30,018.69
Intangible assets	1,837.28	2,351.56	1,311.70	452.43
Other non-financial assets	4,985.43	3,707.97	3,155.26	3,697.58
	82,006.66	**79,983.02**	**81,622.78**	**68,921.95**
TOTAL ASSETS	**9,08,000.70**	**9,12,218.76**	**9,66,147.49**	**10,08,383.25**
II. LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Trade payables				
(i) total outstanding to micro enterprises and small enterprises	0.89	10.89	30.2	8.12
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	5.67	783.32	241.12	386.29
Debt securities	2,57,929.63	1,10,886.95	1,97,793.62	2,01,276.18
Borrowings (other than debt securities)	3,07,212.16	4,53,918.00	4,24,550.02	3,99,483.46
Other financial liabilities	23,116.23	33,215.07	49,135.97	35,720.24
	5,88,264.58	**5,98,814.23**	**6,71,750.93**	**6,36,874.29**
Non-financial liabilities				
Current tax liabilities (net)	-		0.57	-
Provisions	619.45	555.93	701.89	757.95

Particulars	As at 30-Sep-23 (Unaudited)	As at 31-Mar-23 (Audited)	As at 31-Mar-22 (Audited)	As at 31-Mar-21 (Audited)
Deferred tax liabilities (net)	854.03	579.54	80.75	225.72
Other non-financial liabilities	599.14	1110.35	705.28	700.2
	2,072.62	**2,245.82**	**1,488.49**	**1,683.87**
TOTAL LIABILITIES	**5,90,337.20**	**6,01,060.05**	**6,73,239.42**	**6,38,558.16**
Equity				
Equity share capital	13,607.93	13,607.93	13,607.93	12,373.03
Preference share capital	-	-	-	1,206.90
Other equity	3,04,055.57	2,97,550.78	2,79,300.14	3,56,245.16
TOTAL EQUITY	**3,17,663.50**	**3,11,158.71**	**2,92,908.07**	**3,69,825.09**
TOTAL LIABILITIES AND EQUITY	**9,08,000.70**	**9,12,218.76**	**9,66,147.49**	**10,08,383.25**

(i) Consolidated Statement of Profit and Loss (As per IND AS)

(INR in lacs)

Particulars	For the six months ended 30-Sep-23 (Unaudited)	For the year ended 31-Mar-23 (Audited)	For the year ended 31-Mar-22 (Audited)	For the year ended 31-Mar-21 (Audited)
Revenue from operations				
Interest income	54,550.81	1,05,840.89	1,06,716.39	1,17,387.64
Fees and commission income	2,879.74	5,416.58	4,439.22	3,265.98
Net gain on fair value changes	1,352.57	2,794.52	2,403.03	4,895.30
Gain on derecognition of financial instruments measured at amortised cost category	2,453.17	3,381.81	2,710.60	2,430.16
Total revenue from operations	**61,236.29**	**1,17,433.80**	**1,16,269.24**	**1,27,979.08**
Other income	40.09	531.54	1,159.79	736.79
Total income	**61,276.38**	**1,17,965.34**	**1,17,429.03**	**1,28,715.87**
Expenses				
Finance cost	31,953.19	58,025.73	53,953.96	70,861.24
Impairment on financial instruments	-1,184.65	-4,036.08	1,15,847.44	46,198.02
Employee benefit expenses	12,857.69	17,781.43	20,503.62	17,371.25
Depreciation and amortization expenses	1,557.32	3,956.35	3,538.48	3,350.19
Other expenses	8,959.89	18,374.89	13,221.68	12,824.50
Total expenses	**54,143.44**	**94,102.32**	**2,07,065.18**	**1,50,605.20**
Profit/(loss) before tax	**7,132.94**	**23,863.02**	**-89,636.15**	**-21,889.33**

Particulars	For the six months ended	For the year ended	For the year ended	For the year ended
	30-Sep-23	31-Mar-23	31-Mar-22	31-Mar-21
	(Unaudited)	(Audited)	(Audited)	(Audited)
Tax expense:				
1. Current tax	486.5	853.23	1,325.75	380.42
2. Tax of earlier years	-	-0.5	2.36	456.5
3. Deferred tax expense /(income)	276.26	495.63	-17,313.03	-1,315.76
Total tax expenses	**762.76**	**1,348.36**	**-15,984.92**	**-478.84**
Profit/(loss) after tax	**6,370.18**	**22,514.66**	**-73,651.23**	**-21,410.49**
Other comprehensive income				
Items that will not be reclassified to profit and loss				
- Remeasurements of the defined benefit plans	-43.44	131.73	64.26	11.42
- Income tax relating to items that will not be reclassified to profit or loss	1.77	-33.15	-16.17	-2.29
Items that will be reclassified to profit and loss				
- Debt instruments through other comprehensive income	10.64	-16.72	6.72	-6.72
- Income tax relating to items that will be reclassified to profit or loss	-	4.2	-1.69	1.69
Other comprehensive income for the year, net of tax	**-31.03**	**86.06**	**53.12**	**4.1**
Total comprehensive income for the year	**6,339.15**	**22,600.72**	**-73,598.11**	**-21,406.39**
Earnings per equity share (*Not annualised)				
Basic earnings per share (INR)	*4.68	16.55	-59.51	-20.83
Diluted earnings per share (INR)	*4.68	16.55	-59.51	-20.83
(Equity Share of face value of (INR) 10 each)				

i **(ii) Consolidated Statement of Cash Flows (As per IND AS)**

(INR in lacs)

Particulars	**For the half year ended**	**For the year ended**	**For the year ended**	**For the year ended**
	30-Sep-23	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
	(Unaudited)	**(Audited)**	**(Audited)**	**(Audited)**
Cash flows from operating activities				
Profit/ (loss) before tax	7,132.94	23,863.02	-89,636.15	-21,889.33
Adjustments for :				
Interest income on financial assets	-54,550.81	-1,05,840.89	-1,06,716.39	-1,17,387.64
Finance costs	31,953.19	58,025.73	53,953.96	70,861.24
Depreciation and amortisation expense	1,557.32	3,956.35	3,538.48	3,350.19
Loss on sale of property plant and equipment	-6.24	27.11	31.86	623.22
Provisions for expected credit loss	-1,184.65	-4,036.08	1,15,847.44	46,198.03
Provision for asset held for sale	0	0	-117.79	108.76
Provision for gratuity, leave encashment and employee advances	120.72	223.98	228.12	55.27
Employee share based payment expense	165.64	-4,350.07	1,989.44	963.01
Gain on sale/revaluation of investments	-1,352.57	-2,794.52	-2,403.03	-4,895.30
Gain on derecognition of financial instruments measured at amortised cost category	-2,453.17	-3,381.81	-2,710.60	-2,430.16
			-25,994.66	**-24,442.71**
Interest income realised on financial assets	56,174.85	1,10,789.35	1,01,788.45	1,19,964.99
Finance costs paid	-38,099.05	-62,736.83	-58,752.78	-66,756.48
Cash generated from operating activities before working capital changes	**-541.83**	**13,745.34**	**17,041.01**	**28,765.80**
Adjustments:				
(Increase)/Decrease in trade receivables	-	-	-	-
(Increase)/Decrease in loans and advances	-80,116.83	1,11,669.54	-1,93,618.90	49,066.67
(Increase)/Decrease in other financial assets	4,765.55	-20,903.11	4,591.31	20,337.37
(Increase)/Decrease in other non-financial assets	-1277.46	-552.71	866.22	2,277.89

Particulars	For the half year ended	For the year ended	For the year ended	For the year ended
	30-Sep-23	31-Mar-23	31-Mar-22	31-Mar-21
	(Unaudited)	(Audited)	(Audited)	(Audited)
Increase/(Decrease) in trade payable	-787.65	522.89	-123.09	-715.42
Increase/(Decrease) in other financial liabilities	-9,642.05	-15,464.01	11,029.71	6,409.04
Increase/(Decrease) in provisions	-	-	-	-
Increase/(Decrease) in other non-financial liabilities	-511.21	405.07	5.08	148.15
Cash (used in)/generated from operating activities	-88,111.48	89,423.01	-1,60,208.66	1,06,289.50
Taxes paid / (refund)	-2,082.90	435.14	3,830.08	496.25
Net cash (used in)/generated from operating activities (A)	**-90,194.38**	**89,858.15**	**-1,56,378.58**	**1,06,785.75**
Cash flows from investing activities				
Purchase of property, plant and equipment	-270.42	-715.41	-2,278.23	-681.58
Sale of property, plant and equipment	6.47	14.02	15.38	645.04
Sale / (Purchase) of Assets held for Sale	0	0	595.28	-
Purchase of intangible assets	-86.26	-1,891.56	-1,333.87	-345.34
Payment on account of acquisition of business	0	0	0	0
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	-1,007.05	17,334.84	-16,841.83	13,572.63
(Acquisition)/redemption of FVTPL investments (net)	72,112.83	-41,665.01	98,401.04	-99,782.51
(Acquisition)/redemption of FVOCI investments (net)	0	-9,494.06	12,672.72	-12,640.35
(Acquisition)/redemption of amortised cost investments (net)	7,706.70	10,479.23	25,273.03	-
Net cash (used in)/generated from investing activities (B)	**78,462.27**	**-25,937.95**	**1,16,503.52**	**-99,232.11**
Cash flows from financing activities				
Proceeds from issue of equity shares (including securities premium and net off of share issue expenses)			540.97	1,22,212.76

Particulars	For the half year ended	For the year ended	For the year ended	For the year ended
	30-Sep-23	31-Mar-23	31-Mar-22	31-Mar-21
	(Unaudited)	(Audited)	(Audited)	(Audited)
Proceeds from bank borrowings	61,458.26	3,08,167.23	2,13,596.03	1,05,599.33
Repayments towards bank and other borrowings	-2,09,020.92	-2,76,245.12	-1,89,104.67	-2,11,691.69
Proceeds from issuance of Non-Convertible Debentures	1,58,500.00	90,000.00	74,590.00	55,000.00
Repayments towards Non-Convertible Debentures	-22,590.00	-1,29,000.00	-1,04,580.00	-78,500.00
Proceeds from/(repayments towards) Commercial Papers (net)	18,500.00	-45,500.00	32,211.77	12,312.49
Payment of lease liabilities	-455.21	-1,395.39	-1,420.09	-1,404.13
Dividend and DDT paid	0	0	-5,849.32	-
Net cash (used in)/generated from financing activities (C)	**6,392.13**	**-53,973.28**	**19,984.69**	**3,528.76**
Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**-5,339.98**	**9,946.92**	**-19,890.37**	**11,082.40**
Cash and Cash Equivalents at the beginning of the year/period	17,974.12	8,027.20	27,917.57	16,835.17
Cash and Cash Equivalents at the end of the year / period	**12,634.14**	**17,974.12**	**8,027.20**	**27,917.57**
Reconciliation of cash and cash equivalents with the balance sheet				
Cash on hand	366.01	323.9	393.96	461.22
Balances with banks				
- in current accounts	9,363.95	12,228.54	7,229.19	11,379.55
- Deposits with original maturity of less than 3 months	2,904.18	5421.68	404.05	16,076.80
Total	**12,634.14**	**17,974.12**	**8,027.20**	**27,917.57**

Key Operational and Financial Parameters – Standalone

(INR in lacs)

Standalone				
Balance Sheet	**30 Sep 2023 (Unaudited)**	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
Net Fixed assets	3,946.79	4,788.71	6,938.06	5,920.90
Current assets	1,94,458.72	2,75,599.17	1,82,057.79	3,33,166.62
Non-current assets	5,90,163.41	5,33,539.42	6,93,431.04	6,39,642.53
Total assets	**7,88,568.92**	**8,13,927.30**	**8,82,426.89**	**9,78,730.05**
Non-Current Liabilities	2,71,863.57	2,95,382.92	2,38,085.03	2,81,894.55
(including maturities of long-term borrowings, trade payables, other financial liabilities, Provisions, Deferred tax liabilities (net) and Other non-financial liabilities)				
Current Liabilities	2,10,167.73	2,16,289.09	3,56,540.20	3,28,939.06
(including maturities of long-term borrowings, Short term borrowing, trade payables, other financial liabilities, Provisions and Other non-financial liabilities)				
Equity (equity and other equity)	3,06,537.62	3,02,255.29	2,87,801.66	3,67,896.44
Total equity and liabilities	**7,88,568.92**	**8,13,927.30**	**8,82,426.89**	**9,78,730.05**
Profit and Loss	**For the half year ended 30 Sep 2023 (Unaudited)**	**For the year ended 31-Mar-23**	**For the year ended 31-Mar-22**	**For the year ended 31-Mar-21**
Total Revenue from operations	47,539.31	96,887.95	1,04,218.40	1,18,780.16
Other income	19.42	437.03	1,135.87	546.56
Total Income	47,558.73	97,324.98	1,05,354.27	1,19,326.72
Total Expenses	43,416.29	78,597.93	1,99,439.96	1,45,037.52
Profit / (loss) after tax	4,142.44	18,727.05	-76,919.79	-24,146.80
Other comprehensive income for the year	-25.75	76.66	46.69	1.22
Total comprehensive income	4,116.69	18,803.71	-76,873.10	-24,145.58
Earnings per equity share: Continuing operations(*not annualised)				
Basic	*3.04	13.76	-62.06	-23.14
Diluted	*3.04	13.76	-62.06	-23.14

Earnings per equity share: (a) basic; and (b) diluted				
Discontinued operations				
Basic	-	-	-	-
Diluted	-	-	-	-
Total continuing and discontinued operations				
Cash Flow	**30 Sep 2023 (Unaudited)**	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
Net cash (used in) / generated from operating activities	-75,000.22	96,222.14	-1,10,044.88	1,26,382.99
Net cash (used in) / generated from investing activities	80,835.80	-23,307.62	1,19,651.57	-98,545.87
Net cash (used in) / generated from financing activities	-11,299.08	-63,594.05	-29,288.51	-15,678.59
Cash and cash equivalents	11,037.20	16,500.70	7,180.23	26,862.05
Balance as per statement of cash flows	11,037.20	16,500.70	7,180.23	26,862.05
Additional information	**30 Sep 2023 (Unaudited)**	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
Net worth	3,05,159.22	3,00,985.64	2,87,801.66	3,67,896.44
Cash and Cash Equivalents	11,037.20	16,500.70	7,180.23	26,862.05
Current Investments	9,812.85	82,139.46	29,403.01	1,39,867.11
Assets Under Management (Principal level) (refer note 5 below)	5,83,202.35	5,60,242.39	7,49,025.32	6,89,377.17
Off Balance Sheet Assets	Nil	Nil	Nil	Nil
Total Debts to Total assets (refer note 2 below)	0.59	0.59	0.62	0.59
Debt Service Coverage Ratios (refer note 3 below)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Interest Income	44,028.37	88,947.05	95,574.81	1,10,560.38
Interest Expense	27,390.43	51,801.92	51,430.77	69,224.61
Interest service coverage ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Provisioning & Write-offs	-1,387.77	-4,013.46	1,15,076.93	45,240.80
Bad debts to Account receivable ratio (Refer note no 4 below)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Gross Stage 3 loan assets (%)	8.14%	8.10%	15.50%	4.40%
Net Stage 3 loan assets (%)	4.03%	3.80%	7.30%	2.00%
Tier I Capital Adequacy Ratio (%)	32.76%	31.50%	25.80%	34.60%
Tier II Capital Adequacy Ratio (%)	0.00%	0.00%	0.00%	0.00%

Key Operational and Financial Parameters – Consolidated

(INR in lacs)

Balance Sheet	**30 Sep 2023 (Unaudited)**	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
Net Fixed assets	5,017.50	5,353.44	7,271.54	6,092.79
Current assets			1,90,934.13	3,45,534.20
Non-current assets			7,75,213.36	6,62,849.05
Total assets	**5,017.50**	**5,353.44**	**9,66,147.49**	**10,08,383.25**
Non-Current Liabilities			3,02,500.94	3,38,395.71
(including maturities of long-term borrowings, trade payables, other financial liabilities, Provisions, Deferred tax liabilities (net) and Other non-financial liabilities)				
Current Liabilities			3,70,738.48	3,00,162.45
(including maturities of long-term borrowings, Short term borrowing, trade payables, other financial liabilities, Provisions and Other non-financial liabilities)				
Equity (equity and other equity)	3,17,663.50	3,11,158.71	2,92,908.07	3,69,825.09
Total equity and liabilities	**3,17,663.50**	**3,11,158.71**	**9,66,147.49**	**10,08,383.25**
Profit and Loss	**30 Sep 2023 (Unaudited)**	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
Total Revenue from operations	61,236.29	1,17,433.80	1,16,269.24	1,27,979.08
Other income	40.09	531.54	1,159.79	736.79
Total revenue	61,276.38	1,17,965.34	1,17,429.03	1,28,715.87
Total Expenses	54,143.44	94,102.32	2,07,065.18	1,50,605.20
Profit / (loss) after tax	6,370.18	22,514.66	-73,651.23	-21,410.49
Other comprehensive income for the year	-31.03	86.06	53.12	4.1
Total comprehensive income	6,339.15	22,600.72	-73,598.11	-21,406.39
Earnings per equity share: Continuing operations (*Not annualised)				
Basic	*4.68	16.55	-59.51	-20.83
Diluted	*4.68	16.55	-59.51	-20.83
Earnings per equity share: (a) basic; and (b) diluted Discontinued operations				-
Basic	-	-	-	-
Diluted	-	-	-	-
Total continuing and discontinued operations				

Cash Flow	**30 Sep 2023 (Unaudited)**	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
Net cash (used in) / generated from operating activities	-90,194.38	89,858.15	-1,56,378.58	1,06,785.75
Net cash (used in) / generated from investing activities	78,462.27	-25,937.95	1,16,503.52	-99,232.11
Net cash (used in) / generated from financing activities	6,392.13	-53,973.28	19,984.69	3,528.76
Cash and cash equivalents	12,634.14	17,974.12	8027.2	27,917.57
Balance as per statement of cash flows	12,634.14	17,974.12	8027.2	27,917.57
Additional information	**30 Sep 2023 (Unaudited)**	**31-Mar-23**	**31-Mar-22**	**31-Mar-21**
Net worth (refer note 1 below)	3,16,078.96	3,11,158.71	2,92,908.07	3,69,825.09
Cash and Cash Equivalents	12,634.14	17,974.12	8,027.20	27,917.57
Current Investments	15,215.25	85,640.00	31,703.13	1,40,367.14
Assets Under Management (Principal level) (refer note 5 below)	7,72,605.39	6,92,175.86	8,71,200.61	7,73,176.21
Off Balance Sheet Assets	Nil	Nil	Nil	Nil
Total Debts to Total assets (refer note 2 below)	0.62	0.62	0.64	0.6
Debt Service Coverage Ratios (refer note 3 below)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Interest Income	54,550.81	1,05,840.89	1,06,716.39	1,17,387.64
Interest Expense	31,953.19	58,025.73	53,953.96	70,861.24
Interest service coverage ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Provisioning & Write-offs	-1,184.65	-4,036.08	1,15,847.44	46,198.02
Bad debts to Account receivable ratio	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Gross Stage 3 loan assets (%)	6.77%	6.80%	13.60%	4.30%
Net Stage 3 loan assets (%)	3.22%	3.20%	6.40%	2.00%
Tier I Capital Adequacy Ratio (%)	NA	NA	NA	NA
Tier II Capital Adequacy Ratio (%)	NA	NA	NA	NA

MSKA & Associates
Chartered Accountants

HO
602, Floor 6, Raheja Titanium,
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar,
Goregaon (E), Mumbai 400063, INDIA
Tel: +91 22 6238 0519

Independent Auditor's Review Report on unaudited Standalone financial results for the quarter and half year ended of IndoStar Capital Finance Limited pursuant to the Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To The Board of Directors of IndoStar Capital Finance Limited

1. We have reviewed the accompanying Statement of unaudited standalone financial results of **IndoStar Capital Finance Limited** ('the Company') for the quarter and half year ended September 30, 2023 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulations').

2. This Statement, which is the responsibility of Company's Management and has been approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder ('Ind AS 34'), and other recognised accounting principles generally accepted in India, and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 and other recognised accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

MSKA & ASSOCIATES Chartered Accountants

5.

a. The Statement for the quarter and half year ended September 30, 2022 were reviewed by previous statutory auditor whose report dated November 8, 2022 expressed a modified conclusion;

b. The annual financial results for the year ended March 31, 2023 were audited by previous statutory auditor whose report dated May 25, 2023 expressed a modified opinion;

c. The Statement for the quarter ended June 30, 2023, was reviewed by previous statutory auditor whose report dated August 02, 2023 expressed an unmodified conclusion.

Our conclusion is not modified in respect of the above matters.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Tushar Kurani

Tushar Kurani
Membership No.: 118580

UDIN: 23118580BGXRUJ4294

Mumbai
October 27, 2023

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2023

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended			Half Year ended		Year ended
		30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income**						
	(a) Revenue from operations						
	Interest income	21,742	22,286	21,760	44,028	45,209	88,947
	Fees and commission income	1,101	1,232	1,306	2,333	2,368	4,707
	Net gain on fair value changes	575	603	659	1,178	1,109	2,511
	Net gain on derecognition of financial instruments measured at amortised cost category	-	-	-	-	886	723
	Total revenue from operations	**23,418**	**24,121**	**23,725**	**47,539**	**49,572**	**96,888**
	(b) Other income	9	10	10	19	27	437
	Total income (a+b)	**23,427**	**24,131**	**23,735**	**47,558**	**49,599**	**97,325**
2	**Expenses**						
	(a) Finance costs	14,077	13,313	13,065	27,390	26,305	51,802
	(b) Impairment on financial instruments	(108)	(1,280)	(2,186)	(1,388)	(2,516)	(4,013)
	(c) Employee benefits expenses (refer note 7)	4,837	4,913	4,484	9,750	9,057	13,256
	(d) Depreciation and amortisation expense	638	666	935	1,304	1,868	3,634
	(e) Other expenses	2,932	3,428	3,620	6,360	6,576	13,919
	Total expenses (a+b+c+d+e)	**22,376**	**21,040**	**19,918**	**43,416**	**41,290**	**78,598**
3	**Profit/(loss) before tax (1-2)**	**1,051**	**3,091**	**3,817**	**4,142**	**8,309**	**18,727**
4	**Tax expenses**						
	Current tax	-	-	-	-	-	-
	Deferred tax	-	-	-	-	-	-
	Tax expenses	-	-	-	-	-	-
5	**Profit/(loss) after tax (3-4)**	**1,051**	**3,091**	**3,817**	**4,142**	**8,309**	**18,727**
6	**Other comprehensive income, net of tax**						
	(a) Items that will not be reclassified to profit or loss						
	- Remeasurements of the defined benefit plans	4	(40)	37	(36)	68	89
	(b) Items that will be reclassified to profit or loss						
	- Debt instruments through other comprehensive income	-	11	-	11	-	(12)
	Total other comprehensive income (a+b)	**4**	**(29)**	**37**	**(25)**	**68**	**77**
7	**Total comprehensive Income (5+6)**	**1,055**	**3,062**	**3,854**	**4,117**	**8,377**	**18,804**
8	**Paid up equity share capital** (Face value of Rs. 10)	**13,608**	**13,608**	**13,608**	**13,608**	**13,608**	**13,608**
9	**Other equity**						2,88,647
10	**Earnings per share (*)**						
	Basic (Rs.)	*0.77	*2.27	*2.81	*3.04	*6.11	13.76
	Diluted (Rs.)	*0.77	*2.27	*2.80	*3.04	*6.10	13.76

(*) not annualised

MISKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited

INDOSTAR CAPITAL FINANCE LIMITED
Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2023

Notes

1 **Statement of Assets and Liabilities:**

(Rs. in Lakhs)

Particulars	As at	
	30 September 2023	31 March 2023
	(Unaudited)	(Audited)
I. ASSETS		
Financial assets		
Cash and cash equivalents	11,037	16,501
Bank balances other than cash and cash equivalents	20,977	20,344
Loans	5,13,637	5,19,562
Investments	1,32,917	1,45,705
Other financial assets	30,630	33,419
Non-financial assets		
Current tax assets (net)	6,642	5,376
Deferred tax assets (net)	31,644	31,644
Property, plant and equipment	3,947	4,789
Assets acquired in satisfaction of claim	1,300	1,300
Goodwill	30,019	30,019
Intangible assets	1,538	2,035
Other non-financial assets	4,281	3,233
TOTAL ASSETS	**7,88,569**	**8,13,927**

(Rs. in Lakhs)

Particulars	As at	
	30 September 2023	31 March 2023
	(Unaudited)	(Audited)
II. LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Trade payables		
(i) total outstanding to micro enterprises and small enterprises	-	8
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	8	728
Debt securities	2,54,795	1,10,887
Borrowings (other than debt securities)	2,08,966	3,70,421
Other financial liabilities	17,230	28,210
Non-financial liabilities		
Provisions	438	466
Other non-financial liabilities	534	952
Equity		
Equity share capital	13,608	13,608
Other equity	2,92,930	2,88,647
TOTAL LIABILITIES AND EQUITY	**7,88,569**	**8,13,927**

MISKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited

INDOSTAR CAPITAL FINANCE LIMITED
Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2023

2 **Statement of Cash Flows:**

(Rs. in Lakhs)

Particulars	For the half year ended	
	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)
Cash Flow from Operating Activities		
Profit/(loss) before tax	4,142	8,309
Adjustments for :		
Interest income on financial assets	(44,028)	(45,209)
Finance costs	27,390	26,305
Depreciation and amortisation expense	1,304	1,868
Loss on sale of property plant and equipment	(6)	17
Impairment on financial instruments	(1,388)	(2,516)
Provision for employee benefits	75	122
Employee share based payment expense	175	769
Net gain on fair value changes	(1,178)	(1,109)
Gain on derecognition of financial instruments measured at amortised cost category	-	(886)
	(13,514)	**(12,330)**
Interest income realised on financial assets	44,834	51,929
Finance costs paid	(33,655)	(28,399)
Cash (used in)/generated from operating activities before working capital changes	**(2,335)**	**11,200**
Adjustments:		
(Increase)/Decrease in loans and advances	(61,892)	1,16,779
(Increase)/Decrease in other financial assets	2,789	(22,939)
(Increase)/Decrease in other non-financial assets	(1,045)	(574)
Increase/(Decrease) in trade payable	(727)	480
Increase/(Decrease) in other financial liabilities	(10,106)	(15,418)
Increase/(Decrease) in other non-financial liabilities	(419)	(106)
Cash (used in)/generated from operating activities	**(73,735)**	**89,422**
Taxes (paid) / refund	(1,266)	(1,935)
Net cash (used in)/generated from operating activities (A)	**(75,001)**	**87,487**
Cash flows from investing activities		
Purchase of property, plant and equipment	(79)	(125)
Sale of property, plant and equipment	6	4
Purchase of intangible assets	(5)	(205)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(634)	11,307
(Acquisition)/redemption of investments measured at FVTPL (net)	73,840	(14,008)
(Acquisition)/redemption of investments measured at amortised cost (net)	7,708	2,347
Net cash generated from/(used in) investing activities (B)	**80,836**	**(680)**
Cash Flow from Financing Activities		
Proceeds from bank borrowings	36,500	1,97,198
Repayments towards bank borrowings	(1,98,861)	(1,10,412)
Proceeds from issuance of Non-Convertible Debentures	1,55,500	-
Repayments towards Non-Convertible Debentures	(22,590)	(1,17,000)
Proceeds from Commercial Papers	18,500	30,000
Repayments towards Commercial Papers	-	(60,500)
Payment of lease liabilities	(348)	(728)
Net cash (used in) financing activities (C)	**(11,299)**	**(61,442)**
Net (decrease)/Increase in cash and cash equivalents (A) + (B) + (C)	**(5,464)**	**25,365**
Cash and Cash Equivalents at the beginning of the period	**16,501**	**7,180**
Cash and Cash Equivalents at the end of the period	**11,037**	**32,545**
Reconciliation of cash and cash equivalents		
Cash on hand	357	300
Balances with banks		
- in current accounts	8,176	20,130
Deposits with original maturity of less than three months	2,504	12,115
Total	**11,037**	**32,545**

MSKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2023

3 The unaudited financial results of IndoStar Capital Finance Limited ("ICFL" or "the Company") for the quarter and half year ended 30 September 2023 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 27 October 2023. The unaudited financial results for the quarter and half year ended 30 September 2023 have been subjected to limited review by the Statutory Auditor of the Company.

4 The Company has provided segmental information as per Ind AS 108 - Operating Segments in the consolidated financial results.

5 The Secured Listed Non-Convertible Debentures of the Company as on 30 September 2023 are secured by first pari-passu charge on a freehold land owned by the Company and/or standard receivables and / or cash / cash equivalent and / or such other asset as mentioned in the respective offer documents. The total asset cover required for secured listed non-convertible debentures has been maintained as per the terms and conditions stated in the respective offer documents.

6 Disclosure pursuant to RBI Notification - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021, as amended, on "Transfer of Loan Exposures" are given below:

(a) Details of stressed loans transferred during the quarter ended 30 September 2023 :

(Rs. in Lakhs)

Description	To Asset Reconstruction Companies (ARC)	
	NPA	SMA
Number of accounts	-	8
Aggregate principal outstanding of loans transferred	-	91,725
Weighted average residual tenor of the loans transferred (in month)	-	27
Net book value of loans transferred (at the time of transfer)	-	77,781
Aggregate consideration	-	79,000
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Recovery rating	-	Unrated

(b) Details of stressed loans acquired during the half year ended 30 September 2023:

(Rs. in Lakhs)

Description	From Bank	
	NPA	SMA
Aggregate principal outstanding of loans acquired	-	2,287
Aggregate consideration paid	-	2,287
Weighted average residual tenor of the loans acquired (in months)	-	30

(c) Details of loans not in default that are transferred through assignment during the quarter ended 30 September 2023: Nil

(d) Details of loans not in default that are acquired during the quarter and half year ended 30 September 2023:

Description	Quarter ended 30 September 2023	Half Year ended 30 September 2023
(i) No. of accounts	6,705	7,187
(ii) Aggregate value of accounts acquired Rs. in Lakhs	5,238	6,775
(iii) Weighted average maturity (months)	40	43
(iv) Weighted average holding period (months)	NA	NA
(v) Retention of beneficial economic interest (in %)	90%	90%
(vi) Coverage of tangible security (in %)	100%	100%
(vii) Rating-wise distribution of rated loans	NA	NA

7 During the previous year ended 31 March 2023, certain employees to whom stock options issued in accordance with ESOP plan disassociated from the Company. Accordingly, unvested and vested but not exercised options granted to these employees were cancelled. Employee cost includes effect of reversal of such cost of unvested options aggregating to Rs 4,421.94 lakh for the year ended 31 March 2023.

8 Information as required by Regulations 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, is attached as Annexure 1.

9 The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020 and has invited suggestions from stakeholders, which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and becomes effective.

10 The figures for the quarter ended 30 June 2023, quarter and half year ended 30 September 2022 and year ended 31 March 2023 were reviewed / audited by previous Statutory Auditors.

11 The figures for the quarter ended 30 September 2023 are the balancing figures between unaudited figures for the six months ended 30 September 2023 and unaudited figures for the quarter ended 30 June 2023.

12 All amounts disclosed in financial results have been rounded off to the nearest lakhs.

13 Figures for the previous periods / year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current periods / year presentation.

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

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Place: Mumbai
Date: 27 October 2023

MSKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

Annexure 1

Disclosure in terms of Regulations 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, based on standalone financials results for the quarter and half year ended 30 September 2023:

Sr. No.	Particulars	Quarter ended	Half Year ended
		30 September 2023	30 September 2023
		(Unaudited)	(Unaudited)
1	Debt-equity ratio[1]	1.52	1.52
2	Debt service coverage ratio [2]	Not Applicable	Not Applicable
3	Interest service coverage ratio [2]	Not Applicable	Not Applicable
4	Outstanding redeemable preference shares (quantity and value)	Nil	Nil
5	Capital redemption reserve (INR in lakhs)	Nil	Nil
	Debenture redemption reserve (INR in lakhs)[3]	Not Applicable	Not Applicable
6	Net worth (INR in lakhs)[4]	3,05,159	3,05,159
7	Net profit/(loss) after tax (INR in lakhs)	1,051	4,142
8	Earnings per equity share (* not annualised):		
	(a) Basic (INR)	*0.77	*3.04
	(b) Diluted (INR)	*0.77	*3.04
9	Current ratio[2]	Not Applicable	Not Applicable
10	Long term debt to working capital[2]	Not Applicable	Not Applicable
11	Bad debts to Account receivable ratio[2]	Not Applicable	Not Applicable
12	Current liability ratio[2]	Not Applicable	Not Applicable
13	Total debts to total assets[5]	0.59	0.59
14	Debtors turnover[2]	Not Applicable	Not Applicable
15	Inventory turnover[2]	Not Applicable	Not Applicable
16	Operating margin[2]	Not Applicable	Not Applicable
17	Net profit margin[6]	4.5%	8.7%
18	Sector specific equivalent ratios:		
	(a) Gross Stage 3	8.14%	8.14%
	(b) Net Stage 3	4.03%	4.03%
	(c) Capital to risk-weighted assets ratio[7]	32.76%	32.76%

Notes:

1. Debt-equity ratio = (Debt securities + Borrowings (other than debt securities)) / Net worth.
2. The Company is a Non-Banking Financial Company registered under the Reserve Bank of India Act, 1934 hence these ratios are generally not applicable.
3. As per Rule 18(7)(b)(iii) of Companies (Share Capital and Debenture) Rules, 2014 of the Companies Act, 2013, the requirement for creating Debenture Redemption Reserve is not applicable to the Company being a listed Non-Banking Financial Company registered with the Reserve Bank of India and issuing Debentures on Private Placement basis.
4. Net worth is calculated as defined in section 2(57) of Companies Act, 2013.
5. Total debts to total assets = (Debt securities+ Borrowings (other than debt securities)) / total assets.
6. Net profit margin= Net profit after tax / total income.
7. Capital to risk-weighted assets ratio is calculated as per the RBI guidelines.

MSKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited

MSKA & Associates
Chartered Accountants

HO
602, Floor 6, Raheja Titanium,
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar,
Goregaon (E), Mumbai 400063, INDIA
Tel: +91 22 6238 0519

Independent Auditor's Review Report on unaudited consolidated financial results for the quarter and half year ended of IndoStar Capital Finance Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To The Board of Directors of IndoStar Capital Finance Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of IndoStar Capital Finance Limited ('the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') for the quarter and half year ended September 30, 2023 ('the Statement'), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulations').

2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS 34') and other recognised accounting principles generally accepted in India and is in compliance with the Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. This Statement includes the results of the Holding Company and the following entities:

Sr. No	Name of the Entity	Relationship with the Holding Company
1.	IndoStar Home Finance Limited	Subsidiary
2.	IndoStar Asset Advisory Private Limited	Subsidiary

MSKA & ASSOCIATES Chartered Accountants

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 and other recognised accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulations including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial results of IndoStar Home Finance Limited included in the Statement, whose interim financial results reflect total assets of Rs. 1,67,730 lakhs (before consolidation adjustments) as at September 30, 2023 and total revenue of Rs. 7,904 lakhs (before consolidation adjustments) and Rs. 13,831 lakhs (before consolidation adjustments) for the quarter and half year ended September 30, 2023, respectively, total net profit after tax of Rs. 1,419 lakhs (before consolidation adjustments) and Rs. 2,218 lakhs (before consolidation adjustments) for the quarter and half year ended September 30, 2023, respectively, and total comprehensive income of Rs. 1,421 lakhs (before consolidation adjustments) and Rs. 2,213 lakhs (before consolidation adjustments) for the quarter and half year ended September 30, 2023, respectively and cash flows (net) of Rs. 120 lakhs (before consolidation adjustments) for the half year ended September 30, 2023, as considered in the Statement. These interim financial results has been reviewed by other auditor(s) whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor(s) and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion is not modified in respect of the above matter.

7. The Statement includes the interim financial statements / information of IndoStar Asset Advisory Private Limited which have not been reviewed by their auditors, whose interim financial statements / information reflect total assets of Rs. 472 lakhs (before consolidation adjustments) as at September 30, 2023 and total revenue of Rs. 5 lakhs (before consolidation adjustments) and Rs. 9 lakhs (before consolidation adjustments) for the quarter and half year ended September 30, 2023, respectively and total net profit after tax of Rs. 5 lakhs (before consolidation adjustments) and Rs. 9 lakhs (before consolidation adjustments) for the quarter and half year ended September 30, 2023, respectively, and total comprehensive income of Rs. 5 lakhs (before consolidation adjustments) and Rs. 9 lakhs (before consolidation adjustments) for the quarter and half year ended September 30, 2023, respectively, and cash flows (net) of Rs. 4 lakhs (before consolidation adjustments) for the half year ended September 30, 2023, as considered in the Statement. According to the information and explanations given to us by the Management, this interim financial statements / information are not material to the Group.

   Our conclusion is not modified in respect of the above matter.

MSKA & ASSOCIATES Chartered Accountants

8.

a. The Statement for the quarter and half year ended September 30, 2022 were reviewed by previous statutory auditor whose report dated November 8, 2022 expressed a modified conclusion;

b. The annual financial results for the year ended March 31, 2023 were audited by previous statutory auditor whose report dated May 25, 2023 expressed a modified opinion;

c. The Statement for the quarter ended June 30, 2023, was reviewed by previous statutory auditor whose report dated August 02, 2023 expressed an unmodified conclusion.

Our conclusion is not modified in respect of the above matters.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration No.105047W

Tushar Kurani

Tushar Kurani
Membership No.: 118580

UDIN: 23118580BGXRUK1452

Mumbai
October 27, 2023

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2023

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended			Half Year ended		Year ended
		30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income**						
	(a) Revenue from operations						
	Interest income	27,324	27,227	26,089	54,551	53,789	1,05,841
	Fees and commission income	1,375	1,505	1,435	2,880	2,689	5,417
	Net gain on fair value changes	638	714	706	1,352	1,221	2,795
	Net gain on derecognition of financial instruments measured at amortised cost category	1,990	463	1,178	2,453	3,091	3,381
	Total revenue from operations	**31,327**	**29,909**	**29,408**	**61,236**	**60,790**	**1,17,434**
	(b) Other income	12	28	43	40	82	531
	Total income (a+b)	**31,339**	**29,937**	**29,451**	**61,276**	**60,872**	**1,17,965**
2	**Expenses**						
	(a) Finance costs	16,515	15,438	14,637	31,953	29,443	58,026
	(b) Impairment on financial instruments	5	(1,190)	(2,016)	(1,185)	(2,249)	(4,036)
	(c) Employee benefits expenses (refer note 7)	6,508	6,350	5,809	12,858	11,293	17,781
	(d) Depreciation and amortisation expense	770	787	1,024	1,557	2,015	3,956
	(e) Other expenses	4,572	4,388	4,368	8,960	8,098	18,375
	Total expenses (a+b+c+d+e)	**28,370**	**25,773**	**23,822**	**54,143**	**48,600**	**94,102**
3	**Profit/(loss) before tax (1-2)**	**2,969**	**4,164**	**5,629**	**7,133**	**12,272**	**23,863**
4	**Tax expenses**						
	Current tax	266	221	139	487	537	853
	Tax of earlier years	-	-	-	-	-	(1)
	Deferred tax	226	50	330	276	482	496
	Total tax expenses	**492**	**271**	**469**	**763**	**1,019**	**1,348**
5	**Profit/(loss) after tax (3-4)**	**2,477**	**3,893**	**5,160**	**6,370**	**11,253**	**22,515**
6	**Other comprehensive income, net of tax**						
	(a) Items that will not be reclassified to profit or loss						
	- Remeasurements of the defined benefit plans	5	(47)	39	(42)	72	98
	(b) Items that will be reclassified to profit or loss						
	- Debt instruments through other comprehensive income	-	11	-	11	-	(12)
	Total other comprehensive income, net of tax (a+b)	**5**	**(36)**	**39**	**(31)**	**72**	**86**
7	**Total comprehensive Income (5+6)**	**2,482**	**3,857**	**5,199**	**6,339**	**11,325**	**22,601**
8	**Paid up equity share capital** (Face value of Rs. 10)	**13,608**	**13,608**	**13,608**	**13,608**	**13,608**	**13,608**
9	**Other equity**						**2,97,551**
10	**Earnings per share (*)**						
	Basic (Rs.)	*1.82	*2.86	*3.77	*4.68	*8.27	16.55
	Diluted (Rs.)	*1.82	*2.86	*3.77	*4.68	*8.27	16.55

(*) not annualised

MSKA & ASSOCIATES Chartered Accountants

Indostar Capital Finance Limited

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2023

Notes

1 **Statement of Assets and Liabilities:**

(Rs. in Lakhs)

Particulars	As at	
	30 September 2023	31 March 2023
	(Unaudited)	(Audited)
I. ASSETS		
Financial assets		
Cash and cash equivalents	12,634	17,974
Bank balances other than cash and cash equivalents	24,611	23,604
Loans	6,62,849	6,51,567
Investments	93,057	1,03,935
Other financial assets	32,844	35,156
Non-financial assets		
Current tax assets (net)	7,204	5,608
Deferred tax assets (net)	31,644	31,644
Property, plant and equipment	5,018	5,353
Assets acquired in satisfaction of claim	1,300	1,300
Goodwill	30,019	30,019
Intangible assets	1,837	2,352
Other non-financial assets	4,984	3,707
TOTAL ASSETS	**9,08,001**	**9,12,219**

(Rs. in Lakhs)

Particulars	As at	
	30 September 2023	31 March 2023
	(Unaudited)	(Audited)
II. LIABILITIES AND EQUITY		
LIABILITIES		
Financial liabilities		
Trade payables		
(i) total outstanding to micro enterprises and small enterprises	1	11
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6	783
Debt securities	2,57,930	1,10,887
Borrowings (other than debt securities)	3,07,212	4,53,918
Other financial liabilities	23,116	33,215
Non-financial liabilities		
Provisions	619	556
Deferred tax liabilities (net)	854	580
Other non-financial liabilities	599	1,110
Equity		
Equity share capital	13,608	13,608
Other equity	3,04,056	2,97,551
TOTAL LIABILITIES AND EQUITY	**9,08,001**	**9,12,219**

MSKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2023

2 **Statement of Cash Flows:**

(Rs. in Lakhs)

Particulars	For the half year ended	
	30 September 2023	30 September 2022
	(Unaudited)	(Unaudited)
Cash Flow from Operating Activities		
Profit / (loss) before tax	7,133	12,272
Adjustments for :		
Interest income on financial assets	(54,551)	(53,789)
Finance costs	31,953	29,443
Depreciation and amortisation expense	1,557	2,015
Loss on sale of property plant and equipment	(6)	17
Impairment on financial instruments	(1,185)	(2,249)
Provision for employee benefits	121	148
Employee share based payment expense	166	792
Net gain on fair value changes	(1,353)	(1,221)
Gain on derecognition of financial instruments measured at amortised cost category	(2,453)	(3,091)
	(18,618)	**(15,663)**
Interest income realised on financial assets	56,175	60,552
Finance costs paid	(38,099)	(34,949)
Cash (used in)/generated from operating activities before working capital changes	**(542)**	**9,940**
Adjustments:		
(Increase)/Decrease in loans and advances	(80,117)	1,19,669
(Increase)/Decrease in other financial assets	4,766	(23,520)
(Increase)/Decrease in other non-financial assets	(1,277)	(689)
Increase/(Decrease) in trade payable	(788)	485
Increase/(Decrease) in other financial liabilities	(9,642)	(13,948)
Increase/(Decrease) in other non-financial liabilities	(511)	(175)
Cash (used in)/generated from operating activities	**(88,111)**	**91,762**
Taxes (paid) / refund	(2,083)	(2,526)
Net cash (used in)/generated from operating activities (A)	**(90,194)**	**89,236**
Cash flows from investing activities		
Purchase of property, plant and equipment	(270)	(275)
Sale of property, plant and equipment	6	4
Purchase of intangible assets	(86)	(346)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(1,007)	10,771
(Acquisition)/redemption of investments measured at FVTPL (net)	72,113	(15,203)
(Acquisition)/redemption of investments measured at amortised cost (net)	7,706	2,347
Net cash generated from/(used in) investing activities (B)	**78,462**	**(2,702)**
Cash Flow from Financing Activities		
Proceeds from bank borrowings	61,458	2,02,198
Repayments towards bank borrowings	(2,09,021)	(1,18,934)
Proceeds from issuance of Non-Convertible Debentures	1,58,500	-
Repayments towards Non-Convertible Debentures	(22,590)	(1,17,000)
Proceeds from Commercial Papers	18,500	35,000
Repayment of Commercial Papers	-	(60,500)
Payment of lease liabilities	(455)	(767)
Net cash generated from/(used in) financing activities (C)	**6,392**	**(60,003)**
Net (decrease)/Increase in cash and cash equivalents (A) + (B) + (C)	**(5,340)**	**26,531**
Cash and Cash Equivalents at the beginning of the period	**17,974**	**8,027**
Cash and Cash Equivalents at the end of the period	**12,634**	**34,558**
Reconciliation of cash and cash equivalents		
Cash on hand	366	300
Balances with banks		
- in current accounts	9,364	21,743
Deposits with original maturity of less than 3 months	2,904	12,515
Total	**12,634**	**34,558**

MSKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2023

3 Segment wise revenue, result, total assets and total liabilities in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

(Rs. in Lakhs)

Sr. no.	Particulars	Quarter ended			Half Year ended		Year ended
		30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Gross segment revenue from continuing operations						
(a)	Large corporate	1,549	4,320	4,609	5,869	9,001	17,685
(b)	SME	3,043	3,084	3,874	6,127	9,760	17,316
(c)	Commercial vehicles	17,073	15,022	14,197	32,095	28,865	56,312
(d)	Housing finance	7,908	5,944	5,714	13,852	11,269	20,924
(e)	Unallocated	1,766	1,567	1,057	3,333	1,977	5,728
	Segment revenue from continuing operations	**31,339**	**29,937**	**29,451**	**61,276**	**60,872**	**1,17,965**
	Segment results						
(a)	Large corporate	(9,675)	2,079	279	(7,596)	3,977	5,746
(b)	SME	3,429	1,568	214	4,997	3,766	4,233
(c)	Commercial vehicles	8,798	3,133	6,688	11,931	7,668	16,197
(d)	Housing finance	1,913	1,068	1,811	2,981	3,960	5,123
(e)	Unallocated	(1,496)	(3,684)	(3,363)	(5,180)	(7,099)	(7,436)
	Profit/(loss) before tax	**2,969**	**4,164**	**5,629**	**7,133**	**12,272**	**23,863**
	Segment assets						
(a)	Large corporate	95,583	1,07,586	1,15,965	95,583	1,15,965	1,08,709
(b)	SME	83,861	92,476	1,23,148	83,861	1,23,148	1,01,804
(c)	Commercial vehicles	4,68,794	4,14,249	3,71,142	4,68,794	3,71,142	3,87,379
(d)	Housing finance	1,67,730	1,61,823	1,31,509	1,67,730	1,31,509	1,45,427
(e)	Unallocated	92,033	1,49,737	1,57,735	92,033	1,57,735	1,68,900
	Total assets	**9,08,001**	**9,25,871**	**8,99,499**	**9,08,001**	**8,99,499**	**9,12,219**
	Segment liabilities						
(a)	Large corporate	60,566	63,982	64,810	60,566	64,810	62,953
(b)	SME	55,429	61,133	78,701	55,429	78,701	66,821
(c)	Commercial vehicles	3,08,111	2,87,735	2,80,924	3,08,111	2,80,924	2,78,394
(d)	Housing finance	1,11,812	1,07,328	78,638	1,11,812	78,638	91,714
(e)	Unallocated	54,419	90,590	91,401	54,419	91,401	1,01,178
	Total liabilities	**5,90,337**	**6,10,768**	**5,94,474**	**5,90,337**	**5,94,474**	**6,01,060**

4 The Group reports quarterly financial results on consolidated basis, pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with SEBI circular dated 5 July 2016. The standalone financial results are available on the website of the Company at www.indostarcapital.com and on the website of the BSE Ltd. at www.bseindia.com and the National Stock Exchange of India Ltd. at www.nseindia.com.

The key information of the standalone financial results of the Company are given below:

(Rs. in Lakhs)

Particulars	Quarter ended			Half Year ended		Year ended
	30 September 2023	30 June 2023	30 September 2022	30 September 2023	30 September 2022	31 March 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue from operations (including other income)	23,427	24,131	23,735	47,558	49,599	97,325
Profit/(loss) before tax	1,051	3,091	3,817	4,142	8,309	18,727
Profit/(loss) after tax	1,051	3,091	3,817	4,142	8,309	18,727
Total Comprehensive income	1,055	3,062	3,854	4,117	8,377	18,804

5 The unaudited consolidated financial results of IndoStar Capital Finance Limited ("the Company") and its subsidiaries (together referred to as "the Group") for the quarter and half year ended 30 September 2023 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standard) Rules, 2015 as amended by the Companies (Indian Accounting Standards) Amendment Rules, 2016 and have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 27 October 2023. The unaudited consolidated financial results for the quarter and half year ended 30 September 2023 have been subjected to limited review by the Statutory Auditor of the Company.

6 The Secured Listed Non-Convertible Debentures of the Company as on 30 September 2023 are secured by first pari-passu charge on a freehold land owned by the Company and/or standard receivables and / or cash / cash equivalent and / or such other asset as mentioned in the respective offer documents. The total asset cover required for secured listed non convertible debentures has been maintained as per the terms and conditions stated in the respective offer documents.

7 During the previous year ended 31 March 2023, certain employees to whom stock options issued in accordance with ESOP plan disassociated from the Company. Accordingly, unvested and vested but not exercised options granted to these employees were cancelled. Employee cost includes effect of reversal of such cost of unvested options aggregating to Rs 4,421.94 lakh for the year ended 31 March 2023.

8 The figures for the quarter ended June 30, 2023 quarter and half year ended September 30, 2022 and year ended March 31, 2023 were reviewed / audited by previous Statutory Auditors.

9 The figures for the quarter ended September 30, 2023 are the balancing figures between unaudited figures for the six months ended September 30, 2023 and unaudited figures for the quarter ended June 30, 2023.

10 All amounts disclosed in financial results have been rounded off to the nearest lakhs.

11 Figures for the previous periods / year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current periods / year presentation.

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

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Place: Mumbai
Date: 27 October 2023

MSKA & ASSOCIATES Chartered Accountants

Star Capital Finance Lim

INDOSTAR

LIFE KA TAKE-OFF

Upward and Onward

Annual Report 2020-21

WHAT'S INSIDE

Corporate Overview

02 Reinvigorating. Revitalising. Re-Energising.
04 Chairman's Message
06 Executive Vice Chairman & CEO's Letter to Shareholders
10 Gearing Up. Going Forward.
12 Building Scale. Building Strength.
14 Being Future-Ready. With Smarter Choices.
16 A Transformative Journey with Innovation
18 Our Board of Directors
20 Our Leadership Team
22 Building on Today. Transition to Tomorrow.
24 Creating a Net Positive Society
26 Corporate Information

Statutory Reports

27 Management Discussion and Analysis
47 Board's Report
81 Report on Corporate Governance

Financial Statements

Standalone Financials

107 Auditor's Report
116 Balance Sheet
117 Statement of Profit and Loss
118 Cash Flow Statement
120 Statement of Changes in Equity (SOCIE)
121 Notes to Accounts

Consolidated Financials

183 Auditor's Report
190 Balance Sheet
191 Statement of Profit and Loss
192 Cash Flow Statement
194 Consolidated Statement of Changes In Equity (SOCIE)
196 Notes to Accounts

Key Numbers that define IndoStar Capital Finance Limited

₹83,976 Million
AUM

AA(-)
Credit Rating

34.6%
Capital Adequacy Ratio

2.1%
Net NPA (In Q4-FY21)

218
Branches

19
States

60,000+
Number of Customers

1.6X
Debt-Equity Ratio

49.2%*
Cost to Income Ratio
(*Excluding one-off costs)

Upward and Onward

While FY2021 was all about COVID-19, ensuring employee safety and ring-fencing IndoStar Capital Finance, FY2022 will be about moving upward and onward. Moving upward by rebuilding ourselves with a changed DNA; and moving onward with an improved asset quality and debt-raising ability, augmented capital and liquidity buffers, an expanding geographical footprint, and a clear strategy on key verticals.

Capital infusion helped us gain strength and stability, and gave us a strong liquidity war-chest to scale up and accelerate our retail-lending strategy. On the other hand, a robust balance sheet and clear strategies make us well prepared to look ahead confidently. Our strengthened capital adequacy, comfortable gearing, high liquidity, low leverage and robust equity form the foundation of future growth ahead and give us the confidence to build ourselves into a 100% retail finance company.

TODAY, WE HAVE SUBSTANTIAL GROWTH CAPITAL TO PURSUE CALIBRATED GROWTH AND FOCUS ON HIGH-YIELDING BUSINESSES.
WITH THIS, WE REMAIN WELL-PREPARED TO CAPITALISE ON THE EMERGING NEAR-TERM OPPORTUNITIES, AND ARE FUTURE-READY FOR OUR NEXT LEVEL OF GROWTH.

REINVIGORATING. REVITALISING. RE-ENERGISING.

Defining IndoStar Capital Finance Limited

IndoStar is a non-banking finance company (NBFC) registered with the Reserve Bank of India as a systemically important non-deposit taking company. With Brookfield and Everstone as the co-promoters, it is a professionally managed and institutionally owned organisation.

Services we provide

We are engaged in providing used and new commercial vehicle financing for transporters, loans to SME borrowers and affordable Home Finance through its wholly-owned subsidiary, IndoStar Home Finance Private Limited.

Key objective

We wish to become the "go-to" NBFC in retail lending, particularly in vehicle finance, housing finance and SME finance. Our key objective is to become a leading provider of financing and credit solutions and cater to the aspirations of the growing consumer base of India, and deliver greater value to our stakeholders.

Market differentiators

- One of the highest capital adequacy ratios amongst all listed NBFCs
- Strong liquidity position
- Low debt equity of 1.6X

Break-up of Revenue from Operations

	₹ Million
CV Finance	5,549
SME Finance	1,823
Corporate Lending	3,401
Housing Finance	1,338

₹12,872 Million
Total Revenue from Operations

Mission:
To support the aspirations and the entrepreneurial spirit of our customers and be the catalyst in their "LIFE KA TAKE-OFF". To create a collaborative environment for the employees and business partners.

Vision:
Become a leading provider of financing and credit solutions and cater to the aspirations of the growing consumer base, and deliver greater value to our stakeholders.

Business Snapshot

CV FINANCE

Providing financing to used and new Commercial Vehicles

₹38,866 Million
AUM

₹9,469 Million
Gross Disbursement

HOUSING FINANCE

Providing affordable home financing solutions to self-employed and salaried customers

₹9,911 Million
AUM

₹2,876 Million
Gross Disbursement

SME FINANCE

Being a preferred financier to small and medium enterprises to fulfil growing aspirations

₹18,338 Million
AUM

₹3,741 Million
Gross Disbursement

CORPORATE LENDING

Providing finance to mid-market corporates. We are reducing the corporate lending business. There has been a steady, conscious and continued reduction in our Corporate Lending AUM

₹19,096 Million
AUM

₹2,180 Million
Gross Disbursement

Our Presence

Map not to scale. For Illustration purpose only.

CHAIRMAN'S MESSAGE

Bobby Parikh
Chairman

> Today, with our resilient operating model, an experienced and strengthened leadership team, strong capital adequacy and comfortable liquidity position, and robust risk management processes, we are confident of an even better future.

Dear Shareholders,
As I write this letter, the world has changed in more ways than one. It continues to confront a health crisis unlike any other in recent history, one that not only has upended human lives, but is also having an extraordinary impact on the economy. The second wave of the pandemic not only took a vicious toll on the health of people, but the economic toll too has been heavy.

During the year under review, India's GDP shrank 7.3% - its worst performance in any year since Independence. The lockdowns impacted supply-chains and adversely affected almost all sectors. Domestic demand and import-export cycle also were disrupted.

Combating the COVID crisis

As we navigated the pandemic – and the uncertainty and changes it brought – our first priority was the safety of our people. We also wanted to ensure business continuity.

During the lockdown, we adopted global best practices to manage health and hygiene, and remained committed to maintaining health benefits for all our employees. We put up wide-ranging controls in place including temperature checks, RT-PCR tests, maintained social distancing and extensive sanitisation. We established flexible and remote working plans for our employees. We equipped our teams with all the technology they needed for hurdle-free productivity. Besides maintaining ongoing communication and engagement efforts with them, we also offered guidance resources to support their mental and physical well-being.

During this era-defining crisis, we remained predictive and proactive in our decision-making to build team resilience, preserve business continuity, and reinforce customer-centricity. What we learnt together helped us modify our processes and develop best practices in IT and risk management. And this is what assisted us in our response to the crisis and in emerging stronger in the post-pandemic recovery. Through a digital-led experience, we helped our customers navigate the pandemic, as we further improved our IT processes.

Business review

When it comes to our business performance, our endeavour has always been to create and deliver sustainable and long-term value across our three lending segments – Vehicle Finance, Affordable Housing Finance and SME Finance. This year, too, we continued our objective of becoming a leading provider of financing and credit solutions for emerging SME businesses and catering to the aspirations of the growing consumer base of Middle-India. Spread across 218 locations in 19 states of India, we worked towards creating an organisation supported by advanced digitalisation – one that will deliver consistent and resilient business performance. Besides further sharpening our business model, we made judicious use of capital and fine-tuned the balance between all the verticals.

Vehicle Finance

Total disbursement in this segment amounted to ₹ 9,469 million, as compared to ₹ 16,455 million in the previous year. Total AUM of Vehicle Finance stood at ₹ 38,866 million.

Today, we have established a clear niche in financing used commercial vehicles. Also, with our expanded national footprint, there is significant potential and opportunity to grow this segment. The scrappage policy announced by the Government gives a huge fillip to the used Vehicle Financing market. Further, we also strengthened our ICICI Bank partnership with renegotiated commercials.

Affordable Home Finance

Today, IndoStar Home Finance operates in 65 locations across 10 states in the Affordable Home Finance segment. Disbursement in this organically generated portfolio stood at ₹ 2,876 million during the year, compared with ₹ 3,629 million in the previous year. Assets Under Management (AUM) grew 19% at ₹ 9,911 million, against ₹ 8,310 million earlier. The segment continues to enjoy strong asset quality and a net NPA of 1.4%, notwithstanding the challenging business environment that prevailed during the year.

SME Finance

Despite supply chain disruption and short-term demand contraction due to the prolonged COVID-19 impact, the SME segment displayed resilience. The AUM of this business stood at ₹ 18,338 million, compared to ₹ 17,482 million in the previous year, contributing 21% to the total AUM.

Moving forward

The prospects of the Indian economy, although impacted by the second wave of COVID-19, remain upbeat – backed by the expectation of another bumper Rabi crop and the increased levels of activity in several sectors. Net GST collections during FY2021 were ₹ 5.15 lakh crore. Collections have remained strong since barring a drop in May, with April 2021 witnessing a record high of ₹ 1.41 lakh crore. With several states now easing COVID-induced curbs on economic activity, the collections are likely to revive even further during the remaining part of FY2022. The delivery of and access to the vaccine for COVID-19 will determine how we cope up with this pandemic and all measures are being initiated to come out stronger.

Today, with our resilient operating model, an experienced and strengthened leadership team, strong capital adequacy and comfortable liquidity position, and robust risk management processes, we are confident of an even better future. Our technology strategy remained interwoven with our business strategy as we focussed on strengthening our technology platform. Our investments in cloud infrastructure and cyber security aimed at creating a digital ecosystem capable of offering seamless experience to our customers. We remain well-equipped to leverage the growing opportunities in the Indian financial services sector and the changing industry dynamics.

We are also expanding our geographic presence in eastern India, where we had a limited presence. Besides, we are also expanding our product and customer segments to grow our market share. Considering the present and emerging opportunities, we project growth in the retail segment to be even higher than the pre-COVID levels.

Our journey continues

Our key focus is to build a profitable business, offer better returns to stakeholders, and create further value for our customers, employees and other stakeholders. With Brookfield and Everstone as co-promoters, and being a professionally managed and institutionally owned organisation, we are confident that IndoStar will be a dominant leader in the chosen retail segments.

We thank all our stakeholders for their continued faith in our strength and capabilities.

With Regards,

Bobby Parikh
Chairman

EXECUTIVE VICE CHAIRMAN & CEO'S LETTER TO SHAREHOLDERS

R. Sridhar
Executive Vice Chairman & CEO

> At the onset, we are proud to share that we commenced our 10th year of operations this year. The past decade has been a true testimony of the path we have designed for ourselves to move ahead. Today, we have a strong retail franchise with 78% of our Assets Under Management being on the retail side.

Dear Shareholders,

FY2021 was an extraordinary year – a year of the global pandemic, an economic recession across countries and personal challenges. Watching events unfold through the year, we remained focussed on what we as a company could do to serve.

We are proud of how our organisation stepped up and what our employees achieved collectively. It is remarkable how much we persevered and accomplished in terms of our dedication to our customers, employees and the communities around us.

During these COVID-19 times, hope stemmed from the rising strength of India's rural economy, as Bharat emerged as the silver lining and was reckoned as the economy's inherent strength. As India's economy went into a spin and most sectors were impacted, agriculture continued to perform well. The Government was supportive to this segment owing to the migrant labour crisis, and flow of money into the rural economy was stronger than ever.

Just as the automobile sector appeared to be recovering from the pandemic shock and commercial

vehicle manufacturers reported improved sales numbers, the second wave of COVID-19 again hit consumer sentiments sharply and led to delay or scaling down of purchase plans.

A resilient economy

Nonetheless, the Indian economy has showed immense resilience to get back on track with high frequency indicators. GST collections rose to an all-time high, and power consumption also increased. Customers carrying freight activity of essential commodities weren't impacted.

The disruption in economic activities due to the second wave of COVID-19 impacted the NBFC sector, but it is likely to attain normalcy soon, aided by the pent-up demand. With strong capital and on-balance sheet buffers, the NBFC sector is well prepared to manage and deal with any impact on economic activities owing to the second wave.

The difficult environment provides tremendous opportunities to NBFCs with a strong franchise and sound management teams. Several NBFCs have ramped up defences in the form of stronger capitalisation buffers. Those with a strong capital base and good credit rating, enhanced processes and asset liquidity will survive the liquidity stress. Their tested systems to reach out to customers and unlock the benefits of operational efficiency will provide further support.

Weathering COVID-19

At the onset, we are proud to share that we have commenced our 10th year of operations this year. The past decade has been a true testimony of the path we have designed for ourselves to move ahead. Today, we have a strong retail franchise with 78% of our AUM being on the retail side.

At the organisational level, we displayed tremendous resilience in the face of the operational challenges. We stepped up to manage continuity of business and to protect the health of our employees. Several measures have been put in place to manage this. Assistance was also offered in the form of COVID-related emergency. Besides, we also engaged in regular communication with all our employees and interacted with them on a regular basis, informing them about various health and safety updates.

Post lockdown, the Reserve Bank of India (RBI) offered a moratorium on loan EMIs for three months till May 2020. This was further extended till August 2020. At IndoStar, we offered the moratorium twice to our borrowers. With the pandemic impact subsiding in the second half of the year, and with collection efficiency improving to 100% by October 2020, we restarted our retail disbursements in November.

We are proud to share that within a few days of restarting this, our disbursement reached pre-COVID levels. In fact, we managed to record double value of disbursement in the third quarter, as compared to disbursement recorded in the previous quarter, i.e., Q2 of FY2021. The asset quality too has been stable since, and is fast improving. In spite of COVID-19, there was no restriction on movement of commercial vehicles carrying essential commodities, which is the segment we engage in financing.

Ring-fencing our balance sheet

In March 2020, we made an accelerated provisioning and carried out aggressive write-offs both in corporate as well as retail financing businesses. The objective behind this was to ring-fence our balance sheet for any eventual credit loss. This conservative approach strengthened our position and placed us ideally to take advantage of future growth opportunities. We were also strengthened by the recent affirmation of AA(-) rating with stable outlook by Crisil, with a stable asset quality, even in the current challenging environment.

In addition, the capital infusion of ₹ 1,225 crore by Brookfield Business Partners LP made during the year provided us with equity funding. It helped improve our capital adequacy further to 40%. The investment offered us with substantial growth capital to pursue calibrated growth. This capital infusion not only provided equity funding, it also offered us access to new debt financing, given Brookfield's strong relationship with banks and financial institutions.

In a positive move, this capital infusion has accelerated our retail lending strategy across vehicle finance, SME finance, and affordable housing finance in a challenging market environment. This also equips us with the ability to use capital for both organic and inorganic growth. Today, we have comfortable net capital adequacy to pursue further growth opportunities. Further, our strong liquidity pipeline and multiple avenues to raise further liabilities assist us in financing additional growth.

Well capitalised

In our first operating year post-Brookfield infusion, we enjoyed comfortable capital and liquidity position, strong operating model and improved asset quality. Today, we have AUM of around ₹ 83,976 million and offer a wide range of loans to nearly 60,000+ customers. We are a well-established, diversified and robust financial institution. We continue to drive quality growth and produce superior return on equity through our experienced and highly professional leadership team and an execution-focussed management team.

Performance in FY2021

Our net revenue from operations stood at ₹ 5,810 million, compared to ₹ 7,382 million in the previous year. In spite of a challenging liquidity scenario, we recorded growth in disbursement and AUM. Retail Lending's AUM accounted for 78% of total business at ₹ 67,115 million, in comparison with 71% in the previous year. All our retail segments were profitable at Pre-Provisioning Operating Profit level (PPOP), which amounted to ₹ 2,685 million, compared to ₹ 4,278 million in FY2020.

Our Cost to Income ratio stood at 49.2%.
We maintained our Net Revenue from Operations at ₹ 5,810 million. At 31% of borrowings, we enjoy comfortable and strong liquidity position, with a capital adequacy ratio of 35% and debt-equity ratio of 1.6X. Our objective is to enhance our collection efficiency and maintain a stable asset quality. We are building a separate collection vertical to further enhance our asset quality.

Declining corporate book

In the past two years, we have successfully transformed our business profile. While we are growing our retail business, we are simultaneously reducing the corporate lending business. There has been a steady, conscious and continued reduction in our Corporate Lending AUM. Our retail business today contributes 78% to our total AUM, while the corporate segment contributes the remaining 22%. The share of retail lending earlier stood at 71% in FY2020 and 61% in FY2019. By the fourth quarter of the year, our corporate book reduced to ₹ 19,096 million. By the end of FY2022, we hope to reduce our share of corporate business to less than 10%. Our aim is to become a 100% retail company in the next 4-6 quarters by building a profitable retail platform with growth potential and by delivering excellent value to all stakeholders.

Leveraging the scrappage policy

The announcement of the incentive-based voluntary Vehicle Scrappage Policy appears to be a game-changer in the segment. It is likely to rake up considerably larger opportunities for the used commercial vehicle financing market. The policy is expected to completely revitalise the CV sector. It is expected to accentuate demand for new CVs and create an even larger market for used CVs. It is good for all stakeholders, particularly for second-hand CV financing companies like ours. Market opportunity for NBFCs is also likely to come from higher government investments in roads and highways and greater thrust on the rural sector.

NBFCs operating in this segment continue to leverage their deep customer understanding, strong competencies, relationship-based approach, and extensive branch network to drive business growth and penetrate newer markets.

Bringing strategy to life

Amidst a challenging environment faced during the entire year, we utilised this time to effectively plan our future and built a clear 5-year strategy. This is targeted at building our retail business in a highly scalable manner. The retail strategy is progressing well as we continue our surge with a wide bouquet of products – Commercial Vehicle, Affordable Housing

and SME Finance. We have plans to scale up each of these businesses over the next five years.

The next five years will be crucial for IndoStar to gain market share in each of our retail segments, especially in commercial vehicle financing. Our emphasis on digitisation is further helping us improve our turnaround time and customer service. We are also focussing on cost optimisation. To further enhance productivity and bring down operating costs, we are focussing on the concept of "Smart Branches". By leveraging our Hub-and-Spoke Smart Branch model, we are penetrating deeper into Tier 2/3 cities. A consistent focus has been maintained within the organisation to improve our collection efficiency and enhance asset quality. We are also working to expand our presence in geographies, products, and customer segments and gain additional market share.

We are also targeting cost optimisation. To further enhance productivity and bring down operating costs, we are focussing on the concept of "Smart Branches". By leveraging our Hub-and-Spoke Smart Branch model, we are penetrating deeper into Tier 2/3 cities.

Poised to grow

We have defined a clear path to expand our portfolio of retail loans for second-hand commercial vehicles and affordable housing. We have an aspirational plan for the next five years. The Company is preparing itself for an even better FY2022, having chartered a distinct trajectory of expanding the portfolio in the second-hand commercial vehicles, SME and affordable housing. Besides leveraging the growth potential in the commercial vehicle segment, our objective is to make our home finance segment as a separate and independent entity and build a strong SME loan book.

Strengthening internal capabilities

While we took advantage of the growing market potential, we also strengthened our internal capabilities by creating a top management team and taking retail specialists onboard. We are happy to have Deep Jaggi with us as our Chief Business Officer. His prior experience at HDB, a wholly-owned subsidiary of HDFC Bank, where he was heading asset finance, will be helpful as we further our retailisation strategy. His extensive experience in retail lending and impeccable track record in building large commercial vehicle finance will be an asset. He is joining us at an inflection point as we get strengthened by equity infusion and look to leverage the sizeable post-pandemic opportunity in asset financing – all of which is making us a strong company in the retail business.

Furthering our vision

Today, we are a young company, and hence, our small size makes it possible to look at huge growth, with no liquidity and capital constraints. We expect high growth for next couple of years due to our low base. We are hoping to grow the retail business multifold in the next five years. Moving ahead, we remain steadfast on our vision to help India realise its aspirations – be it helping individuals buy a first home, getting a used CV financed, or providing credit access to entrepreneurs to set up an SME.

Moving forward on our journey of becoming a diversified retail lending institution, we remain focussed on capitalising on the emerging growth opportunities and rising demand for vehicle finance, affordable home finance and SME finance in India.

Further, our growing investments in technology are strengthening our capabilities to become a process-driven company, well equipped to capture future growth.

Thanking You.

R. Sridhar
Executive Vice Chairman & CEO

GEARING UP. GOING FORWARD.

Total Income (₹ Million)

Profit After Tax (₹ Million)

Assets Under Management (₹ Million)

*Net of COVID-related provisions

Gross Loan Disbursement (₹ Million)

ROAA (%)

ROAE (%)

Yield and Net Interest Margin (%)

Gross and Net NPA (%)

Operational Highlights

₹18,265 Million
Total Loan Disbursement

5.5%
Net Interest Margin analysis

49.2%*
Cost to Income Ratio
(*Excluding one-off costs)

₹3,441 Million
Gross Non-Performing Assets

BUILDING SCALE. BUILDING STRENGTH.

We are single-mindedly sharpening each of our business verticals through persistent innovation, geographical expansion and capacity augmentation. Our mission to expand the size and scale of our business continues unabated, with the aim of persevering our market leadership and seizing further growth opportunities. We remain focussed on delivering growth across our portfolios, by drawing strengths from existing products, and by adding new innovative product categories.

We are rebuilding IndoStar Capital Finance by building our retail business in a highly scalable manner. We have set a clear path for ourselves to expand our portfolio of retail loans for used commercial vehicles, affordable housing and SME financing. With a clear focus on retail lending, we have been sharpening our capabilities and seizing opportunities that will gradually unfold. Thus, from being predominantly a corporate lending entity, we are changing the DNA of IndoStar by transforming ourselves into a pure lending business.

Scaling higher with increased capital

During the year, Brookfield, a global leader in alternative asset management, infused ₹1,225 crore into IndoStar, which is a strong endorsement of IndoStar's business model. This is Brookfield's first private equity investment in India and also the first ever in a listed NBFC. It has a reputation for applying global investing and operational expertise to create value. The capital infusion has strengthened our ability to grow the book both organically as well as inorganically.

KEY BENEFITS OF CAPITAL INFUSION

Increased capital adequacy
Capital adequacy position, post infusion, increased from 25.3% in FY2020 to 34.6% in FY2021

Providing access to cheaper credit
Capital infusion by Brookfield gives us good liquidity to provide access to cheaper credit across commercial vehicle finance, affordable housing finance and SME finance

Increased market share
Well placed to take advantage of market dislocation and capture increased market share in retail business

Building a liquidity war-chest
Gained strong liquidity position to accelerate with our focussed retail strategy

Maintaining our robust balance sheet

We have strong capitalisation and comfortable liquidity, which is at 31% of our borrowings, as on March 31, 2021. Capital Adequacy is currently at 35%, with a low debt-equity ratio of 1.6X. Our constant focus is to keep liquidity buffers, improve our debt-raising ability, improve capital adequacy and maintain significant cash reserves. During the year, we maintained our focus on improving our asset quality. Our stable credit rating of AA-, strong liquidity pipeline and multiple avenues to raise further liabilities help us finance additional growth.

Furthering our Footprint

With the acquisition of India Infoline's Commercial Vehicle financing business, we have gained a significant foothold in North and West parts of India. In the southern region too, we are gradually expanding our footprint. Now, with a plan to establish presence in North-Eastern India, where there is high demand but under-penetration of organised credit, we are setting up our first branch in Guwahati. Our key focus is not only to add more locations, but to also penetrate deeper into the locations we already have a presence in, with an ultimate goal of becoming an all-India network company. Our hub-and-spoke model is helping us penetrate deeper into Tier 2/3 cities. We are also expanding our geographic presence by setting up independent Affordable Home Finance branches.

Branch rationalisation

Number of Branches	March 31, 2020	March 31 2021
CV Financing	222	208
Housing Finance	49	65
SME Financing	10	10
Total	233	218

Business segments include shared branches

Adding products and new customer segments

With the rural economy picking up, we are expanding our products in the CV segment. Besides commercial vehicles, we are focussing on passenger vehicles, farm equipment like tractors, and construction equipment. In addition, we are expanding our presence by focussing on vehicle owners with 4-5 vehicles to further increase our potential substantially.

Improving asset quality

Comfortable liquidity, robust equity and agile operating platforms for the foundation of our future growth ahead. We have a comfortable capital and liquidity position, strong operating model and an improved asset quality. The recent affirmation of AA(-) rating by rating agency CRISIL demonstrates our stable asset quality even in the current challenging environment. By building our credit team and assessing risk management, we are moving towards improving our asset quality further.

BEING FUTURE-READY. WITH SMARTER CHOICES.

From the vantage point that we are currently at, we remain well prepared to produce steady, secular growth in each of our verticals, while also triggering enhanced profitability and stronger free cash flows generation. Our future roadmap for each of the verticals underpins the character of our Company and establishes the values by which we aim to deliver results.

We have chartered a distinct trajectory of expanding our portfolio in the second-hand CV, SME and affordable home finance segments. We are building on solid progress by breaking new barriers of performance across these three key verticals, which are our building blocks for value creation to build an enterprise that is agile and future-ready.

Going forward, we remain well positioned to capture the growing market opportunities that the Indian economy presents, and fulfil steady value creation for our stakeholders.

COMMERCIAL VEHICLE FINANCING

At IndoStar Capital Finance, we have a clear niche in financing used CVs. The pre-owned commercial vehicle segment has been a key area of focus for our CV finance business. Currently, market penetration of organised financing for pre-owned CVs is considerably low, with customers being served by the unorganised players and being subject to high interest rates.

With the recent voluntary vehicle scrappage policy announced by Finance Minister in Union Budget 2021-22, the opportunities to grow this segment have increased manifold. This is a welcome move from the government. A voluntary auto-scrappage policy would mean old vehicles (15 years for CVs and 20 years for PVs) would be scrapped, thereby creating demand for new vehicles.

Besides revitalising the CV sector, the Voluntary Scrappage Policy is expected to add to our tailwinds. Vehicle financing companies such as IndoStar will be the biggest beneficiaries of this replacement demand. Further, if the Government provides for an upgrade discount, it will truly modernise India's fleet of vehicles.

The market for Vehicle Scrappage and recycling is estimated at US$ 6 billion in India, according to an HDFC Bank study. Besides getting India's roads rid of old vehicles, the scrappage policy is likely to create huge demand for used vehicles. Besides leading to new investment, creating new jobs and taking care of environmental pollution, the policy is expected to put around 1 million commercial vehicles in India up for scrappage in the next 15 years. Scrapping all these vehicles will trigger a huge replacement demand that will modernise the fleet and create significant scale for new vehicles to enter the market, presenting an opportunity for financing. It has the potential to add approx. US$ 1.5 billion to sales of new commercial vehicles.

AFFORDABLE HOME FINANCE

We strive to grow the housing finance segment through IndoStar Home Finance, our fast-growing wholly-owned subsidiary of the company, which caters to home loan needs of customers from the low-income category. These customers purchase or construct a house for the first time (and perhaps the only time) in their lives.

Our target consumers are salaried and self-employed individuals with monthly household incomes of up to ₹ 50,000. With this, our key objective is to fulfil home buying aspirations by extending loans to those situated in Tier 2/3 cities, and the outskirts of urban markets. The segment caters to housing finance requirements of customers belonging to EWS and LIG categories, with a portfolio that comprises Home Loans, Balance Transfer / Top-up and Loan Against Property. The segment targets customers lacking access to credit.

Through our highly experienced and skilled team, we also provide finance for affordable homes through government schemes such as the Prime Minister's Awas Yojana. We not only leverage branch infrastructure of the CV Finance business to optimise operating costs, we are also working towards spreading ourselves further into independent geographies through independent branches.

SME FINANCING

We forayed into SME Financing as a part of our endeavour to grow the retail franchise. This segment operates through 10 branches. Through the SME Finance segment, we primarily provide lending to small & medium enterprises for business financing needs including working capital, business expansion or other requirements. We have built a solid book through secured collaterals, following our Build-and-Sell Model.

We foresee a growing opportunity in aspirational and entrepreneurial India, which is currently not well served in terms of customised financial solutions. We predominantly offer SME loans against the collateral of a self-occupied residential or commercial property. Our key customers include traders, manufacturers, self-employed professionals and service businesses, with almost 40% of our loans disbursed to customers who qualify under the Priority Sector Lending (PSL) category.

A TRANSFORMATIVE JOURNEY WITH INNOVATION

In order to sustain a business of greater size and complexity, we are strategically revamping our organisation to become 'future-ready' – one that is more conducive to translating our specific strategies. This entails leveraging technology and better IT solutions for driving higher contribution from each aspect of our business, within shorter timeframes.

We have also invested significantly in getting expert advice from consultants to upgrade our sales and operations planning processes, from which we are better able to seamlessly integrate ourselves across the value chain.

Concept of Smart Branches

Customers are at the heart of our business. We are enhancing the way we serve and engage with our customers. To serve them better, we are building Smart Branches which will be smaller in size and with reduced operational expenses. These will be leaner and digitally-enabled branches following a Hub-And-Spoke Model. The objective behind opening up of these Smart Branches with digitisation is to enhance productivity and reduce operating expenses.

Capitalising on technology

Technology is a key differentiator at IndoStar. We continue to make sustained investments in technology to enhance our customer experience, improve operational efficiency and support business expansion. Our robust technology roadmap is aligned with the overall vision of providing a collaborative environment for the front-end teams, back-end teams, customers, and business partners. We leverage best-in-class technology platforms, which made the transaction processing and sharing of information easy, secure, and seamless.

Digital disbursement

Enhancing digital effectiveness at IndoStar is a key imperative. We are moving to digital for disbursement, thus reducing the turnaround time and improving customer experience. We mandated a global consultant to enable this, and by Q4 of FY2022, the digitisation process will be completed. This will help reduce paperwork and augment productivity.

Leveraging technology and data analytics

Digital Lending Value Chain

DIGITAL SOURCING	DIGITAL SERVICING & COLLECTIONS	OPERATIONAL EFFICIENCIES	ANALYTICS DRIVEN SCORE CARD, MONITORING, RISK REPORTING
Lead to Disbursement - Assisted model	BBPS enabled and availability on all payment gateways	Robotic Process Automation	Branch Risk Rating and Profitability Scoring model
API platform for ecosystem sourcing	Online collection through Website integration, Bitly Link, collection app and BBPS	Auto Recon – Virtual Bank account	Analytics Driven Risk Management
Sourcing app	E-Mandate setup	Automated FOS payouts	
Refer a Friend - PWA	EMI reminder through BOT calls and SMS	Digital vendor onboarding	
	Customer servicing through chatbots		

OUR BOARD OF DIRECTORS

Mr. Bobby Parikh

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

Mr. R. Sridhar

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

Mr. Dhanpal Jhaveri

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

Mr. Vibhor Kumar Talreja

Mr. Vibhor Kumar Talreja is a Non-Executive Director of IndoStar. Mr. Talreja joined Everstone in 2019 as a Managing Director to lead the financial services sector along with other responsibilities. Prior to joining Everstone, he was working as a Director with Temasek India for over 12 years, where he led decision-making on investments and divestments of over US$ 2 billion each across both private and public transactions. Mr. Talreja has extensive experience in Financial Services, Industrial/Consumer, Real Estate & Telecom sectors and has worked with JM, Morgan Stanley and Tata Administrative Services. He is an alumnus of IIT Kanpur and IIM Bangalore.

Mr. Aditya Joshi

Mr. Aditya Joshi is a Non-Executive Director of IndoStar. Mr. Joshi is a Managing Director in Brookfield's Private Equity Group, and heads the private equity business for Brookfield in India. Mr. Joshi was responsible for conceptualising Brookfield's private equity strategy for India, nurturing and developing a high-quality team, building a robust sourcing engine, and leading deal execution and ongoing portfolio monitoring. Mr. Joshi joined Brookfield in March 2019. Prior to Brookfield, Mr. Joshi was a Principal at Apax Partners in India, and led and participated in deals across healthcare, technology services, and financial services. Prior to Apax, Mr. Joshi worked at The Blackstone Group in India, where he focussed on investment opportunities primarily across technology services and business services. Prior to Blackstone, Mr. Joshi worked at Morgan Stanley in India, where he worked on fund raising and mergers and acquisitions across technology services, business services, telecom, amongst other industries. Mr. Joshi holds a Master of Business Administration degree from The Wharton School, University of Pennsylvania, a bachelor's degree in accounting and finance from the University of Pune, and is a Chartered Accountant and member of The Institute of Chartered Accountants of India. Mr. Joshi is a member of FICCI's National Committee on Private Equity for India.

Mr. Munish Dayal

Mr. Munish Dayal is a Non-Executive Director of IndoStar. Mr. Dayal is Managing Director - Private Equity & Business Operations at Brookfield Asset Management (BAM) and has over three decades of experience in financial services. Prior to joining BAM, Mr. Dayal was Senior Operating Partner at Baring Private Equity Partners India Limited with hands-on engagement with portfolio companies in BFSI, technology and commercial real estate. Mr. Dayal has also held senior positions in Yes Bank Limited and Citibank and has expertise in risk management, lending to medium and small sector enterprises, cash management, payment services, trade products and banking technology. Mr. Dayal is a commerce graduate from Shri Ram College of Commerce, University of Delhi and completed his master's in business administration from Faculty of Management Studies, University of Delhi.

Mr. Hemant Kaul

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

Ms. Naina Krishna Murthy

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

OUR LEADERSHIP TEAM

1. R. Sridhar
Executive VC & CEO
- 30+ years of experience in financial services industry
- Previously associated with various entities forming part of the Shriram Group
- Previously served as the MD of Shriram Transport Finance Company

2. Mr. Deep Jaggi
Chief Business Officer
- 20+ years of experience across Asset Finance and other retail businesses
- Previously worked with HDB, Cholamandalam Finance & Apollo Tyres

3. Amol Joshi
Chief Financial Officer
- 20+ years of leadership experience across all areas of finance in Banks and NBFCs
- Previously worked with Citicorp, Standard Chartered Bank, Amex and L&T Financial Services

4. Jaya Janardanan
Chief Operating Officer
- More than 25 years of experience with banks and financial institutions
- Previously worked with Ujjivan Small Finance Bank, Aditya Birla Payment Bank, Bank of America, JP Morgan and ICICI Bank

5. B Ravi Kumar
Business Head Asset Finance
- 20+ years of experience in financial services
- Previously worked with Cholamandalam Investment & Finance Co.

6. Hansraj Thakur
Business Head - SME Finance
- Several years of experience in SME, commercial banking, and sales and relationship management
- Previously worked at IDFC Bank, Standard Chartered Bank, ICICI Bank and Development Credit

7. Shreejit Menon
Deputy CEO - Affordable HF
- Several years of experience with financial Institutions
- Previously worked with Religare Housing Development Finance Corporation, HSBC and Muthoot Housing Finance Company

8. Siva S.
National Credit Head – Vehicle Finance
- 24 years of experience with financial Institutions
- Previously worked with Fullerton India, Citigroup, Equitas Small Finance Bank. Also worked in Ashok Leyland Limited

9. Shripad Desai
National Credit Head – Housing Finance
- 21 years of experience with banks & financial Institutions
- Previously worked with IDBI Bank, Reliance Capital, ICICI Bank, Deutsche Bank and others

10. Benaifer Palsetia
Chief Human Resources Officer
- More than 19 years of experience with banks and financial institutions
- Previously worked with IDFC Bank, Citibank and Credit Suisse

11. N. Ramesh
Group Head Operations
- 31 years of experience with banks & financial institutions
- Previously worked with GE Countrywide, Cholamandalam Investment & Finance Co. Ltd., Shriram City Union Limited, Equitas Small Finance Bank

12. Mohit Mairal
Chief Risk Officer
- 20 years of experience in Underwriting, Collections, Risk Management and Sales in banking and financial services sector
- Previously worked with ICICI Bank, HDFC Bank, GE Capital, IIFL

13. Sudeep P S
National Credit Head – SME
- 20 years of experience with banks & financial Institutions
- Previously worked with Bharti, ICICI, Deutsche Post Bank, Edelweiss, Bajaj Finance

14. Jitendra Bhati
Company Secretary and Compliance Officer
- Over 14 years of experience in the fields of legal, secretarial and compliance, in the BFSI sector
- Previously worked with Future Capital Holdings Ltd.

15. Salil Bawa
Head – IR & Marketing
- 20 years of experience in Investor Relations, Strategy and Fund Raising
- Previously worked with Bharti, Tata Group, Edelweiss Financial Services, Manappuram

BUILDING ON TODAY. TRANSITION TO TOMORROW.

The inherent culture at IndoStar Capital unifies our organisation, underpins performance and encourages innovation. We believe in nurturing our high-calibre talent, which is a source of our competitive advantage. We also depend on the engagement and motivation of our workforce to create sustainable and long-term growth of the organisation.

Achieving our strategic mission through our people – our greatest asset

Key achievements

Promoting a culture based on merit

A diverse culture driving innovation, motivating people, attracting talent

Demonstrating our care for employees through our vision and strong sense of purpose

Employee engagement

Bringing learning to life (L&D initiatives)

Rationalisation of employees

Retail Lending – Employee Base*

*On-Roll Employees only

Key Initiatives in FY2021

International Women's Day
Celebrated International Women's Day to encourage women and their role in the society.

Indo Feista
Organised a fun event and festival for all the employees. Their participation was in the form of music, poetry, stand-up comedy or mimicry.

What's Your Passion
Organised a contest where all the employees shared a photo with three items which depicted their passion. This was aimed at learning the creativity and enthusiasm of the employees.

Tree Plantation
Organised a Tree Plantation exercise for all the employees, encouraging them to grow more trees.

Joys of Seedling
Organised this event to encourage employees to plant a seed today and believe in tomorrow.

CREATING A NET POSITIVE SOCIETY

At IndoStar Capital, Corporate Social Responsibility is an integral part of our business philosophy and strategic planning. We are committed towards the economic and social development to make the world a better living place and to function as a responsible corporate citizen. An aim of empowering lives, and enabling livelihoods and self-reliance of the people around us receives the highest importance in our CSR endeavours.

Approved CSR Budget for FY2021
₹20.3 Million

Partnership with
15 NGOs

Projects in
9 States

5,257
No. of People benefited through CSR initiatives

During FY2021, the Company identified and rolled out CSR initiatives across 9 states. Of the total, 4 projects have been completed and 12 are ongoing. Employees from 22 branch offices have been engaged in these CSR projects.

CSR Initiatives

EDUCATION

- 12 students from Priyansh Special School diagnosed with ASD granted educational scholarship and rehabilitation; To be made into independent and capable individuals by developing their talent
- 10 girls between age group 16-18 years granted education scholarship for pursuing summer programs, as part of Avasara Academy
- Three-pronged approach to improve quality of education at NG Krishna Gokhale Night School by providing education infrastructure, capacity building and advocacy; Total 95 students enrolled for 8th, 9th and 10th grade at the Night School
- Engaged wtih Khushi Foundation as part of Shikshaantra Plus programme to help students from low-income households with education inequity reduction, learning improvement, dropout reduction and psychological support
- Engaged with Punyabhushan Foundation to create awareness on environment, civic matters, democratic values in 5-10 grade students from schools in Pune, Ahmednagar and Aurangabad to enhance overall reading and learning skills
- Project TASK aimed at soliciting services of Trained Special Educator for conducting training sessions for the differently-abled; 50 such members trained on sling bag and soap making; produced 250 sling bags and soaps

WOMEN EMPOWERMENT

- Collaborated with Janvikas Trust to enrol 26 women for Driverben - Ek Nayi Pehchan program focussed on providing technical, self empowerment and self development training to women to enable them to become a professional commercial driver
- Joined hands with Kshamta Foundation to prepare 20 adolescent girls for job readiness by imparting vocational training in tailoring and jewellery making; few enrolled in training institutes for courses like dialysis technician, fashion designing and beauty care

SANITATION

- As part of Habitat for Humanity India, supported school sanitation infrastructure in certain schools in Rajasthan, Maharashtra, Kerala and Guwahati
- Educating students on the concept and importance of personal hygiene through behaviour change communication
- Sanitation infrastructure completed at Rajasthan, Maharashtra and Kerala
- Initiated Guwahati Sanitation project initiated post ground-breaking ceremony
- Conducted awareness sessions on personal hygiene for students in all the above states
- No. of Beneficiaries from Sanitation Infrastructure:

  Rajasthan: **465** Kerala: **330**

  Pune: **180** Guwahati: **394**

- Collaborated with Save the Children Foundation to skill 120 women from the marginalised communities by training them in Retail, BPO/ITES, Life Skills, Digital Literacy and Spoken English
- As part of Project Saksham from United Way India, provided skill building for women from under-privileged communities, addressing the need for skilling and job readiness training and to recognise their interest and aptitude
- Creating micro entrepreneurship opportunities for women in urban slum communities; helping women support their livelihoods by imparting training on business skills, financial literacy and other skills
- As part of SakshamKishori programme, providing lifeskills training through knowledge sessions; 50 adolescent girls provided with educational scholarship and lifeskill training to improve their decision-making and career prospects
- Through Bosconet programme, prepared women to step forth as leaders and participate in capacity building activities such as leadership programs, finance management, credit linkage and start a micro business

ENVIRONMENT

- As a part of Siruthuli project, initiated Miyawaki plantation of 2,000 trees at land in Thudiyalur near railway station
- Project aimed at controlling soil erosion, reducing air pollution, increasing oxygen content in environment, improving bio-diversity and water retention

HUMANITARIAN

Providing support to COVID victims

UNITED WAY INDIA
Provided 150 PPE Kits for healthcare workers in Kasturba Hospital, KEM, Sion Hospital, Bhabha Hospital and Rajawadi Hospital in Mumbai

HABITAT FOR HUMANITY INDIA
231 Family Essential Kits and 450 Health Kits provided to visually impaired families and officers from the police force in Tamil Nadu, Uttar Pradesh and Maharashtra

SMILE FOUNDATION
150 Dry Ration and Necessity Kits supplied to affected migrant families in Delhi, Karnataka and Gujarat

JANVIKAS TRUST
309 PPE Kits, 250 Dry Ration and Basic Necessity Kits supplied to frontline workers and families in Gujarat

SALAAM BOMBAY FOUNDATION
800 grocery kits provided to less privileged families across Mumbai

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Independent Chairman
Mr. Bobby Parikh

Executive Vice-Chairman & CEO
Mr. R. Sridhar

Non-Executive Directors
Mr. Dhanpal Jhaveri
Mr. Aditya Joshi
Mr. Vibhor Kumar Talreja
Mr. Munish Dayal
(Appointed with effect from February 4, 2021)

Non-Executive Independent Directors
Mr. Hemant Kaul
Ms. Naina Krishna Murthy

CHIEF FINANCIAL OFFICER

Mr. Amol Joshi

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Jitendra Bhati

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP

INTERNAL AUDITORS

KPMG

CIN

L65100MH2009PLC268160

REGISTERED & CORPORATE OFFICE

One World Center,
20th Floor, Tower 2A,
Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai – 400 013
Tel No.: +91 22 4315 7000
Fax No.: +91 22 4315 7010
E-mail: investor.relations@indostarcapital.com
Website: www.indostarcapital.com

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R Kamani Marg,
Ballard Estate, Mumbai - 400 001
Tel No.: +91 22 40807000
Fax No.: +91 22 66311776
E-mail: itsl@idbitrustee.com

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
C - 101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai - 400083
Tel No.: +91 22 49186270
Fax No.: +91 22 49186060
E-mail: rnt.helpdesk@linkintime.co.in

BANKERS / FINANCIAL INSTITUTIONS

Aditya Birla Sun Life Mutual Fund
Allahabad Bank
Axis Mutual Fund
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank PLC
CSB Bank Limited
Central Bank of India
DCB Bank Limited
Deutsche Bank AG
DBS Bank Limited
Federal Bank Limited
Franklin India Mutual Fund
HDFC Bank Ltd
ICICI Bank Ltd
IDFC First Bank Ltd
Indian Bank
IndusInd Bank Limited
Industrial Development Bank of India Limited
Karnataka Bank Limited
Kotak Mahindra Bank Limited
Mirae Asset Mutual Fund
National Bank for Agriculture and Rural Development
Nippon Life India Mutual Fund
PGIM India Mutual Fund
SBI Mutual Fund
Small Industries Development Bank of India
South Indian Bank Limited
State Bank of India
Union Bank of India
Vijaya Bank
Yes Bank Limited

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Global Economy

Over the last few months, the world buckled under the impact of COVID-19 and lockdowns brought economies to a standstill. The global economy had been enjoying a modest recovery on the back of the US Fed's balance sheet expansion since late 2019, until it encountered a speed breaker in the form of the COVID-19 pandemic. The Coronavirus (COVID-19) pandemic left national economies counting the costs, as governments struggle with new lockdown measures to tackle the spread. Despite the development of vaccines, the second wave of infections posed serious downside risks to economies and heightened the possibility of business disruptions.

Global Economic Growth (%) (July - 2021)

Source: IMF *P = Projections*

According to the International Monetary Fund's (IMF) World Economic Outlook – April 2021, the global economy contracted 3.2% during 2020. Although the contraction of activity in 2020 was unprecedented, extraordinary policy support prevented even worse economic outcomes. The strength of the recovery will depend on the rapid rollout of vaccines worldwide.

The IMF stated that even after a full year into the pandemic, global prospects remain highly uncertain. New virus mutations and the accumulating human toll raise concerns. It foresees that income inequalities could increase significantly due to the pandemic and the biggest concern, by far, is that around 95 million more people are estimated to have fallen below the threshold of extreme poverty in 2020, compared with the pre-pandemic projections.

However, the global economy is all set to bounce back in 2021 by posting a growth of 6% on the lower base of the previous year, but later moderating to 4.9% in 2022. The relatively optimistic forecasts for the current and following year reflect the additional fiscal support by a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. However, the IMF clarified that this outlook remains highly uncertain and depends on the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalisation and the evolution of financial conditions. Further, it observed that economic recoveries are diverging across countries and sectors, and hinge on variation in pandemic-induced disruptions and the extent of policy support. The emerging market and developing economies are expected to suffer more scarring than the advanced economies.

It has advised strong cooperation between nations to resolve economic issues underlying trade and technology tensions. It also suggests that building on recent advances in international tax policy, efforts should continue to focus on limiting cross-border profit shifting, tax avoidance and tax evasion.

Indian Economy

The Indian economy has also been adversely impacted by the COVID-19 pandemic that shook the world. Despite India being ahead of most countries in announcing a near-total nationwide lockdown and implementing work from home measures, job and earning deficit, and free fall of employment, along with instability in prices, was expected. The pandemic came with uncertainty and implications on all aspects of businesses. The government announced a relief package of ₹ 1.7 trillion, with additional support coming in from state governments and NGOs, which widened the radius of the aid.

During FY 2020-21, the Indian economy is estimated to have contracted by 7.3% according to the Ministry of Statistics and Programme Implementation (MoSPI), as compared to growth of 4% in 2019-20. The GDP shrunk by 24.4% and 7.4% in the first and second quarter of the fiscal year, respectively. However, in the third and fourth quarter of 2020-21, it witnessed a turnaround with growth coming in at 0.54% and 1.6%, respectively, officially signalling that India was out of a recession after two consecutive quarters of degrowth. One of the key questions that is on everyone's mind right now is: when can we expect the economy to regain its heydays of growth and glory? To make even a calculated estimate on this, we must realise that the Indian economy swings in cycles; we have seen this over multiple decades. Often, every slowdown cycle is followed by an exponential growth cycle and vice versa. Our belief in the long-term India story continues to remain the same and growth opportunities will stage a comeback, sooner rather than later. We think this will restore consumer confidence in due course. The post COVID-19 world will also need a significant re-thinking in the way the financial services industry does business.

"The Indian economy has also been adversely impacted by the COVID-19 pandemic that shook the world. Despite India being ahead of most countries in announcing a near-total nationwide lockdown and implementing work from home measures, job and earning deficit, and free fall of employment, along with instability in prices, was expected.

India's Quarterly GDP Growth

Source: Tradingeconomics.com | Ministry of Statistics and Programme Implementation (MoSPI)

The IMF, in its World Economic Outlook (July 2021), pegged India's growth rate at 9.5% for FY 2021-22. The IMF expects India's growth prospects to be affected by the severe second COVID-19 wave during March-May and a slow recovery in confidence from that setback. While World Bank sees India's GDP growth at 8.3% from April 2021 to March 2022, the Asian Development Bank (ADB) downgraded India's economic growth forecast to 10% from 11% estimated in April 2021.

A drawn-out COVID-19 outbreak can impede India's economic recovery. The rise in infections and the proliferation of localised restrictions is likely to cast a shadow of uncertainty over the outlook and can affect the pace of recovery for the Indian corporate sector. It can dampen the improvement in demand conditions and delay the return to normalcy, with loss of demand particularly in contact-intensive sectors. The actual pace of vaccine roll-out to the wider population would impact sentiment and growth. An earlier availability of vaccine imports, enabling a faster vaccination drive, has the capability to offer a back-ended upside to GDP growth in FY2022, following the disruptions that may emerge in the near term.

Nevertheless, the RBI assured that India is better prepared than before to meet the challenges posed by this resurgence in infections, as fiscal and monetary authorities stand ready to act in a coordinated manner to limit its spill-overs to the economy at large and contain its fallout on the ongoing recovery.

Inflation and Monetary Policy

In the light of the crisis and the fiscal measures announced during the year, inflation targets were relaxed to 4% with the lower and upper tolerance levels of 2% and 6%, respectively, for the next five years (April 2021-March 2026). At the end of the financial year, on March 31, 2021, the Government decided to retain these benchmarks. In support, the RBI also announced that the monetary policy over the next five years would aim at consolidating and building upon the credibility gains of the first five years of flexible inflation targeting, i.e., the positive results that emerged since the Monetary Policy Committee (MPC) was formed in 2016.

In the nearer term, the MPC assured that the monetary policy would remain accommodative to support and nurture economic recovery and it would closely monitor the evolving outlook for inflation, especially once the recovery was secure.

As far as liquidity is concerned, the global financial markets turned volatile since mid-February 2021, on

> To tackle the economic impact of the pandemic, the Government announced the AtmaNirbhar Bharat Abhiyaan (ANBA) in May 2020. Amongst the wide range of schemes and policies initiated, this aimed at boosting liquidity in the financial sector by announcing a ₹ 450 billion partial credit guarantee scheme for NBFCs and ₹ 300 billion special liquidity scheme for NBFCs, HFCs and MFIs.

the back of expectations of stronger growth and a surge in commodity prices. Further, expectations of a reflationary cycle in the US triggered a cut-back of portfolio flows to the emerging markets. This volatility impacted the Indian financial markets too. In response, the RBI raised its open market operations and undertook other actions to compress term premia as well as to inject liquidity into the system.

Stimulus packages announced in FY 2020-21

To tackle the economic impact of the pandemic, the Government announced the Atmanirbhar Bharat Abhiyaan (ANBA) in May 2020. Amongst the wide range of schemes and policies initiated, this aimed at boosting liquidity in the financial sector by announcing a ₹ 450 billion partial credit guarantee scheme for NBFCs and ₹ 300 billion special liquidity scheme for NBFCs, HFCs and MFIs. It also directed banks and NBFCs to offer collateral-free loans to MSMEs to the extent of 20% of the entire outstanding credit to MSMEs, with up to ₹ 250 million outstanding credit and ₹ 1 billion turnover. This scheme has a four-year tenure with a moratorium of 12 months on principal payment and the Government would provide complete credit guarantee cover to lenders on the principal and interest amounts. Several other measures were announced to improve the debt and equity parameters of MSMEs.

Later, in November 2020, the Government announced the AtmaNirbhar 3.0 stimulus package with 12 measures rolled out to boost employment in the formal and informal economy, help housing infrastructure and enhancing the ease of doing business, among other things. It also announced new production-linked incentives (PLIs) under another ₹ 2 trillion PLI scheme for 10 major manufacturing sectors.

Further, an additional outlay of ₹ 180 billion was allocated for the PM Awaas Yojana (PMAY) - Urban. This is expected to help by adding 1.2 million houses and complete construction of 1.8 million houses, while creating 7.8 million additional jobs and improving the production and sale of steel and cement. *(Source: Livemint)*

> In the light of the crisis and the fiscal measures announced during the year, inflation targets were relaxed to 4% with the lower and upper tolerance levels of 2% and 6%, respectively, for the next five years (April 2021-March 2026).

The Union Budget 2021-22, presented by the Finance Minister on February 1, also contained significant increases in health and capital expenditure and proposed far-reaching reforms. The Budget proposals rested on six key pillars – health and well-being; physical and financial capital, and infrastructure; inclusive development for aspirational India; reinvigorating human capital; innovation and R&D; and 'Minimum Government, Maximum Governance'. It indicated substantial government spending over the next five years and announced no major new taxes or levies. The macro-economic policies announced in the Budget focus on stabilising growth, boosting public infrastructure and capital expenditure.

INDUSTRY OVERVIEW

Financial Services industry

Financial services form the backbone of India's economic growth and development. India's financial sector is growing rapidly, in terms of volume and products, and expanding to include many individuals and entities that were hitherto outside its reach. In recent times, especially over the past one year, the Government has introduced a number of short and long-term reforms to liberalise, regulate and develop the sector and improve overall financial inclusion in India. At the same time, financial sector participants have also matured and are moving towards adhering to more internationally accepted norms for capital adequacy, asset classification and provisioning. All these trends, alongside vigilant and prompt regulation by the RBI and other regulators, have culminated in the industry making dramatic progress towards supporting the broader objective of economic growth.

NBFCs in India

India's NBFC sector has witnessed meteoric growth, accounting for nearly 18% of the total formal credit flow. Its growth can largely be attributed to the relatively asset-light, technology-based, low-cost models through which these companies were able to improve their reach and penetrate unserved and underserved markets. Over the past few years, the NBFC sector has been facing strong headwinds. At first, the sector witnessed a meltdown due to the default of a few entities, followed by a liquidity crunch. The past year has been volatile for Non-Banking Financial Companies (NBFCs), triggering fear of a liquidity crisis. However, this fear has remained largely unfounded as most players were well-capitalised to handle any short-term market dislocation plus the RBI ensured that there was adequate liquidity to affected entries. A great blow to operations and finances of companies in the sector came from the COVID-19 crisis that adversely impacted their business models.

Growth decelerated considerably in the previous financial year, brought about by the lack of liquidity and confidence, and further amplified by COVID-19. However, NBFCs remained well capitalised with resilient asset quality vis-à-vis scheduled commercial banks. According to a CRISIL report, the decline in non-bank credit growth, which started in the second half of FY 2018-19, continued through FY 2019-20, accentuated first by the economic slowdown and then, more vigorously, by the pandemic, the impact of which was immediate and debilitating.

In order to enable borrowers to tide over the pandemic-led economic hardships, the RBI appealed to lenders to extend moratorium on loans up to August 31, 2020. This posed a liquidity challenge for most NBFCs as they were sandwiched between meeting their commitments to their lenders while they facilitated their borrowers with moratorium. The second challenge was keeping their asset quality under control in this situation.

> "On the interest rate front, in 2020, RBI cut the repo rates, that drove home loan interest, to a record-low of 7%. In order to make homebuying more lucrative, many banks reduced their interest on home loans, as this category of loans is the safest among all.

These and other challenges tested the mettle of companies in the non-bank segment. Nevertheless, some agile and well-managed NBFCs were equipped with business continuity plans and implemented these to the best of their ability. Innovative and forward-looking companies undertook digital transformation to improve business efficiency and customer connect.

The NBFC sector bounced back after the moratorium ended in August of FY2021, as loans and advances rebounded. By September 2020, NBFC companies began to report a sharp improvement in collection efficiency (Ind-Ra), partly supported through customers' savings. A report by CRISIL Ratings on NBFCs also pointed out that due to the revival in economic activities that commenced in the second half of FY 2020-21, cash flows in the segment improved and borrowers started repaying their loan instalments. The rating and research agency stated that median collection ratios for November 2020 payouts for commercial vehicle loan pools increased to 93% from barely 24% in May 2020 and collection efficiency for mortgage-backed loans, comprising largely home loans and loans against property, was around 96% in October-November 2020.

However, the recent spike in COVID-19 cases and associated lockdowns, though localised, can severely impact NBFC companies. Economic activity, especially non-essential businesses, began to get curtailed once again. It can act as a dampener for the securitisation market, affecting fund-raising for NBFCs in the near-term and may delay recovery in the sector.

With strong capitalisation buffers and better on-balance sheet liquidity buffers, NBFCs have ramped up defences and are well prepared to deal with any impact on economic activities. During the second wave, authorities, lenders and borrowers have responded to this challenge better, on the strength

of lessons learned from the previous experience. NBFCs that have digitally transformed their operations and evolved their business strategies to meet the exigencies of the new normal, will be better placed to stay strong and support their growing customer base. The tested systems of NBFCs to reach out to customers and benefits of operational efficiency will provide them with further support.

Overview of Business Segments

Commercial Vehicle Finance

The Indian commercial vehicle segment is one of the leading commercial vehicle markets across the Asia Pacific region. Being strongly associated with other business sectors of the economy, it tends to follow broader business cycles.

In recent times, the demand for commercial vehicles has been driven by the rise in e-commerce, increase in rural consumption and last-mile connectivity and the relatively low total cost of ownership. Demand also received a boost from new infrastructure projects and fleet replacement. But the outbreak of COVID-19, the muted investment activity, contraction in mining and manufacturing activity and falling order book of construction companies reduced demand.

Credit rating agency Ind-Ra reported that the commercial vehicle finance segment saw some recovery during the festive season and on account of good kharif and rabi output. However, the second wave of the pandemic which is moderating economic activity could impact large and medium vehicle fleet operators. The small road operators would remain moderately impacted as essential services are still operating at full scale and curbs on construction activity has been eased in many places. A few areas which can impact growth are fuel prices, slowdown in economic activity that impact commercial vehicle borrowers' cashflows.

Housing Finance

The onset of the Coronavirus pandemic and the consequent work-from-home trend that emerged changed housing demand dynamics and made people rethink their home buying and investment plans. Mobility Foresights observed that more potential home owners would switch to the periphery areas for larger homes and a healthier lifestyle at more competitive rates with a viable work-from-home alternative. It observed that one of the most influential recent residential real estate developments of the COVID-19 era is the new-found preference for owning rather than renting houses. State governments and the RBI also encouraged home buying during the year. The state of Maharashtra reduced the stamp duty on home purchases until the end of the financial year, while the Delhi Government announced a 20% reduction in the circle rate for all types of properties in February 2021.

On the interest rate front, in 2020, RBI cut the repo rates, that drove home loan interest, to a record-low of 7%. In order to make homebuying more lucrative, many banks reduced their interest on home loans, as this category of loans is the safest among all. Amid a general slowdown in retail credit growth, banks are targeting growth in home loans. Further, special sops on stamp duty by states and other benefits by the central government have helped increase home sales and augur well for growth in home loans. Competition is intensifying in the sector and this too would is putting pressure on pricing.

RBI rationalised the risk weights and linked them to loan-to-value (LTV) ratios for all new home loans sanctioned up to March 31, 2022. This makes home loans even more attractive for borrowers as well as lenders.

According to data analytic firm PropEquity, despite the bleak economic scenario in FY 2020-21, housing sales picked up in the third quarter (October-December 2020), rising 25% year-on-year

to 1,10,811 units from 88,976 units across seven cities, during the same period last year and were 78% higher than the previous quarter's (July-September 2020) sales of 62,197 units. This spurt was attributed to pent-up and festive demand. The demand for housing also benefited immensely from the moderation in interest rates and correction in property prices. The relaxation of stamp duty in states like Maharashtra also triggered latent demand in the third and fourth quarters of FY 2020-21. PropEquity believes that as India embarks on its COVID vaccination drive, recoveries in the sector will get strengthened further. However, according to Ind-Ra, incrementally, with the withdrawal of the stamp duty benefit and slight tightening in housing loan lending rates, demand sustenance for FY 2021-22 could be tested.

SME Finance

Over the years, MSMEs have become a force to reckon with as their contribution to the country's economic growth and business innovations has been rising. As per the Central Statistics Office (CSO), the contribution of the MSME sector to India's Gross Value Added (GVA) and Gross Domestic Product (GDP) at current prices has been around 30% between FY 2014-15 and FY 2018-19. The contribution of Manufacturing MSMEs in the country's total Manufacturing GVO (Gross Value of Output) at current prices has also remained constant at around 33%, i.e., one-third of the total, during the same period.

However, the year gone by has been a difficult one for enterprises in this segment. To support them, Indian policy makers responded rapidly. RBI cut interest rates, enabled loan moratoriums and implemented measures to infuse liquidity into the system and the government announced a series of stimulus packages for MSMEs.

To begin with, the Government made structural changes in the classification of companies in this sector. With effect from July 1, 2020, an enterprise with:

- plant and machinery investment not exceeding ₹ 1 crore and turnover not exceeding ₹ 5 crore is a micro enterprise
- plant and machinery investment not exceeding ₹ 10 crore and turnover not exceeding ₹ 50 crore is a small enterprise and
- plant and machinery investment not exceeding ₹ 50 crore and turnover not exceeding ₹ 250 crore is a medium enterprise

Further, as part of its AtmaNirbhar Bharat Abhiyaan, the Government provided ₹ 3 lakh crore as collateral-free automatic loans to MSMEs. World Bank also offered US$ 750 million in support to 15 crore MSMEs towards increasing liquidity access for small businesses impacted by the pandemic.

While funding has always been a primary constraint, delayed payments, inadequate market facilitation and lack of ease of doing business are also hurdles faced by the MSME sector, amongst many others, according to the U.K. Sinha report. In addition to the financial stimulus, these enterprises require adequate working capital loans to ensure liquidity is maintained in their business operations.

Ind-Ra observed that Loans Against Property (LAP) has been a strong funding source for MSMEs, especially during the crisis. However, as the second wave of the

pandemic swept over India, most enterprises may have already utilised all collaterals in hand to meet their working capital funding needs. They may also be challenged by asset quality pressures on account of a moderation in property prices and reduced balance transfers, which lead to lower availability of top-up loans and inflated loan-to-value due to aggressive collateral assessments.

Corporate Lending

Corporate lending represents advancing loans to medium to large-sized corporates, institutional customers and real estate developers by banks and other financial institutions. It encompasses long and short-term funding, with long-term loans accounting for majority of the industry's loan book. NBFCs engaged in the corporate lending business are configured to provide loans with a need-based approach, while also accommodating for the appropriate risk-return appetite. Products offered in this category include promoter funding, mezzanine funding, structured and acquisition financing and real estate developer financing.

COMPANY OVERVIEW

IndoStar is a non-banking finance company (NBFC) registered with the Reserve Bank of India as a systemically important non-deposit taking company. With Brookfield & Everstone as co-promoters, IndoStar is a professionally managed and institutionally owned organisation which is engaged in providing used and new commercial vehicle financing for transporters, loans to SME borrowers and affordable Home Finance through its wholly-owned subsidiary, IndoStar Home Finance Private Limited.

The Company commenced operations in 2011 as an NBFC focussed on financing the corporate sector. In 2016, it kickstarted its journey from being a corporate lender into being a diversified, retail-focussed NBFC and aims to reduce its corporate book to less than 10% by March 2022.

A highly experienced management team, strong platform, and a well-spread branch network have been pivotal in the significant growth of its retail operations. Under their guidance, the Company continues to focus on collections and enhancing asset quality. This has also enabled the Company in building a profitable retail platform with growth potential to deliver excellent value to all its stakeholders. As on March 31, 2021, its Assets Under Management (AUM) stood at ₹ 83,976 million (net of COVID-related provisions).

Retail AUM (₹ mn)

Retail Disbursements (₹ mn)

AUM Split (as on March 31, 2021)

Corporate	22%
Retail	78%

Retail AUM (₹ mn)

Retail vs Corporate AUM (%)

BUSINESS REVIEW

IndoStar capitalised on key focus areas, Commercial Vehicle Finance, Affordable Housing Finance and SME Finance, as it continued to widen its overall portfolio and increase its exposure in each of these segments. Its business of commercial vehicle finance, affordable housing finance and SME finance is spread across 218 locations in 19 states in India. As a part of its retailisation journey, IndoStar continues to strategically reduce its corporate book and expand its retail geographic footprint. The Company is planning for branch, geography as well as product expansion. The Company has also embarked on a digitisation journey which will enhance productivity and reduce the operating expenses. Its collection efficiency has been strong and the Company has seen a pick-up in disbursals.

Along with geographical expansion, the Company is also going to expand the product side. Apart from commercial vehicles, it is also going to focus on passenger vehicles, farm equipment like tractors and construction equipment. The Company is expanding the customer segment as well. It used to focus on two or three vehicle owners and is now looking at lending beyond this segment, with this expansion, the Company's potential for growth is going to increase substantially.

> Overall, the CV segment of IndoStar has an AUM of ₹ 38,866 million as on March 31, 2021, as compared to an AUM of ₹ 45,197 million as on March 31, 2020.

218 Branches across 19 states

Some branches have multiple operating segments. Business segments include shared branches.

Commercial Vehicle Finance

IndoStar's CV Finance business comprises loans for new and pre-owned commercial vehicles. The Company's business model encompasses building this segment with 80% of disbursements towards Used Vehicles, while the remaining 20% will include New Vehicles.

This segment of commercial vehicle finance demonstrates immense potential on account of the Vehicle Scrappage Policy announced in Union Budget for 2021-22. The proposed policy prescribes that fitness tests should be conducted on commercial vehicles that are 15 years old or older.

Vehicle financiers will be the biggest beneficiaries of the huge replacement market arising from this much awaited reform announced by the Government. It is estimated that over one million commercial vehicles in India are more than 15 years old. Scrapping them and creating a replacement demand would modernise the fleet and potentially result in an addition of approximately US$ 15 billion in sales of new commercial vehicles. This replacement demand would translate into nearly 1.5 times the average annual sales of new commercial vehicles.

While the finer details of the policy are awaited, execution of the scheme will be key. If the Government provides for an additional incentive by way of an upgrade discount, the scheme will be extremely successful and truly modernise India's fleet of vehicles.

IndoStar is actively focussed on the small road transport operators (SRTO) segment. Its vision is to expand its market presence and become a 'go to' organised lender of choice for SRTOs. With this, it intends to garner a significant proportion of the demand by appropriately factoring in the higher risks, while giving customers access to relatively affordable credit. While FY 2020-21 was a difficult year for most businesses, SRTOs were relatively less impacted as they were typically a part of the logistics network that could carry essentials to the last mile. Such operators were plying regularly even during the lockdown. During the pandemic's second wave too, these vehicles have been less impacted as they are used for transportation of construction materials and waste, and this activity has been allowed to continue.

Overall, the CV segment of IndoStar has an AUM of ₹ 38,866 million as on March 31, 2021, as compared to an AUM of ₹ 45,197 million as on March 31, 2020.

CV Finance – Monthly Disbursement Trend (₹ mn)

Housing Finance

IndoStar's Housing Finance business is operated through its wholly-owned subsidiary IndoStar Home Finance Private Limited. As in the case of its other retail businesses, IndoStar aims at providing access to credit to those underserved by the formal financial sector, specifically customers situated in Tier II and III cities, and those on the outskirts of urban markets. The Company provides affordable loans to self-employed and salaried individuals who seek to avail loans for purchase and self-construction of residential properties. IndoStar's key USP in this segment is its excellent asset quality and one of the lowest interest rates.

The Company aims to leverage the Pradhan Mantri Awas Yojana (PMAY) with the aim of building 50 million houses in urban and rural India by 2022. It aims to boost affordable housing and achieve the Government's vision of Housing for All.

Housing Finance – Monthly Disbursement Trend (₹ mn)

SME Finance

IndoStar's SME Finance business operates through 10 branches and accounts for ₹ 18,338 million of the Company's overall loan book. IndoStar foresees tremendous opportunity for funding in this space as it is under-penetrated and can be expected to grow rapidly due to India's demographic profile. A key USP of this segment is its solid book and a strategy to sell the portfolio to banks through its 'Build and Sell' model.

IndoStar's SME Finance business is aimed at primarily lending to small and medium enterprises for their business financing needs including working capital, business expansion or other requirements. The SME loans are predominantly offered against the collateral of a self-occupied residential or commercial property. Key customers include traders, manufacturers, self-employed professionals and service businesses, with almost 40% of the loans being disbursed to customers who qualify under the Priority Sector lending (PSL) category.

> At the end of FY 2020-21, the AUM of the Housing Finance arm stood at ₹ 9,911 million with an Assigned /Securitised Portfolio of ₹ 1,503 million. Fresh loans assigned during the year amounted to ₹ 919 million.

SME Finance – Monthly Disbursement Trend (₹ mn)

By the end of FY 2020-21, the SME Finance vertical had an AUM of ₹ 18,338 million.

Corporate Lending

IndoStar commenced operations as a corporate lender in the year 2011. Under this division, the Company offers senior secured debt for developer financing and structured lending to mid-level and large corporates across diverse sectors. Despite the robust reputation that it has built in this segment over the years, IndoStar made a strategic decision to move out of this business.

In the year under review, IndoStar continued to focus on steadily reducing its corporate book.

Corporate Lending AUM (₹ mn)

REBUILDING INDOSTAR – KEY HIGHLIGHTS OF FY2021

Even as FY2021 presented a host of challenges, given the outbreak of COVID-19 and a challenging liquidity scenario, IndoStar weathered these challenges with a focus on asset quality, liquidity and cost control. Its priority was safety and security of its workforce, it ensured employee safety and took measures for its employees to work from home to ensure business continuity and ensured all the key operations were functioning. The Company utilised the lockdown period to future-proof and ring-fence the business from potential stress arising out of the tough business environment, and build a scalable and sustainable future.

Listed below are the strategic highlights of the year and the key building blocks for value creation.

a. Inducting Brookfield Business Partners During FY 2020-21, IndoStar received an equity capital infusion of ₹ 1,225 crore, from the Canada-based alternative asset manager Brookfield Business Partners L.P., through its subsidiary via equity shares and CCPS. With this infusion, Brookfield has become a co-promoter, along with IndoStar Capital Mauritius. This is Brookfield's first private equity investment in India and also the first in a listed NBFC. After Brookfield's stringent and thorough due diligence, transaction was finally completed on July 8, 2020, following which it now holds a stake of ~52% in IndoStar. Post-infusion, IndoStar's capital adequacy increased from 25.3% in FY2020 to 34.6% in FY2021, one of the highest among listed NBFCs. The strong liquidity and low debt-equity positions IndoStar well to further accelerate its retail lending strategy and equip it to effectively use capital to pursue organic and inorganic growth opportunities.

b. Building retail business in a highly scalable manner As a part of its retailisation strategy, IndoStar had acquired the CV finance business of IIFL in FY2019. From being a corporate lending entity, the Company is well on its way to transform itself into a pure retail lending business. With a keen focus on becoming a retail financier of choice, IndoStar is considerably increasing its share of retail loans and reducing its corporate lending portion. It is working towards strengthening and growing its retail business over the next year. It is reducing its corporate book by bringing down its portfolio to ₹ 19,096 million in FY2021 from ₹ 45,721 million in FY2018. By FY2022, it aims to become a 100% retail lending NBFC with its wholesale and corporate book being brought down to zero.

c. Maintaining consistent communication with customers IndoStar maintained a consistent and transparent communication with its customers. As the RBI directed banks and NBFCs to offer moratorium to their customers, IndoStar offered a moratorium to its customers to facilitate them to sail through the crisis. It offered Moratorium 1.0 to all its customers between April and May 2020. Later, as the lockdown continued, it offered Moratorium 2.0 from June to August 2020 to a select group of customers whose businesses continued to remain impacted due to COVID.

d. Continuing geographic expansion While the southern and western regions have been its key area of strength, IndoStar has identified and placed the eastern region as a significant focus. During the year, it set up its first branch in the North East – at Guwahati. The Company is in the process of setting up independent branches for its Affordable Housing Finance business. Beyond its strong hold in the Southern region, it plans to build an all-India network though a 'Hub-and-Spoke' model.

e. Leveraging the ICICI Bank partnership IndoStar had entered into a sourcing, servicing and collection arrangement with ICICI Bank in June 2019, towards extending credit to purchase used and new commercial vehicles across its branch network. The partnership with ICICI Bank has strengthened and this strategic initiative, combined with the building of huge infrastructure to support the aspirational plan for the next five years, has removed any uncertainty with regard to liquidity. We renegotiated terms with ICICI Bank. There are two key commercial parameters with this arrangement; firstly, the lending rate ICICI Bank charges for every loan that we book has been renegotiated downwards from the existing 10.4% to 8.6%. Secondly, the FLDG (First Loss Deposit Guarantee) that we keep with ICICI Bank that was 8% earlier and has moved to 5%.

The Company utilised the lockdown period to future-proof and ring-fence the business from potential stress arising out of the tough business environment, and build a scalable and sustainable future.

f. Ensuring a robust balance sheet IndoStar has a one of the highest capital adequacy ratios among all listed NBFCs, a strong liquidity position and a low debt-equity ratio of 1.6 times. Further, IndoStar has been strengthened by the recent affirmation of AA-rating by CRISIL with a stable asset quality, which has been obtained during the most challenging time of lockdown. With the Brookfield Investment, we have a comfortable net capital adequacy of 34.6% and a robust ALM. Going forward, with the comfortable capital position, control on asset quality and strengthened liquidity management practices will continue to provide comfort. The Company has strong liquidity pipeline and multiple avenues to raise further liabilities to finance additional growth.

g. Maintaining asset quality Our asset quality, in terms of non-performing loans, has been stable. In fact, when compared to the closing quarter of the previous financial year, we have seen a reduction in GNPA and NNPA to 4.4% and 2.1% at the end of FY 2020-21, respectively, from 4.8% and 3.8% at end FY 2019-20.

h. Investing in technology IndoStar is making investments in technology to improve its capabilities to become an agile and process-driven company and capture future growth opportunities. The Company is also making a strategic shift towards building smart branches, which are digitally advanced and smaller in size, with reduced operational expenses. These smart branches are aimed at enhancing productivity, reducing operating expenses and promoting its retailisation plan. Our digital preparedness enabled us to adapt nimbly, operate efficiently, empower our people, offer seamless business continuity and meet customer expectations during the lockdown.

i. Being agile and future-ready IndoStar moved with speed and nimbleness to adapt to rapidly-changing environment. While it managed its liquidity requirements, it also made its balance sheet more robust with high capital adequacy and low leverage, becoming ready for a better future. As a part of future-proofing its business, it built strategies on optimising costs, reducing overheads and worked on improving its operational efficiencies to further strengthen the foundation and build a resilient business. Backed by sharper customer insights, harnessing the power of digital, we offered a seamless Customer Experience (CX) across our products and services, to the delight of our customers.

PERFORMANCE REVIEW

During a challenging liquidity scenario, IndoStar's Assets Under Management decreased to ₹ 67,115 million by the end of FY2021, as compared to ₹ 68,160 million in FY2020, led by a reduction in Corporate lending, with its portfolio quality continuing to remain robust.

> The Company enjoys a strong liquidity position with ₹ 11,503 million as on June 30, 2021 of liquidity reserves, with its capital adequacy standing at 34.6%, aided by the capital of ₹ 1,225 crore raised from Brookfield.

As the year progressed, its collections improved rapidly from 65% in July to 71% in August, 92% in September. By October 2020, collections increased to 100%, post which from November 2020, the Company restarted disbursements in all the three retail businesses.

With signs of an imminent economic recovery, it restarted disbursements and rapidly reached pre-covid levels. The recovery was swift and by Q3 of FY2021, it disbursed twice that of Q2 in FY2021. It is engaging into cautious disbursements and focussing more on asset quality to reduce the number of customers seeking moratorium by increasing collections.

From the first quarter, the Company implemented steps to ring-fence the balance sheet against possible risks associated with the pandemic during the year. Some of these steps included additional provisioning in the face of COVID and rationalisation of costs. IndoStar also laid greater emphasis on digitalisation to ensure business continuity, reduce operating expenses and enhance its productivity. Its third critical focus was on maintaining its asset quality.

The Company enjoys a strong liquidity position with ₹ 11,503 million as on June 30, 2021 of liquidity reserves, with its capital adequacy standing at 34.6%, aided by the capital of ₹ 1,225 crore raised from Brookfield. Even during challenging times and the lockdown, the Company managed to secure funds from banks and institutions, including NHB, and raised an additional liquidity of ₹ 14,274 million for IndoStar Capital Finance Limited and ₹ 4,985.30 million for IndoStar Home Finance Limited respectively, at competitive rates.

FINANCIAL OVERVIEW

(₹ million)

Particulars	FY 2020-21	FY 2019-20	YoY variance
Revenue from Operations	**12,872**	15,989	(19%)
Interest Expenses	**7,086**	8,634	(18%)
Net Revenue from Operations	**5,786**	7,355	(21%)
People Cost	**1,737**	1,887	(8%)
Operating Expenses	**1,618**	1,233	31%
Pre-provision Operating Profit	**2,431**	4,235	(37%)
Loss Before Tax	**(2,189)**	(4,366)	(50%)
Loss After Tax	**(2,141)**	(3,246)	(34%)

Key Metrics	FY 2020-21	FY 2019-20
Yield	**13.7%**	14.5%
Cost of Borrowings	**10.1%**	10.4%
Spread	**2.1%**	4.1%
NIM	**5.5%**	6.7%
Cost to Income	**49.2%**	42.1%

INITIATIVES TO TACKLE COVID-19

Based on details provided by IndoStar. At IndoStar, we believe that volatility and uncertainty present an opportunity to reinvent. With COVID-19 throwing the world economy into turmoil, we knew that it was important for us to stay calm, think on our feet and realign ourselves to the new normal. Our inherent agility automatically kicked in and we enabled a swift and seamless transition to work from home. Our digital preparedness enabled us to adapt nimbly, operate efficiently, empower our people, offer seamless business continuity and meet customer expectations. We have been working from home during the lockdown and hence realised that large branches are not required. Accordingly, we have been working on digitisation and making smart (and smaller) branches. This will further help us in enhancing the productivity as well as reducing the operating expenses. Such initiatives will strengthen our retail aspirational plan.

Fostering an informed and inclusive environment

Leader Connect: Our Vice-Chairman and CEO individually connected with all critical functions, providing much-needed assurance, appreciation, guidance and concern redressal.

Employee Connect: Through weekly communication from the CHRO's desk, we shared a situation analysis and the road ahead. One-on-one HR intervention provided necessary support during the transition to remote working.

The strength of character displayed by our people in these challenging times bears a testament to the IndoStar spirit. While 90% of them began operating remotely almost overnight, we knew that they would take some time to grapple with the new normal. At our end, we ensured that they were kept informed, engaged and enabled.

The Company reassured employees that in case of any hospitalisation, quarantine or treatment, the Group medical insurance policy provides adequate coverage to them and their dependent family members. The Company also amped up the engagement levels and engaged teams virtually via talent shows, jam sessions, challenges and other celebrations.

Regular communication emails are being sent to employees to increase their awareness on the importance of maintaining good hygiene and wearing masks at all times. IndoStar also shared the guidelines from National Housing Bank on precautions to be taken to ensure safety from the virus on all its social media platforms.

Some other ongoing initiatives are:

- Employees testing positive for COVID are provided assistance through provision of bed at a hospital empanelled under the Company's medical insurance policy. The expenses incurred on their hospitalisation are covered through the Mediclaim. The Human Resources (HR) team and senior leadership members engage with the employee that tests positive for COVID, and his or her family, to provide mental and emotional support.
- Regular employee connect calls are being conducted proactively by the HR team with employees to understand the magnitude of COVID-19 infected cases in their families and in their localities.
- Every branch is working with minimal strength and on rotational basis, any notification pertaining to new rules of lockdown for any State are dealt with immediate action to ensure all employees are aware and abide by the new rules imposed in their respective State.
- Weekly engagement initiatives are conducted to keep the employees motivated and engaged. For instance, the Company had a virtual Holi Celebration; in another instance, it has a platform where employees narrate a story from which they draw inspiration or which has had a major influence on their lives.
- In order to make employees better equipped, emphasis is given to employee upskilling with regular Product & Behavioural trainings being conducted for employees from all verticals.
- Currently, IndoStar is looking forward to extending its support to build a makeshift health care facility, provide aid in the form of oxygen concentrators at several government hospitals scattered across India through its CSR partnerships with a non-profit organisation. Attempts are also being made to secure vaccination for all its employees and citizens at large by liaising with local government bodies.

BUSINESS OUTLOOK

There are visible green shoots in the economy with consumer demand showing signs of an uptick and rural economy performing well. These factors will provide a fillip to companies like IndoStar. Despite the macro-economic and industry challenges, the sector offers tremendous opportunities to NBFCs with a strong franchise and sound management teams. With the Brookfield investment and its focussed retailisation strategy, IndoStar is well placed to take advantage of the market dislocation and capture increased market share in the retail business.

With each of its three business segments representing a key element for the development of a growing economy, there exists a huge and growing market potential across all the retail segments. An experienced management team, efficient risk management processes and a strong position in retail lending strategically positions IndoStar on a growth path, further supported by its strong capitalisation levels, low leverage, improved access to credit lines and a comfortable liquidity position. While the near-term outlook post-lockdown is clouded with challenges, we believe that the medium-term looks brighter. As developed markets continue with fiscal and monetary expansion, emerging markets will benefit significantly on the exports front. In this context, India could potentially be a big winner. On the flip side, however, a prolonged COVID-19 crisis across the world has the potential to play spoilsport. Therefore, it is expected that while economic activity will remain muted in FY2022, it should gradually start to gain traction thereafter.

HUMAN RESOURCES

In October 2020, IndoStar onboarded Mr. Deep Jaggi as its Chief Business Officer. He comes with a rich experience and an excellent track record to enable IndoStar leverage its strengths of having a large equity partner, equity capital networth, digitisation, smart branches to name a few.

For the past 10 years, he has garnered valuable experience with HDB Financial Services where he spearheaded the Asset Finance division. At HDB Financial Services, he had been instrumental in expanding and strengthening the P&L of Commercial vehicle, Construction equipment, PV & Tractor business. Under his leadership, IndoStar will look forward to strengthening its market position and profitably build over the next 5 years.

HR Vision and Mission

Vision

Source | Train | Align | Retain – IndoSTAR way of Life!

Source & Build Right Talent
Attracting, Sourcing & Recruiting the Right Talent

Train to Learn & Grow
Training & Development Program for Employees

Align to IndoStar Goal
Aligning employees to Org Goals through Communication, Performance Measurement & R&R

Retain to Engage & Succeed
Retaining employees through engagement interventions: Health & Wellness, Fun at Work, Employee-related benefits, Help desks

Mission

To be recognised as "RESILIENT, RESPONSIVE, RESPONSIBLE" team, partnering with business to achieve all its organisational goals.

To stay focussed on HR delivery the 4 key pillars, we have built in the additional dimension of cost efficiencies through innovative thinking, automation and increased employee reach.

People Processes & Compliances
Not only building on policies that are employee centric that meet regulatory & statutory compliance, but also streamlining them to make them easy to administer and use.

Talent Management & Development
Primary focus area to established a well-rounded strategy that includes all aspects like a robust PMS, R&R schemes, Learning & Development – for building our talent base.

Employee Engagement
Interventions to increase employee engagement in the areas of Health & Wellness, making the workplace more fun, work-life balance and supporting CSR causes continue

HR Efficiency
Digitalisation of key HR processes to make processes efficient.

INFORMATION TECHNOLOGY

Technology has been a standout for us in the lockdown, not only from a communication perspective, but also for the adoption by businesses for customer outreach. We will continue to drive new tech initiatives to differentiate ourselves. IndoStar has embarked on its digital transformation journey. It seeks to digitise every aspect of the lending process from lead generation to disbursement, making them more transparent and paperless, with the use of analytics to track performance. Towards this end, it has on-boarded fintech and technology partners to implement the digital journey and define risk scorecards to ensure automated flows. This will also ensure efficient credit decisions. The business rule engines that digitise the credit process will enable the Company to leverage the fintech ecosystem for integrations to ensure reduced documentation, process checks and underwriting. It will also effectively utilise a risk analytics framework to facilitate better collection metrics.

The organisation will be implementing Robotic Process Automation in various functions of the organisation. This is largely targeted for bulk, voluminous and repetitive processes and thereby reducing operational cost and efficient processing.

The organisation is adapting the cloud model for its entire infrastructure thereby bringing in agility and resilience. We are in the path of being a Digital NBFC.

> In October 2020, IndoStar onboarded Mr. Deep Jaggi as its Chief Business Officer. He comes with a rich experience and an excellent track record to enable IndoStar leverage its strengths of having a large equity partner, equity capital networth, digitisation, smart branches.

RISK MANAGEMENT

Interest Rate Risk
It is the risk that the value of an investment will suffer as the result of a change in interest rates. Interest rate risk can be reduced through diversification of investment maturities or hedged using interest rate derivatives.

Mitigation
IndoStar considers factors such as customer profile, competitive landscape and growth objectives while deciding on interest rate revisions. It closely monitors interest rate fluctuations and takes appropriate measures to protect the business.

Asset Liability Management Risk
It is the risk faced due to mismatch between assets and liabilities on account of inadequate liquidity, changes in interest rates, etc.

Mitigation
The Asset Liability Management Committee (ALCO) reviews market-related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework. In addition, the Company has put in an ALM support group which meets frequently to review the liquidity position of the company. The Company always maintains adequate liquidity assets and reserves to enable business growth and repayment of obligations. It also ensures access to funds so that liquidity is available in case of unexpected events.

Credit Risk
It is the risk of default or non-repayment of loan by a borrower due to liquidity crisis, economic downturns, bankruptcy or other reasons.

Mitigation
The Company has comprehensive and well-defined credit policy, which encompass credit approval process along with guidelines for mitigating the risks associated with them. The Company has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals.

Operational Risk
Failure of processes and controls with respect to the operations can have adverse impact on the business continuity, reputation and profitability of the company.

Mitigation
The Company has put in place robust control and audit mechanisms to identify and mitigate operational risks. A strong operating model which has well documented Standard Operating Processes and exception reporting framework ensures risk of operational errors is minimised.

Regulatory Risk
The financial sector is exposed to a complex regulatory framework. Any changes or noncompliance with the regulations may result in monetary losses and damage the reputation of the company.

Mitigation
Strong internal control framework, robust IT systems and an expert team ensure strict adherence to the applicable rules and regulations. The Company closely monitors the policy actions and proactively responds to the changes.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Financial Controls

The Company has put in place an adequate internal control mechanism to safeguard all its assets and ensure operational efficiency. The mechanism ensures compliance with laws and regulations, accuracy in financial reporting and management information, sound corporate governance and risk management. The Company has robust policy frameworks to ensure adequate controls on business processes.

The Company has also adopted an Internal Financial Control framework in line with requirement of the Companies Act, 2013 for ensuring the orderly conduct of its business, including adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of financial information. The Company has appointed an independent audit firm to ensure the effectiveness of internal financial controls which include the following:

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

The Company has engaged KPMG, a leading firm of Chartered Accountants, for verifying the efficacy and effectiveness of internal financial controls as well as conducting an internal audit covering all business verticals and support functions. The internal audit function independently reviews the crucial areas based on audit plans, which are then examined and approved by the Audit Committee. These audit plans are formulated on the basis of a risk assessment to determine the critical areas which need to be reviewed. The internal audit findings are reviewed by the Management Committee and the Audit Committee of the Board. Corrective actions are, thereafter, suggested and are implemented by the process owner across the relevant functional areas to continuously strengthen the internal control framework.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of IndoStar, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of IndoStar's Annual Report FY 2020-21.

BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 12th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2021.

FINANCIAL HIGHLIGHTS

The key highlights of the audited standalone financial statements of your Company for the financial year ended March 31, 2021 and comparison with the previous financial year ended March 31, 2020 are summarized below:

(₹ in crore)

Particulars	As at March 31, 2021	As at March 31, 2020
Total income	1,193.27	1,540.00
Total expenditure	1,450.37	1,987.66
Profit before taxation	(257.10)	(447.66)
Less: Provision for taxation		
- Current tax	-	0.02
- Deferred tax asset	(20.21)	(107.59)
- Tax of earlier years	4.56	-
Net profit after taxes	(241.47)	(340.09)
Other comprehensive income, net of tax	0.01	0.47
Total comprehensive income	(241.46)	(339.62)
Transfer to statutory reserve fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	-	-
Appropriation towards dividend and dividend distribution tax	-	*22.24
Surplus in the statement of profit and loss	(241.41)	(361.86)
Balance brought forward from previous period	538.08	899.94
Balance carried to balance sheet	296.99	538.08
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	(23.14)	(36.85)
Diluted (₹)	(23.14)	(36.85)

**includes dividend and dividend distribution tax aggregating to ₹ 11.12 crore towards final dividend for financial year 2018-19 paid in financial year 2019-20.*

FINANCIAL PERFORMANCE AND COMPANY'S STATE OF AFFAIRS

The Company utilized the lockdown period to ring-fence the business from potential stress arising out of the tough business environment, and build a scalable and sustainable future. The conservative approach of ring fencing the balance sheet since the first quarter of the financial year under review, has strenghthened the Company's position and placed it ideally to take advantage of future growth opportutunities. The Company is now looking to accelerate the buildup of the retail business. The combination of opening smart branches along with the digitization initiative will help the Company to enhance productivity and reduce operating expenses.

Pursuant to the requirement of the Reserve Bank of India ("RBI") Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the circulars, directions, notifications issued by the RBI from time to time and provisions of the Companies Act, 2013 (the "Act") read with Rules made thereunder, a provision of ₹ 74.87 crore (previous year: ₹ 151.58 crore) at the rate of 1.06% of outstanding standard assets of the Company was made as at March 31, 2021. For details of Reserves and Surplus of the Company, please refer Note 21 of the audited standalone financial statements of the Company for the financial year ended March 31, 2021.

Investment by Brookfield

On January 31, 2020, the Board of Directors of your Company approved (i) issue and allotment of 3,01,72,414 equity shares and 1,20,68,966 compulsorily convertible preference shares ("Subscription Securities") to BCP V Multiple Holdings Pte. Ltd. ("Brookfield"), at ₹ 290 per share, aggregating to an approximate investment

of ₹ 1,225 crore in the share capital of the Company ("Preferential Allotment"); and (ii) execution of a share subscription agreement ("SSA") and shareholders' agreement ("SHA") among the Company, Brookfield and Indostar Capital ("ICM"). The SSA and SHA were executed on January 31, 2020 which had also triggered an obligation on Brookfield to make an open offer to the public shareholders of the Company in terms of Regulations 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI Takeover Regulations") ["Open Offer"].

During the year under review, upon receipt of approval of the shareholders of the Company and regulatory authorities, Brookfield acquired 56.55% stake in the fully diluted share capital of the Company by way of (i) acquisition of Subscription Securities on May 27, 2020 under Preferential Allotment, (ii) acquisition of 2,92,41,258 equity shares of the Company on July 08, 2020, under the Open Offer, and (iii) acquisition of 50,00,000 equity shares of the Company on July 09, 2020, from ICM. Subsequent to completion of the abovementioned acquisitions, in terms of the SHA and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Brookfield is in control of the Company and a promoter of the Company. ICM continues to be in control and be classified as a promoter of the Company. Funds raised pursuant to the Preferential Allotment have been utilized for the purpose for which it was raised.

This strategic investment by Brookfield will enable your Company to leverage Brookfield's expertise in the financial services domain globally to facilitate the raising of external finance, introduce operational improvements and continue to scale the business and will accelerate the pace of achieving your Company's objective of becoming a leading provider of financing and credit solutions for commercial vehicle owners, affordable home finance, small and medium enterprises and emerging businesses.

Details on performance of your Company has also been covered in the Management Discussion and Analysis Report which forms part of the Annual Report.

During the year under review, there has been no change in the nature of business of your Company. Pursuant to concious efforts of the Company towards its strategy to de-risk the balance sheet through retailisation, the share of retail AUM as on March 31, 2021 stood at 78% (as on March 31, 2020: 71%).

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

IMPACT OF COVID-19

The year under review saw unprecedented economic and social distruption on account of the COVID-19 pandemic. The nation witnessed a complete lock-down at the start of the financial year which was gradually relaxed and tightened as and when the impact of the virus varied, which has contributed to a significant decline in economic activities and severely impacted the business and operations of your Company. The extent to which the COVID-19 pandemic will impact the Company's financial position will depend on future developments, which are highly uncertain.

During the pandemic, safety of employees has been your Company's priority. Further, your Company has collaborated with various non-governmental organisations to contribute towards the fight against COVID-19. Your Company and its employees have through their contribution supported various initiatives for providing PPE kits in hospitals, family essentials including dry ration for the underprivileged.

In support of the Government's initiatives to support general public in the wake of disruption caused by the pandemic, your Company provided its borrowers affected by the pandemic with moratorium on payment of loan instalments and has extended credit wherever deemed fit, to eligible borrowers under the Emergency Credit Line Guarantee Scheme (ECLGS). Your Company believes that this move has enabled borrowers, especially small and medium sized business who have availed the facility, to cope with the difficult business conditions caused by the pandemic.

Detailed information on initiatives taken by your Company to tackle COVID-19 has been included under the Management Discussion and Analysis Report which forms part of the Annual Report.

DIVIDEND AND DIVIDEND DISTRIBUTION POLICY

In terms of the Dividend Distribution Policy of the Company, dividend shall be declared / recommended on the equity shares of the Company, keeping in view the Company's objective of meeting the long term capital requirement for the business from internal cash accruals and appropriately rewarding shareholders. Details of the Dividend Distribution Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

With the intention to conserve cash in the Company *inter-alia* to meet the uncertainties arising out of COVID-19, the Board of Directors has not recommended final dividend on equity shares for financial year 2020-21.

Subsequent to the year under review, the Company paid dividend due on 1,20,68,966 complusorily convertible preference shares ("CCPS") of the Company, at the rate of 10% p.a. calculated on the issue price of CCPS i.e. ₹ 290 per CCPS, in accordance with terms of the CCPS approved by the equity shareholders of the Company.

FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

In terms of Section 129 of the Act read with Rules framed thereunder, audited consolidated financial statements of the Company and its subsidiaries shall be laid before the ensuing Annual General Meeting of the Company along with the audited standalone financial statements of the Company for the financial year ended March 31, 2021.

The audited standalone and consolidated financial statements together with Auditor's Report(s) thereon along with the salient features of the financial statements of the subsidiaries of the Company in the prescribed Form AOC-1 forms part of the Annual Report and are also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

SUBSIDIARY COMPANIES & THEIR FINANCIAL PERFORMANCE

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

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

The audited standalone financial statements of each of the subsidiaries are available on the website of the Company at https://www.indostarcapital.com/investors-corner. Members interested in obtaining a copy of the audited standalone financial statements of the subsidiaries may write to the Company Secretary at the Registered & Corporate Office of the Company or at investor.relations@indostarcapital.com.

In terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Company's Policy for Determining Material Subsidiary, subsequent to the year under review, IHFPL has become a material subsidiary of your Company. Further, in terms of explanation to Regulation 24(1) of the Listing Regulations, the requirement of appointing an Independent Director of the Company on the board of directors of IHFPL is currently not applicable.

The Audit Committee reviews the financial statements of subsidiaries of the Company, the investments made by its subsidiaries and the statement of all significant transactions and arrangements entered into by the subsidiaries, if any, in terms of the Listing Regulations. The minutes of board meetings of the unlisted subsidiary companies and detailed presentations on business performance of material subsidiary, are placed before the Board.

IndoStar Home Finance Private Limited

IHFPL is registered with the National Housing Bank to carry on the business as a housing finance institution without accepting public deposits and primarily focuses on providing affordable home finance. IHFPL commenced business operations in mid of 2017 and has built a quality and profitable portfolio of over ₹ 838.22 crore as on March 31, 2021. IHFPL operates in 10 states across India through various branches and has an employee base of over 270 employees as on March 31, 2021.

During the year under review, the total income of IHFPL was ₹ 134.06 crore (previous year: ₹ 97.14 crore). The operations of IHFPL during the year under review has resulted in profit after tax of ₹ 27.95 crore (previous year: loss after tax was ₹ 14.20 crore).

Subsequent to the year under review, your Company further capitalized IHFPL with ₹ 250 crore, subsequent to which your Company's investment in the equity share capital of IHFPL stands at ₹ 450 crore.

IndoStar Asset Advisory Private Limited

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

The tenor of IndoStar Credit Fund expired on June 09, 2019, and in accordance with the provisions of Securities and Exchange Board of India (Alternative

Investment Funds) Regulations, 2012, the Board of Directors of IndoStar Asset Advisory Private Limited have approved winding up of the fund which is in process.

During the year under review, the total income of IAAPL was ₹ 0.04 crore (previous year: ₹ 1.85 crore) and the loss after tax was ₹ 0.04 crore (previous year: profit after tax was ₹ 0.63 crore).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the Listing Regulations and the circulars, directions, notifications issued by RBI ("RBI Directions"), the Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

AWARDS AND RECOGNITION

Your Company is a 'Great Place to Work' Certified organization. Being certified as a Great Place to Work means that the Company is committed to building and sustaining a culture that drives high performance and trust.

Every year, more than 10,000 organizations from over 60 countries partner with Great Place to Work Institute for assessment, benchmarking and planning actions to strengthen their workplace culture.

In order to get certified the Company undergoes a rigorous process by which Great Place to Work analyses suitability for certification:

- Culture Audit – which consists of organization demographic, key human resources (HR) matrices, detailed write ups and showcase of HR practices in predefined areas of HR intervention,
- Trust Index Survey – it consists of administering a "Trust Index Survey" to a 30% of the employee base selected on random basis, and
- Post Submission Audit - it includes conducting of telephonic interview to verify and validate the responses submitted during the abovementioned processes.

SHARE CAPITAL

Issued, Subscribed and Paid-up Share Capital

During the year under review, the Company issued and allotted (i) 3,01,72,414 equity shares and 1,20,68,966 compulsorily convertible preference shares to BCP V Multiple Holdings Pte. Ltd., by way of preferential allotment; and (ii) 11,07,000 equity shares pursuant to exercise of stock options under various Employee Stock Options Plans of the Company.

Subsequent to the year under review, your Company allotted 64,400 equity shares pursuant to exercise of stock options.

Consequent to the abovementioned allotments, the issued, subscribed and paid-up share capital of the Company as on the date of this report stands increased to ₹ 1,35,86,36,950/- divided into 12,37,94,729 equity shares and 1,20,68,966 compulsorily convertible preference shares.

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Appointments and Cessations:

All appointments of Directors are made in accordance with the relevant provisions of the Act, the Listing Regulations, the RBI Directions and other laws, rules, guidelines as may be applicable to the Company. The Nomination & Remuneration Committee ("NRC") exercises due diligence *inter-alia* to ascertain the 'fit and proper' person status of person proposed to be appointed on the Board of Directors of the Company, and if deemed fit, recommends their candidature to the Board of Directors for consideration.

During the year under review, in terms of the SHA executed by the Company with Brookfield and ICM, the Board of Directors at its meeting held on July 10, 2020 approved appointment of Mr. Aditya Joshi and Mr. Sridhar Rengan (both nominated by Brookfield) and Mr. Vibhor Kumar Talreja (nominated by ICM), as Additional Directors in the category of Non-Executive Non-Independent Directors of the Company. Further, in terms of notice(s) received under Section 160 of the Act, proposing candidature of Mr. Joshi, Mr. Rengan and Mr. Talreja, the shareholders at the Annual General Meeting of the Company held on September 24, 2020 approved the appointment of Mr. Joshi, Mr. Rengan and Mr. Talreja, as Non-Executive Non-Independent Directors of the Company, liable to retire by rotation.

During the year under review, Mr. Bobby Parikh, Non-Executive Independent Director was appointed as

Chairman of the Board in place of Mr. Dhanpal Jhaveri with effect from July 10, 2020.

During the year under review, Mr. Shailesh Shirali, Whole-time Director, Mr. Dinesh Kumar Mehrotra, Non-Executive Independent Director and Mr. Alok Oberoi, Non-Executive Non-Independent Director, resigned from the Board of Directors of the Company with effect from July 10, 2020. Further, Mr. Sridhar Rengan resigned from the Board of Directors of the Company with effect from February 04, 2021. The Board of Directors places on record its sincere appreciation for the valuable contribution and guidance provided by Mr. Shirali, Mr. Mehrotra, Mr. Oberoi and Mr. Rengan, during their association with the Company.

Subsequent to resignation of Mr. Regan, upon nomination by Brookfield in terms of the SHA, the Board of Directors at its meeting held on February 04, 2021, approved appointment of Mr. Munish Dayal as Additional Non-Executive Non-Independent Director, to hold office up to the date of the ensuing Annual General Meeting of the Company. Further, notice in terms of Section 160 of the Act has been received from a Member of the Company, proposing the candidature of Mr. Dayal, as Non-Executive Non-Independent Director of the Company, which shall be considered by the shareholders at the ensuing Annual General Meeting of the Company. The Board of Directors recommends appointment of Mr. Dayal as Non-Executive Non-Independent Director of the Company, at the ensuing Annual General Meeting of the Company. Brief profile of Mr. Dayal has been included in the notice convening the ensuing Annual General Meeting of the Company.

Director(s) Retiring by Rotation

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

Director(s) Declaration and Disclosures

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

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any such statutory authority, forms part of the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

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

Key Managerial Personnel ("KMP")

During the year under review, Mr. Shailesh Shirali resigned from the office of Whole-time Director of the Company with effect from July 10, 2020.

Following are the KMPs of the Company as on date of this Board's Report:

1.	Mr. R. Sridhar	-	Executive Vice-Chairman & CEO
2.	Mr. Amol Joshi	-	Chief Financial Officer
3.	Mr. Jitendra Bhati	-	Company Secretary & Compliance Officer

RBI DIRECTIONS

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

Your Company has complied with the provisions of the extant circulars, regulations and guidelines related to foreign investment in India, with respect to the downstream investments.

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of provisions of Section 118 of the Act, your Company is in compliance with Secretarial Standards on Meetings of the Board of Directors and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

DEPOSITS

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

RESOURCES AND LIQUIDITY

Your Company has diversified funding sources including public sector banks, private sector banks, mutual funds, insurance companies and financial institutions. Funds were raised through various modes including bank borrowings, issuance of

non-convertible debentures on private placement basis and sale / assignment / securitisation of loan assets of the Company.

During the year under review, your Company has raised funds from *inter-alia* following sources (i) ₹ 1,225 crore by way of issue and allotment of 3,01,72,414 equity shares and 1,20,68,966 compulsorily convertible preference shares, at ₹ 290 per share, on private placement basis; (ii) ₹ 829.39 crore as bank borrowings (outstanding as on March 31, 2021: ₹ 2,776.14 crore); (iii) ₹ 550 crore through issuance of non-convertible debentures (outstanding as on March 31, 2021: ₹ 1,889.64 crore); and (iv) ₹ 373.39 crore by sale / assignment / securitisation of loan assets of the Company. Funds raised through private placement of debentures were utilised for the purpose mentioned in the respective offer documents.

Capital Infusion by Brookfield has strengthened the Company's liquidity position and the Company is operating with low debt: equity ratio of 1.57:1 as on March 31, 2021. The investment not only provides capital funding but also access to new debt financing via Brookfield's relationships with financial institutions. This positions the Company well to further accelerate its retailisation strategy in a challenging market environment and equips it with the ability to use capital for both organic and inorganic growth.

Credit Rating(s)

Your Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies. Ratings assigned to the Company as on March 31, 2021 is summarised below:

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

Subsequent to the year under review, upon request by the Company for voluntary withdrawal of rating, India Ratings and Research Private Limited re-affirmed and withdrew rating assigned to the long term debt program of the Company.

DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2021 stood at 1.57:1.

CAPITAL ADEQUACY RATIO

Your Company is well capitalised to provide adequate capital for its continued growth. As on March 31, 2021, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 34.6%, well above the regulatory limit of 15% as prescribed by the RBI for NBFCs.

NET OWNED FUNDS

The Net Owned Funds of your Company as on March 31, 2021 stood at ₹ 2,716.04 crore.

AUDITORS

Statutory Auditors & their Report

In terms of provisions of the Act, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, having ICAI Firm Registration No. 117366W/W-100018, were appointed as the Statutory Auditors of the Company at the 11th Annual General Meeting of the Company held on September 24, 2020 for a term of five years and they held office till the conclusion of the 16th Annual General Meeting of the Company.

Subsequent to year under review, the RBI has issued guidelines on April 27, 2021 for appointment of statutory auditors for NBFCs applicable from second half of financial year 2021-22 which *inter-alia* mandates tenure of statutory auditors to be for a continuous period of three years subject to satisfying the eligibility criteria each year. The Company will be taking necessary steps to comply with the said RBI guidelines.

M/s. Deloitte Haskins & Sells LLP, Statutory Auditors in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2021, have not submitted any qualifications, reservations, adverse remarks or disclaimers.

During the year under review, the Statutory Auditors have not reported any instances of fraud in the Company committed by officers or employees of the Company to the Audit Committee.

Secretarial Auditors & their Report

In terms of Section 204 of the Act and Regulation 24A(1) of the Listing Regulations, secretarial audit report from M Siroya and Company, Practicing Company Secretary in the prescribed format for the financial year ended March 31, 2021 is enclosed herewith at **Annexure I** to this Board's Report.

M Siroya and Company, Practicing Company Secretary, in their report on the secretarial audit of your Company for the financial year ended March 31, 2021 have not submitted any qualifications, reservations, adverse remarks or disclaimers.

MAINTENANCE OF COST RECORDS

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

REPORT ON CORPORATE GOVERNANCE

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

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

Meetings

The Board and Committees meet at regular intervals *inter-alia* to discuss, review and consider various matters including business performance, strategies, policies and regulatory updates and impact. During the year under review, the Board met 6 (six) times and several meetings of Committees including the Audit Committee were held. Details with respect to the meetings of the Board of Directors and Committees held during the year under review, including attendance by Directors / Members at such meetings have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Board Committees

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

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

Details with respect to the composition, terms of reference, number of meeting(s) held and attended by respective member(s), roles, powers and responsibilities of the Committee(s) have been

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

PERFORMANCE EVALUATION

In terms of the provisions of the Act and the Listing Regulations, the Board of Directors adopted a Board Performance Evaluation Policy to set out a formal mechanism for evaluating performance of the Board, that of its Committee(s) and individual Directors including the Chairperson. Additionally, in order to outline detailed process and criteria to be considered for performance evaluation, the Nomination & Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

In terms of the requirement of Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 23, 2021 to review the performance of the Non-Independent Directors including the Chairman and the Board, as a collective entity.

Subsequent to the year under review, the Board of Directors evaluated the performance of the Directors including Independent Directors, Committee(s) of the Board and the Board as a collective entity, during the year under review.

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In compliance with the requirements of the Listing Regulations the Company has adopted and put in place a Familiarisation Programme for Independent Directors to familiarize Independent Directors *inter-alia* with the industry in which your Company and its subsidiaries operate, the Company's business model and its operations in order to give them an insight into the Company's business and its functioning. A formal letter of appointment is given to Independent Directors at the time of their appointment which lays down the fiduciary duties, roles and responsibilities of an Independent Director. The terms and conditions of appointment of Independent Directors is available on the website of the Company at https://www.indostarcapital.com/in vestors-corner#investor-services.

Details of familiarisation programmes imparted to the Independent Directors during the year under review including details of number of programmes and number of hours spent by each Independent Director are hosted on the website of the Company at https://www.indostarcapital.com/investors-corner #investor-services.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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

Details of the Policy on Selection Criteria / "Fit & Proper" Person Criteria have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner# investor-services.

REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

Remuneration Policy

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

Details of the Remuneration Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report. The Remuneration Policy is also available on the website of the Company at https://www.indostarcapital.com/ investors-corner#investor-services.

Employee Remuneration

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

Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered & Corporate Office of the Company during working hours for a period of 21 days before the date of the ensuing

Annual General Meeting. A copy of the statement may be obtained by shareholders by writing to the Company Secretary at the Registered & Corporate Office of the Company or at investor.relations@indostarcapital.com.

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of Section 177(9) and Section 177(10) of the Act and the Listing Regulations, the Board of Directors adopted a Whistle Blower Policy / Vigil Mechanism, *inter-alia* to provide a mechanism for Directors and employees of the Company to approach the Audit Committee of the Company and to report genuine concerns related to the Company. The Whistle Blower Policy / Vigil Mechanism provides for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

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

CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and in light of your Company's philosophy of being a responsible corporate citizen, the Board of Directors adopted a CSR Policy which lays down the principles and mechanism for undertaking various projects / programs as part of Company's CSR activities. During the year under review, the CSR Policy of the Company was amended in order to *inter-alia* align the policy with amendments in the Act and the CSR Rules. In terms of the CSR Policy, during the year under review your Company's CSR activities were focused in the fields of education, women empowerment, environment and sanitation.

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

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

RISK MANAGEMENT FRAMEWORK

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

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

In terms of the RBI Directions and in order to further strengthen the risk management framework, the Company appointed a Chief Risk Officer ("CRO") and adopted a policy on Independence of the CRO. In order to ensure that the Company maintains high standards of risk management practices, the CRO functions independently with no relationship with business verticals of the Company. The CRO is *inter-alia* entrusted with the responsibility of identifying, measuring and mitigating risks which may affect the Company and putting in place and monitoring the risk management policies and practices of the Company.

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

INTERNAL CONTROL / INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Company has set up an in-house Internal Audit Department, which will be instrumental in further strengthening the internal control systems and processes already adopted, developed and implemented by the Company.

To the best of our knowledge and belief, and according to the information and explanations obtained by us, and based on the report(s) of Statutory Auditors and submission(s) by Internal Auditors of the Company for the financial year under review, the Board of Directors is of the view that the internal financial controls with reference to the financial statements of the Company were adequate and operating efficiently and further confirm that:

(i) the Company has comprehensive internal financial control systems that are commensurate with the size and nature of its business;

(ii) the Company has laid down standards, processes and structures which enable implementation of internal financial control systems across the organisation and ensure that the same are adequate and operating effectively;

(iii) the systems are designed in a manner to provide reasonable assurance about the integrity and reliability of the financial statements;

(iv) the Company adopts prudent lending policies and exercises due diligence to safeguard its loan asset portfolio; and

(v) the loan approval process involves origination and sourcing of business leads, credit appraisal and credit approval in accordance with approved processes / matrix.

CEO & CFO CERTIFICATE

Compliance Certificate in terms of Regulation 17(8) of the Listing Regulations on the audited financial statements and other matters prescribed therein, submitted to the Board of Directors by the Executive Vice-Chairman & CEO and the Chief Financial Officer of the Company, for financial year ended March 31, 2021 is enclosed herewith at **Annexure IV** to this Board's Report.

BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report (BRR) of your Company detailing initiatives undertaken by the Company on environmental, social and governance front during the year under review, forms part of this Annual Report and has been provided at **Annexure V** to this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

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

In terms of Section 177 of the Act and Regulation 23 of the Listing Regulations read with the Related Party Transaction Policy of the Company, transactions with related parties were placed before the Audit Committee for its approval and omnibus approval of the Audit Committee was obtained for related party transactions of repetitive nature, within the limits prescribed by the Board of Directors. The Audit Committee is periodically updated with respect to related party transactions executed under omnibus approval.

During the year under review, no material related party transactions as prescribed in Section 188 of the Act read with Companies (Meetings of the Board and its Powers) Rules, 2014, were entered by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company. Further, during the year under review, the Company had not entered into transactions with related parties which could be considered to be 'material' in accordance with the Related Party Transaction Policy of the Company. All other transactions with related parties, during the year under review, were in compliance with the Related Party Transaction Policy of the Company. Further, the Company has not entered into transactions requiring disclosures in terms of Regulation 53(f) of the Listing Regulations.

Disclosure of the related party transactions as required under IndAS - 24 are reported in Note 32 of the audited standalone financial statements of the Company for the financial year ended March 31, 2021.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

ANNUAL RETURN

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the Annual Return as at financial year ended March 31, 2021 is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

EMPLOYEE STOCK OPTION PLANS ("ESOP PLANS")

Your Company believes that its success and ability to achieve its objectives is largely determined by the quality of its workforce and recognises that not only good employment opportunities but also additional motivating mechanisms are needed to incentivise employees and aligning their interest with the interest of the Company. In recognition of the said objective, the Company adopted and implemented IndoStar ESOP Plan 2012 ("ESOP 2012"), IndoStar ESOP Plan 2016 ("ESOP 2016"), IndoStar ESOP Plan 2016-II ("ESOP 2016-II"), IndoStar ESOP Plan 2017 ("ESOP 2017") and IndoStar ESOP Plan 2018 ("ESOP 2018") (collectively referred to as "ESOP Plans") to attract, retain, motivate and incentivise employees of the Company and its holding / subsidiary companies.

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

The Board of Directors confirms that the ESOP Plans are in compliance with the provisions of the Act and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended ("SEBI ESOP Regulations").

Disclosures in terms of Regulation 14 of the SEBI ESOP Regulations read with SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 are available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

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

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

Considering geographic diversification across the country and increase in number of employees, the Board of Directors have constituted Regional Internal Complaints Committees for North, West and South regions.

During the year under review, no complaints related to sexual harassment were received by the Internal Complaints Committee and the Regional Internal Complaints Committees.

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

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

During the year under review, your Company did not have any foreign exchange earnings and incurred foreign currency expenditure of ₹ 0.59 crore (Previous year foreign exchange expenditure: ₹ 1.04 crore).

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have been followed and no material departures have been made from the same;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPRECIATION AND ACKNOWLEDGEMENT

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

By the Order of the Board of Directors

For **IndoStar Capital Finance Limited**

Bobby Parikh
Chairman
DIN: 00019437

Place: Mumbai
Date: August 25, 2021

Annexure I

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IndoStar Capital Finance Limited
One World Center, 20th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai - 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Capital Finance Limited** (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2021. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to relevant and applicable provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in India;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

b. The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;

f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

g. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and

h. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

(vi) Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate system and process in place for compliance with the following laws applicable specifically to the Company:

a. The Reserve Bank of India Act, 1934, as applicable to Non-Banking Financial Companies;

b. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

c. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

d. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

e. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

f. Master Direction - Information Technology Framework for the NBFC Sector;

g. Master Direction on Money Market Instruments: Call / Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (original maturity up to one year);

h. Master Direction - Know Your Customer (KYC) Direction, 2016;

i. Prevention of Money Laundering Act, 2002 and the Rules made thereunder; and

j. Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India from time to time in respect of Systemically Important Non-Deposit taking Non-Banking Financial Company.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, as applicable;

2. The Debt Listing Agreement entered by the Company with the BSE Limited ("BSE"); and

3. The Equity Listing Agreement entered by the Company with the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Circulars, Notifications, Directions, Guidelines, Standards, etc. mentioned above, subject to the observation that the remuneration paid / provided by the Company to Mr. Shailesh Shirali during the tenure of his appointment in the financial year ended March 31, 2021 is in excess of the limits provided under Section 197 of the Act read with Schedule V of the Act by ₹ 44.73 Lakhs. The Company has informed us that it proposes to seek approval of the Members of the Company by way of special resolution in the ensuing Annual General Meeting.

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

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;

2. Stamps Acts and Registration Acts of respective states;

3. Acts as prescribed under Direct Tax and Indirect Tax;

4. Land Revenue laws of respective states;

5. Labour Welfare Acts of respective states;

6. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and

7. Such other Local laws as applicable to the Company and its offices / branches.

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

Adequate notices were given to all the Directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in certain cases meetings were held through shorter notice after due compliance with the applicable provisions, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation & deliberations at these Meetings.

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

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

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

regulations, circulars, notifications, directions, guidelines, standards:

i. The Board of Directors vide their circular resolution dated May 27, 2020 allotted the following securities on a preferential and private placement basis, for cash consideration to the BCP V Multiple Holdings Pte. Ltd. ("Brookfield"), after receiving requisite approval from Reserve Bank of India, other regulatory authority and stakeholders *inter-alia* for change in shareholding / control / management:

   a) 3,01,72,414 equity shares of the face value of ₹ 10 each at a price of ₹ 290 per equity share aggregating to approximately ₹ 875 Crore; and;

   b) 1,20,68,966 compulsorily convertible preference shares having face value of ₹ 10 each ("Preference Share"), at a price of ₹ 290 per Preference Share, aggregating to approximately ₹ 350 Crore, wherein each Preference Share carries a dividend of 10% (ten percent) per annum (calculated on issue price), net of any taxes, payable on a yearly basis and will be converted to 1 equity share per Preference Share within 18 months from the date of issuance.

   The Company received final listing and trading approvals from NSE and BSE for the abovementioned equity shares, vide their respective letters dated June 2, 2020.

   Subsequently, Brookfield made an open offer to the public shareholders of the Company in compliance with requirements of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, which opened on June 16, 2020 and closed on June 29, 2020, pursuant to which Brookfield acquired 2,92,41,258 equity shares on July 8, 2020. Further in terms of a Share Purchase Agreement dated January 31, 2020 ("SPA") executed between Brookfield and Indostar Capital ("ICM"), Brookfield further acquired 50,00,000 equity shares of the Company on July 9, 2020 from ICM (by way of transfer of shares). In view of aforesaid acquisition and in terms of the SPA, the shareholders' agreement ("SHA") and share subscription agreement ("SSA") both SHA and SSA dated January 31, 2020 executed among the Company, Brookfield and ICM, Brookfield became a promoter of the Company in accordance with applicable law, with effect from July 9, 2020 and ICM continues to be the Promoter of the Company.

ii. On July 10, 2020, the Board of Directors at their meeting *inter-alia* approved re-constitution of the Board of the Company;

iii. Members at their annual general meeting held on September 24, 2020 ("AGM"), *inter-alia* approved the following(s):

   a) Appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company to hold office for a period of five years i.e. from the conclusion of the 11th Annual General Meeting of the Company till the conclusion of the 16th Annual General Meeting of the Company and to fix their remuneration;

   b) Appointment of Mr. Aditya Joshi, Mr. Sridhar Rengan and Mr. Vibhor Kumar Talreja as a Non-Executive Non-Independent Director of the Company;

   c) Issue of Non-Convertible Debentures under Private Placement during a period of 1 (one) year commencing from the date of passing of the Special Resolution at the AGM, for aggregate principal amount not exceeding ₹ 10,000 crore;

   d) Payment of Commission to Non-Executive Independent Directors of the Company for a period of five years commencing from financial year 2020-21;

   e) Policy on loan to employees of the Company and its subsidiaries;

   f) Waiver of recovery of excess managerial remuneration paid to Mr. R. Sridhar, Executive Vice-Chairman & Chief Executive Officer of the Company, for financial year 2019-20;

   g) Waiver of recovery of excess managerial remuneration paid to Mr. Shailesh Shirali, Former Whole-Time Director of the Company, for financial year 2019-20;

   h) Revised contract executed with Mr. R. Sridhar, Whole-Time Director of the Company;

   i) Amendment of IndoStar ESOP Plan 2012, IndoStar ESOP Plan 2016, IndoStar ESOP Plan 2016-II, IndoStar ESOP Plan 2017 and IndoStar ESOP Plan 2018 [collectively referred to as IndoStar ESOP Plan(s)];

   j) Amended Indostar ESOP Plan (s) - Grant of Options to the Eligible Employees of Subsidiary Companies / Holding Company; and

   k) Adoption of restated Articles of Association of the Company.

iv. The Board of Directors at their meeting held on October 7, 2020 *inter-alia* increased the limits of investment / divestment of funds of the Company to an amount not exceeding ₹ 4,000 crore at any point of time;

v. During the period under review, the Company allotted 11,07,000 equity shares of face value of ₹ 10 each fully paid up, on exercise of employees stock options, in accordance with the IndoStar Employee Stock Option Plan(s).

vi. During the period under review, the Company allotted 5,500 Non-Convertible Debentures on Private Placement basis aggregating to ₹ 550 crore which were listed on the wholesale debt segment of the BSE Limited.

vii. During the period under review, the Company redeemed / bought back 4,750 Non-Convertible Debentures of face value of ₹ 10 Lakh each, aggregating to ₹ 475 Crore and 310 Non-Convertible Debentures of face value of ₹ 1 Crore each, aggregating to ₹ 310 crore.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682C000479760

Place: Mumbai

Date: June 17, 2021

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

'Annexure A'

To,
The Members,
IndoStar Capital Finance Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. In view of the ongoing restrictions / advisories issued by the Government of India / Maharashtra to contain the spread of Covid-19 pandemic on the movement of people, we have relied on electronic data for verification of the Company books, papers, minute books, forms, returns filed and other records maintained by the Company.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682C000479760

Place: Mumbai
Date: June 17, 2021

Annexure II

Disclosures in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended March 31, 2021

Sr. No.	Requirement	Disclosure	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	**Name of Director**	**Ratio**
		Mr. R. Sridhar	307.68
		*Mr. Shailesh Shirali (Remuneration is annualised)	76.92
		$Mr. Bobby Parikh	NA
		*Mr. Dinesh Kumar Mehrotra	NA
		$Mr. Hemant Kaul	NA
		$Ms. Naina Krishna Murthy	NA
		Mr. Dhanpal Jhaveri	NA
		*Mr. Alok Oberoi	NA
		#Mr. Aditya Joshi	NA
		^Mr. Sridhar Rengan	NA
		#Mr. Vibhor Kumar Talreja	NA
		@Mr. Munish Dayal	NA
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	**Name of Director / CEO / CFO / CS**	**Percentage Increase in their remuneration during the financial year under review**
		Mr. R. Sridhar	Nil
		Mr. Shailesh Shirali (Remuneration is annualised)	Nil
		$Mr. Bobby Parikh	NA
		*Mr. Dinesh Kumar Mehrotra	NA
		$Mr. Hemant Kaul	NA
		$Ms. Naina Krishna Murthy	NA
		Mr. Dhanpal Jhaveri	NA
		*Mr. Alok Oberoi	NA
		#Mr. Aditya Joshi	NA
		^Mr. Sridhar Rengan	NA
		#Mr. Vibhor Kumar Talreja	NA
		@Mr. Munish Dayal	NA
		Mr. Amol Joshi (CFO) (Appointed as CFO from September 20, 2019; remuneration for FY 2019-20 has been annualised)	41%
		Mr. Jitendra Bhati (CS)	62%
3.	The percentage increase in the median remuneration of employees in the financial year	16%	
4.	Number of permanent employees on the rolls of Company at the end of financial year	1,660	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase already made in the salaries of employees other than the managerial personnel in FY 2020-21 – 44.17% Average percentile increase already made in the salaries of managerial personnel in FY 2020-21 – (20)%	
6.	Affirmation that the remuneration is as per Remuneration Policy of the Company	It is affirmed that remuneration paid is as per the Remuneration Policy of the Company.	

**Resigned with effect from July 10, 2020*

 # Appointed with effect from July 10, 2020

^ Appointed with effect from July 10, 2020 and resigned with effect from February 04, 2021

@ Appointed with effect from February 04, 2021

$The Nomination and Remuneration Committee and the Board of Directors of the Company have approved payment of remuneration of ₹ 10 lacs to each Independent Director of the Company for financial year 2020-21, subject to approval of shareholders of the Company at the ensuing Annual General Meeting of the Company. No remuneration was paid to Independent Directors for financial year 2019-20. Sitting fees paid to Non-Executive Independent Directors has not been considered as remuneration.

Annexure III

Annual Report on Corporate Social Responsibility (CSR) Activities

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

   - Areas in which the Company can undertake CSR activities (within the purview of Schedule VII of the Companies Act, 2013);
   - Activities which will not be considered as CSR activities;
   - The CSR budget of the Company;
   - The implementation process;
   - Roles and responsibilities of the Board and CSR Committee;
   - Monitoring and reporting framework.

Overview of projects / programs undertaken:

Promoting Education
Avasara Leadership Institute – Avasara Academy & Avasara Leadership Fellows
Rays of Hope Charitable Trust – Priyanj Special School
Masoom - Night School Transformation Program (NSTP)
Punyabhushan Foundation – Password Campaign
TASK
KHUSHII Foundation - Shikshaantra Plus
Women Empowerment
Janvikas - Driverben
United Way Mumbai - Saksham
Save The Children – Enabling Economic Independence Among Women
Pollinate Group - Creating Micro Entrepreneurship Opportunities for Women in Urban Slum Communities
Kshamata
SMILE Foundation – Saksham Kishori
BOSCONET - Poverty Alleviation through Women group-based Income Generation in Organic Farming & Other Production Skills
Sanitation
Habitat for Humanity India
Environment
Siruthuli

Promoting Education

a. **Avasara Leadership Institute – Avasara Academy & Avasara Leadership Fellows**
   Your Company continued to support Avasara Leadership Institute ("ALI") for the sixth year, by contributing towards two of its programs namely Avasara Academy and Avasara Leadership Fellows.

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

   During the year under review, your Company contributed an amount of ₹ 15.86 lacs to Avasara Leadership Institute for its program Avasara Academy. Through your Company's support, Avasara Academy supported education of 4 Grade 11 students and 6 Grade 12 students.

Avasara Leadership Fellows ("ALF"): ALF Program is a selective, intensive after-school enrichment opportunity designed to meet the needs of able, highly motivated adolescent girls from low-income backgrounds. The ALF program will provide a range of opportunities and experiences for selected girls (ALF Fellows) to develop their personal leadership style and achieve academic excellence in the critical years before SSC (Secondary School Certificate) Board Examination. ALF introduces cutting edge pedagogy within established curriculum.

During the year under review, your Company contributed an amount of ₹ 9.14 lacs to Avasara Leadership Institute for its program ALF. Your Company's contribution was utilized for education of 24 students in Grade 9 and 18 students in Grade 10.

b. **Rays of Hope Charitable Trust – Priyanj Special School**

Your Company continued its support to Priyanj Special School for the third year. Priyanj is a school for children having autism founded by Rays of Hope Charitable Trust. Priyanj provides special education services like remedial teaching, behaviour therapy, computing skills, social skills, daily living skills, arts and crafts and also covers occupational therapy services, speech therapy, vocational training and other extra – curricular activities. Priyanj aims to make each child independent by identifying their talent and developing the same.

During the year under review, your Company contributed an amount of ₹ 10.08 lacs to Priyanj Special School. Your Company's contribution was utilised for education of 12 children with autism.

c. **Masoom - Night School Transformation Program (NSTP)**

Your Company continued its support to Masoom for the second year. Masoom is an organisation working with Night schools since 2008. The aim of Masoom is to improve the quality of night schools through the "Night Schools Transformation Program" by building the capacity of the night school stakeholders to achieve higher learning outcomes. The Transformation Program is specifically tailored to meet the needs of the night school and the night school students themselves. Night school students are working as class IV employees, canteen, courier service and domestic help. They come to night school to complete their education which makes them eligible to enter the organized service sector.

During the year, your Company contributed an amount of ₹ 5.26 lacs to Masoom for its program NSTP. Your Company's contribution was utilised to support educational and supporting activities for 40 students.

d. **Punyabhushan Foundation – Password Campaign**

Your Company continued its support to Punyabhushan Foundation for the fourth year. Punyabhushan Foundation was established in the year 1989 and got formally registered as a Trust in the year 1999 to undertake social, educational and cultural activities, programs and projects to create awareness among youngsters and sensitize them on various social, educational and cultural issues of Maharashtra. It was established with a mission to promote and conserve rich traditions and heritage of Maharashtra through various social, educational, cultural & environmental activities & projects.

Your Company supported the Password Campaign of Punyabhushan Foundation which aims at enhancing reading and learning skills and competencies of school children with focus on students of 5th to 10th grade from underprivileged schools in Pune, Ahmednagar and Aurangabad. Password is a magazine which contains interactive inspiring stories contributed by renowned scientists, social workers and prominent personalities of national repute. The overall contents of Password help students to develop learning skills, thinking ability and competencies to develop innovative thinking and communication skills.

During the year under review, your Company contributed an amount of ₹ 15 lacs to Punyabhushan Foundation for its Password Campaign. 1,000 students each identified from 4 schools of Pune, Ahmednagar and Aurangabad and distributed magazines to them.

e. **TASK**

Your Company continued its support to TASK for the second year. Task is an organization that has been formed to provide vocational facilities to differently abled adults by way of conducting training sessions at regular intervals. Various products like block printed sling bags, shoulder bags, hand kerchiefs, paper block printed & laminated table mats, hand painted wooden tea coasters and handmade soaps are made by differently abled adults. Task also aims at developing students for taking up professional courses in the field of vocational training.

During the year under review, your Company contributed an amount of ₹ 8.05 lacs to TASK for vocational trainings for differently abled persons. 50 differently abled members have been trained on sling bag and soap making so far.

f. **KHUSHII Foundation - Shikshaantra Plus**

KHUSHII- Kinship for Humanitarian, Social and Holistic Interventions, is a non-governmental organization with a vision to generating maxium impact for the underserved communitites through creating a culture of giving to promote

equity. 'Shikshaantra Plus' project of KHUSHII primarily focuses to deliver quality education to address the inequity in academic engagement and achievement for students with limited / no device access, help students achieve grade levels by bridging learning gaps that may be developed during lockdown, empowering at-risk students to stay in school, with priority placement at broadcast centres for continued engagement with academics and to provide mental health support to cope with the instability, uncertainty and rapid change brought by the pandemic.

During the year under review, your Company has contributed ₹ 10.71 lacs for Shikshaantra Plus project. Your Company's contribution was utilized for 504 students from classes II to VIII and 100% of the students received counselling.

Women Empowerment

g. **Janvikas - Driverben**

Your Company continued its support to Janvikas for its project Driverben for the second year Janvikas is a public charitable trust which became operational in 1987 and today is recognized as a leading development and support institute. Goal of Janvikas is to contribute towards building and strengthening a just, democratic and secular society and to bring about concrete and sustainable changes in the lives of the poor, marginalized and disadvantaged communities so that they can lead a life with dignity and social justice. Through its project 'Driverben', Janvikas encourages and trains women to become professional commercial drivers. Selected women are trained to enhance awareness in areas such as legal rights, first aid, self-defense, English language, personal presentation, hygiene, financial literacy and essential driving skills. Driverben aims at helping women with livelihood opportunities.

During the year under review, your Company contributed an amount of ₹ 10.50 lacs to Janvikas. Through your Company's contribution Janvikas supported training of 16 women to become professional commercial drivers and to purchase a car for use by Janvikas for the project Driverben.

h. **United Way Mumbai - Saksham**

United Way Mumbai is a part of the 130+ year old United Way movement spanning 41 countries across the world. Its project Saksham, aims to address the need for skilling and mentorship for young women from low income communities thereby helping young female students recognise their interest and aptitude, linking them to appropriate courses, ensure they receive the support they need for vocational training, provide handholding post training as well as grooming and personality development skills. The key interventions in the project are community mobilisation, beneficiary profiling, candidate selection & counselling, enrolment in vocational training courses, personality development and grooming workshops.

During the year under review, your Company contributed an amount of ₹ 6.50 lacs to United Way Mumbai for its program Saksham whereby 25 women have been selected and undergoing skilling and job readiness training.

i. **Save The Children: Enabling Economic Independence Among Young Women**

Save the Children is a Pune based non-governmental organization, which primarily focus on preventing human trafficking and supporting survivors during their journey of justice and rehabilitation. Your Company supported its program enabling economic independence among 120 young women in Pune through Skills Training. The Program overall focus is to contribute to economic development of young women from targeted urban and semi urban communities, by removing critical skills shortage and the lack of life skills by taking up employment opportunities.

During the year under review, your Company contributed an amount of ₹ 10.02 lacs to Save The Children for its program enabling economic independence among young women. The contribution has been utilized for training 120 young women and 39 women have already been placed in various jobs.

j. **Pollinate Group: Creating Micro Entrepreneurship Opportunities for Women in Urban Slum Communities**

Pollinate Group is a social enterprise working towards women empowerment through micro entrepreneurship programs in underserved communities. Pollinate Group's mission is to find the poorest and most marginalised communities, empower and develop local female entrepreneurs, and connect them to local and global supply chains to guarantee their long-term adoption of high quality products (such as solar lights and modern cooking appliances) and services that directly meet community needs. Pollinate Group has been serving the residents of urban informal settlements (slum communities) that live below the poverty line since 2013. Through its Micro Entrepreneurship training program, women entrepreneurs gain business skills, financial literacy training to serve their communities through the products they provide, thereby creating an impact not just in their own lives but also in the communities they live in.

During the year under review, your Company contributed an amount of ₹ 12.11 lacs to Pollinate Group for its program Creating Micro Entrepreneurship Opportunities for Women in Urban Slum Communities. Your Company's contribution was utilized for training of 26 women entrepreneurs in Bangalore - who are undergoing

on-the-job training, business skill training and financial literary training.

k. **Kshamata**

Kshamata's motto is transforming lives, supporting liberation, focusing on the re-habilitation and re-integration of women who are victims of trafficking, violence or abuse in general. Its core programme is where women stay at the Kshamata Transformation Centre, a residential training facility where women undergo in-depth learning of life skills and vocational skills, both formal training and on-the-job learning. Your Company supported Kshamata's objective of developing livelihood and supporting independent living through group stay units.

During the year under review, your Company contributed an amount of ₹ 15 lacs to Kshamata. Your Company's contribution was utilized for training of 30 girls.

l. **SMILE Foundation – Saksham Kishori**

Your Company continued its support to Smile Foundation for the third year to ensure continued support and increased access to digital learning. Smile has started an initiative called 'Saksham Kishori' with an aim to facilitate education for girls. Smile is 18 year old organization having over 152 projects in 25 States of India and works to empower underprivileged children, youth and women through the relevant education, innovative healthcare and market-focused livelihood programs.

During the year under review, your Company contributed an amount of ₹ 14.32 lacs to Smile Foundation for its program Saksham Kishori. Your Company's contribution was utilised for providing competitive scholarship to 50 girls.

m. **BOSCONET - Poverty Alleviation through Women group-based Income Generation in Organic Farming & Other Production Skills**

BOSCONET's project Poverty Alleviation through Women group-based Income Generation in Organic Farming & Other Production Skills, aims to ensure economic empowerment of women by transforming them as contributors to household economy through micro-business activities. Women, who have time, aptitude, and willingness to participate in group-based income-generation were included. These selected women formed into homogeneous groups (basis socio-economic status) and were given a series of training and contribution of capital (seed money) to start income generation.

Your Company has contributed ₹ 13.49 lacs to BOSCONET for its multi-year on-going project of which ₹ 0.45 lacs was spent in FY 2020-21 and ₹ 13.04 lacs was spent in FY 2021-22. Your contribution has been utilized for mobilizing 200 women for FGDs. 75 will be benefitted from the entire area of Haryana as a part of the organic farming project.

Sanitation

n. **Habitat for Humanity India**

Habitat for Humanity India is a non-government organization that seeks to eliminate poverty housing guided by the vision: "A world where everyone has a decent place to live". Its core areas of intervention in India are decent shelter, WASH (Water, Sanitation and Hygiene) and disaster risk reduction and response. Your Company continued its support to Habitat for Humanity India for the second year.

During the year under review, your Company contributed an amount of ₹ 41.06 lacs to Habitat for Humanity for its multi-year on-going project of which ₹ 30.28 lacs was spent in FY 2020-21 and ₹ 10.78 lacs was spent in FY 2021-22. Your Company's contribution has been utilized to (i) build and improve sanitization infrastructure in government schools in Maharashtra for 180 students, in Rajasthan for 465 students & in Kerala for 330 students; (ii) improve knowledge and attitude and practice towards adopting safe and hygienic behavior in light of COVID-19; and (iii) in Guwahati sanitation project initiated for 394 students.

Environment

o. **Siruthuli – Clean Kovai, Green Kovai:**

Siruthuli is a Trust registered to address the environmental problems and to improve the water stress situation caused by the failure of monsoons for three consecutive years in the early years of the millennium. Since then they have implemented several water resource management initiatives such as rejuvenation of tanks and ponds, the creation of new water bodies, implementation of watershed projects, building percolation ponds, construction of rainwater harvesting structures that have facilitated in connecting the clouds to the aquifers to a large extent. Siruthuli's project Clean Kovai, Green Kovai, aims at improving the green cover of the region in Thudiyalur, to control soil erosion, to reduce air pollution, increase the oxygen content in the region, improve the biodiversity of the region, improve water retention of the region and reduce global warming.

During the year the Company has contributed ₹ 6.20 to Siruthuli's Clean Kovai, Green Kovai Project. Your Company's contribution was utilised for Miyawaki Plantation of 2,000 trees at Railway land, Thudiyalur.

2. **Composition of CSR Committee as on date of report:**

Sr. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Ms. Naina Krishna Murthy	Non-Executive Independent Director (Chairperson)	1	1
2.	Mr. Bobby Parikh	Non-Executive Independent Director (Member)	1	1
3.	Mr. Dhanpal Jhaveri	Non-Executive Non-Independent Director (Member)	1	1
4.	Mr. R. Sridhar	Executive Director (Member)	1	1
5.	Mr. Munish Dayal	Non-Executive Non-Independent Director (Member)	1	0

3. **Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**
https://www.indostarcapital.com/investors-corner#committee-composition
https://www.indostarcapital.com/investors-corner#investor-services
https://www.indostarcapital.com/about-us#csr-indostar

4. **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:** Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Not Applicable	

6. **Average net profit of the Company as per section 135(5) for the last three financial years prior to financial year ended March 31, 2021 -** ₹ 101.66 crore calculated as per Section 198 of the Companies Act, 2013.

7. (a) **Two percent of average net profit of the company as per section 135(5) -** ₹ 2.03 crore
   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years -** Nil
   (c) **Amount required to be set off for the financial year, if any -** Nil
   (d) **Total CSR obligation for the financial year (7a+7b-7c) -** ₹ 2.03 crore

8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 1.67 crore	₹ 0.24 crore	*Please refer Note	As decided by the Corporate Social Responsibility Committee and Board of Directors for the Company	₹ 0.12 crore	Will be transferred within timeline prescribed under the Act.

**Note: amount marked for on-going projects was spent towards the said projects within 30 days of end of financial year 2020-21, hence such amount was not transferred to unspent CSR Account.*

(b) Details of CSR amount spent against ongoing projects for the financial year:

(Amount in ₹ lacs)

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - through Implementing Agency	
				State	District						Name	CSR Registration number
1.	BOSCONET: Poverty Alleviation through women group-based Income Generation in Organic Farming and Other Production Skills)	Empowering women and enhancing women employment	Yes	Haryana	Karnal	FY 2020-21 FY 2021-22	13.49	0.45	*13.04	No	Through Implementation Agency	CSR00001441
2.	Habitat for Humanity India	Sanitation	Yes	Rajasthan, Maharashtra, Kerala and Assam	Bhiwadi, Pune, Ernakulam, Guwahati	FY 2020-21 FY 2021-22	41.06	30.28	*10.78	No	Through Implementation Agency	CSR00000402
	Total	-	-	-	-	-	**54.55**	**30.73**	**23.82**	-	-	-

**Amount marked for on-going projects was spent towards the said projects within 30 days of end of financial year 2020-21, hence amount was not transferred to unspent CSR Account.*

Note: In case the Company has a branch in State where expenditure is made, it is considered as spend in local area.

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(Amount in ₹ lacs)

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ lacs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - through implementing agency	
				State	District			Name	CSR registration number
1.a.	Avasara Academy	Promoting education among children/ women, empowering women and enhancing women employment	Yes	Maharashtra	Mumbai, Pune	15.86	No	Avasara Leadership Institute	CSR00003007
1.b.	Avasara Leadership Fellows			Maharashtra	Mumbai, Pune	9.14	No		
2.	Priyanj Special School	Promoting education including special education among children	Yes	Maharashtra	Mumbai	10.08	No	Rays of Hope Charitable Trust	CSR00012105
3.	Night School Transformation Program	Promoting education	Yes	Maharashtra	Mumbai	5.26	No	Masoom	CSR00000360
4.	Password Campaign	Promoting education among children	Yes	Maharashtra	Pune, Aurangabad, Ahmednagar	15.00	No	Punyabhushan Foundation	CSR00004022
5.	TASK	Promoting employment enhancing vocation skills and livelihood enhancement projects	Yes	Maharashtra	Mumbai	8.05	No	TASK	CSR00010663
6.	Shikshaantra Plus	Promoting Education	Yes	Karnataka	Banglore	10.71	No	KHUSHII Foundation	CSR00001135
7.	Driverben	Empowering women and enhancing women employment	Yes	Gujarat	Ahmedabad	10.50	No	Janvikas	CSR00002913
8.	Saksham	Empowering women and enhancing women employment	Yes	Maharashtra	Mumbai	6.50	No	United Way Mumbai	CSR00000762

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ lacs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - through implementing agency	
				State	District			Name	CSR registration number
9.	Enabling Economic Independence Among Young Women	Empowering women and enhancing women employment	Yes	Maharashtra	Pune	10.02	No	Save The Children	CSR00000158
10.	Kshamata	Empowering women and enhancing women employment	Yes	Maharashtra	Thane	15.00	No	Kshamata	CSR00005484
11.	Saksham Kishori	Promoting education among children and women	Yes	Delhi Tamil Nadu	Gurugram, Chennai	14.32	No	Smile Foundation	CSR00001634
12.	Clean Kovai, Green Kovai	Environmental Sustainability	Other	Tamil Nadu	Coimbatore	6.20	No	Siruthuli	CSR00000023

Note: In case the Company has a branch in State where expenditure is made, it is considered as spend in local area.

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable - Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 2.03 crore (including amount marked for on-going projects spent in FY 2021-22 and amount to be transferred to a fund specified in Schedule VII of the Act)

(g) Excess amount for set off, if any – Nil

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	Not Applicable
(ii)	Total amount spent for the Financial Year	Not Applicable
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Not Applicable
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
Not Applicable							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
Not Applicable								

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)**

    a) Date of creation or acquisition of the capital asset(s) - *Approved by the Board of Directors on October 01, 2020*

    (b) Amount of CSR spent for creation or acquisition of capital asset - ₹ *4.40 lacs*

    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - Janvikas for its project Driverben - C/105, Royal Chinmay Tower, Opp.IOC Petrol Pump, Judges Bunglow Road, Bodakdev, Ahmedabad – 380054.

    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) – *The Company donated a Maruti Alto LXI car for use by Janvikas for its project Driverben.*

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) –** Two projects supported by your Company namely BOSCONET and Habitat for Humanity were spanning over two years i.e. FY 2020-21 and FY 2021-22, and hence some portion of funds allocated to these projects was spent in FY 2021-22. Your Company exercises prudence in selecting projects and implementation partners for its CSR activities. In many cases since the funding requirement of evaluated projects was tied-up, your Company could not spend entire amount as prescribed under the Act. Accordingly, the Company will transfer the un-allocated & unspent amount to a fund specified under Schedule VII of the Act.

R. Sridhar	**Naina Krishna Murthy**	**Amol Joshi**
(Executive Vice-Chairman & CEO)	(Chairman – CSR Committee)	Chief Financial Officer
DIN: 00136697	DIN: 01216114	

Annexure IV

CEO and CFO Compliance Certificate

To
The Board of Directors
IndoStar Capital Finance Limited

We, R. Sridhar, Executive Vice Chairman & CEO and Amol Joshi, Chief Financial Officer, hereby certify that:

a. we have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2021, and to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. to the best of our knowledge and belief, no transactions entered into by the Company during the year under review are fraudulent, illegal or violative of the Company's code of conduct.

c. we accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls, of which we are aware.

d. we have indicated to the Auditors and the Audit committee

   i. Significant changes, if any, in internal control over financial reporting during the year;

   ii. Significant changes, if any, in accounting policies during the year requiring disclosures in the notes to the financial statements of the Company; and

   iii. Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Amol Joshi
Chief Financial Officer

Place: Mumbai
Date: 17 June 2021

Annexure V

BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L65100MH2009PLC268160
2.	Name of the Company	IndoStar Capital Finance Limited
3.	Registered address	One World Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013
4.	Website	www.indostarcapital.com
5.	E-mail id	icf.legal@indostarcapital.com
6.	Financial Year reported	April 01, 2020 to March 31, 2021
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Non-Banking Financial Company engaged in lending and allied activities – NIC Code 649
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	Vehicle Finance Small and Medium Enterprise Finance Corporate Lending
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	Not Applicable
	(b) Number of National Locations	Apart from operating from Registered Office, your Company has an extended network of 208 branches spread across India
10.	Markets served by the Company – Local / State / National / International	Your Company serves Local, State and National Markets of India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital (₹)	135.80 crore
2.	Total Turnover (₹)	1,187.80 crore
3.	Total profit / (loss) after taxes (₹)	(241.47) crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer the Annual Report on Corporate Social Responsibility (CSR) Activities at **Annexure III** to the Board's Report.
5.	List of activities in which expenditure in 4 above has been incurred	

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company / Companies?**

   The Company has two wholly-owned subsidiaries:

   a. IndoStar Home Finance Private Limited

   b. IndoStar Asset Advisory Private Limited

2. **Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**

   Some of the BR initiatives of the Company are also implemented by the subsidiary companies.

3. **Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]**

   No. However, the Company encourages participation by its business associates and representatives in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR

(a)	Details of the Director / Directors responsible for implementation of the BR policy / policies	
	1. DIN Number	00136697
	2. Name	R. Sridhar
	3. Designation	Executive Vice-Chairman & CEO
(b)	Details of the BR head	
	1. DIN Number (if applicable)	–
	2. Name	Amol Joshi
	3. Designation	Chief Financial Officer
	4. Telephone number	+91 22 4315 7000
	5. e-mail id	icf.legal@indostarcapital.com

2. Principle-wise (as per NVGs) BR Policy / policies

The 9 principles outlined in the National Voluntary Guidelines are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance

No.	Questions	P 1	P 2	P 3	P 4	P 5	@P 6	P 7	P 8	P 9
1	Do you have a policy / policies for	Y	NA	Y	Y	Y	Y	NA	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	--	Y	Y	Y	Y	--	Y	Y
3	*Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	--	Y	Y	Y	Y	--	Y	Y
4	**Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	--	Y	Y	Y	Y	--	Y	Y
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	--	Y	Y	Y	Y	--	Y	Y
6	Indicate the link for the policy to be viewed online?	https://www.indostarcapital.com/investors-corner#investor-services								
7	#Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	--	Y	Y	Y	Y	--	Y	Y
8	^Does the company have in-house structure to implement the policy / policies.	Y	--	Y	Y	Y	Y	--	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	--	Y	Y	Y	Y	--	Y	Y
10	^Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	--	Y	Y	Y	Y	--	Y	Y

@Considering the nature of business of the Company, the Principle 6 may not be strictly applicable to the Company.

**the Policies are developed and aligned with applicable legal provisions including circulars, regulations, guidelines, notifications issued by the Securities and Exchange Board of India, the Reserve Bank of India, the Ministry of Corporate Affairs and best governance practices and standards adopted by Company.*

***the Policies have been approved by the Board of Directors of the Company and signed by persons authorized by the Board.*

#the Policies are hosted on the Company's website and on the Company's intranet for communicating to the relevant external / internal stakeholders.

^the Management Committee constituted by the Board of Directors of the Company assesses adequacy and implementation of codes / policies of the Company on an on-going basis. Implementation of codes and policies adopted by the Company is also assessed by an external audit firm.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task				Not Applicable					
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year

Annually.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Company publishes its BRR annually with the Annual Report for each year. The Annual Report is available on the Company's website at https://www.indostarcapital.com/investors-corner#investor-relations.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   The Company expressly advocates that commitment to corporate governance is essential for delivery of strategic priorities and enhancement of shareholder value. The Company conducts its business in compliance with applicable laws and regulations, fairness, mutual respect and integrity under a comprehensive Code of Conduct for Directors and Employees.

   The Company has also adopted an Anti-Corruption Policy to further affirm Company's zero-tolerance approach towards corruption and to conduct business in an honest and ethical manner by preventing and countering corruption in its business dealings, and covers every person connected with the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Investor Complaints

Complaints at the beginning of the year	:	0
Complaints received during the year	:	0
Complaints remaining unresolved at the end of the year	:	0
% of Complaints resolved	:	NA

Customer Complaints		
Complaints at the beginning of the year :	:	39
Complaints received during the year	:	268
Complaints remaining unresolved at the end of the year	:	29
% of Complaints resolved	:	90.55%

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

   The Company strives to provide credit solutions for growing corporates, emerging SME businesses, and catering to the aspirations of the growing customer base of Middle-India. Retail lending business focuses on customers currently underserved financially and the growing "Middle India" population, which aspires to improve its lifestyle and financial well-being. Loans given to middle India borrowers enable them to own assets and grow their businesses. The Vehicle Finance business largely focuses on lending against secured assets, while targeting the large underserved customer base across 20 states in India. The key focus customers in the SME Finance space are, traders, manufacturers, self-employed professionals and service businesses, a large portion of the portfolio comprising customers falling under the priority sectors.

   Also, in line with the Government's initiative on housing for all, the Company, through its subsidiary company IndoStar Home Finance Private Limited, provides affordable housing loans to economically weaker sections of society.

   While the Company empowers its customers, it also co-creates new opportunities for them to increase business through its products portfolio.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Not Applicable.

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Not Applicable.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Not Applicable. However considering prescence in various states accorss the Country, the Company endevours to procure goods and services for supporting functioning of branches, from local vendors.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   Not Applicable.

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees: **1,932**
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis: **330**
3. Please indicate the Number of permanent women employees: **156**
4. Please indicate the Number of permanent employees with disabilities: **1**
5. Do you have an employee association that is recognized by management: **No**
6. What percentage of your permanent employees are members of this recognized employee association? – **Not Applicable**
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?
   (a) Permanent Employees : **85%**
   (b) Permanent Women Employees : **8%**
   (c) Casual / Temporary / Contractual Employees: **15%**
   (d) Employees with Disabilities: **0.04%**

The SARS-CoV-2 virus responsible for COVID-19 outbreak, which has been declared a global pandemic by the World Health Organization, caused the nation to witness a complete lock-down in the last week of March 2020. In the background of this pandemic, your Company's priority has been safety of its employees and has taken the following employee engagement activities:

Creating Awareness:
Employees are being sensitised and educated about COVID-19 through regular emails and SMS since the few cases were reported in India.

Changes in Policy & Processes:
- Biometric attendance system has been discontinued due to the risks associated with COVID-19 spread.
- Activated Business Continuity Plan & Work from Home (WFH) policy.

Branch operations:
Branch opening has been done in a phased manner depending on local situation and rules set up the local governing authorities. Each branch is thoroughly sanitized before being opened for employees. Sanitization kits are being dispatched to branches being opened, so that adequate care is taken. Standard Operating Process (SOP) in easy to understand PPT format has detailed instructions for employees as well as precautions to be followed.

Employee Wellness
- Vaccination drives for employees were arranged in states having major impact of COVID-19;
- Employees who tested positive of COVID-19 were guided to get admitted and get a bed in network hospitals;
- Sessions on Maintainence of Health & Hygienic at work – Healthy Eating, Staying Hydrated, Virtual open mic sessions – a platform to help employees showcase their talent and Personal wellness were conducted for employees;
- Services of clinical psychologist were provided to extend emotional support to employees.

Care for Employees beyond work (COVID-19 care scheme for bereaved families)
Your Company extended support to families of deceased employees due to COVID-19 through following initiatives:

- Financial assistance with salary payment for 24 months subject to minimum of ₹ 10 lacs and maximum of ₹ 25 lacs;
- Education assistance upto ₹ 2 lacs per child for two children up to graduation or 21 years whichever is higher; mediclaim benefit for the family of deceased employee as per existing coverage for a period of 2 years for the spouse and 2 children;
- Consider spouse / children for suitable job roles based on Company's policy as per requisite qualification skills. Skill training entitlement of ₹ 2 lacs for spouse who don't avail of the employment opportunity or are not eligible;
- Awarness of statutory benefits to such families was made.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders? Yes / No**
   Yes.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**
   Yes.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**
   It is one of the objectives of the Company to enhance value creation in the society and the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and the community. Further, through partnerships with various recognized organisations engaged in social upliftment activities, the Company has supported various programs broadly in the field of education, women empowerment, health care, sanitation and environment protection. Details of such initiatives supported by the Company are listed at Annual Report on Corporate Social Responsibility (CSR) Activities at **Annexure III** to the Board's Report.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**
   The Company has adopted various policies to protect rights of not only its employees but all other stakeholders, some of the relevant policies are also implemented by the subsidiary companies.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**
   None with respect to violation of Human Rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment

Considering the nature of business of the Company, Principle 6 may not be strictly applicable to the Company.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors / NGOs / others.**
   The Company's Corporate Social Responsibility Policy lists down various fields which shall be explored by the Company for providing support as a part of its corporate social responsibility initiatives, which includes contributing towards environmental sustainability.

   In its effort of contributing towards environment protection, the Company has supported various organizations working in these fields and shall continue to look for more initiatives in these fields.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**
   The Company is engaged in the financial services sector and hence the Company's operations have no direct impact on the environment. However, the Company is vigilant on the need for conservation of the environment.

3. **Does the company identify and assess potential environmental risks? Y / N**
   Not Applicable.

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**
   Not Applicable.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.**
   Not Applicable.

6. **Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?**
   Not Applicable.

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
   None.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**
   During the year under review, the Company was a member of the Confederation of Indian Industries and South Indian Hire Purchase Association.

2. **Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**
   The Company endeavors to provide suggestions for development of the financial services sectors to various forums.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**
   The Company focuses to serve people who do not have easy access to the conventional banking system. The Vehicle Finance business largely focuses on lending to underserved customers in India. The key focus customers in the SME Finance space are traders, manufacturers, self-employed professionals and service businesses, with a large portion of the portfolio comprising customers falling under the priority sectors. Also, in line with the Government's initiative and focus on housing for all, the Company, through its subsidiary company IndoStar Home Finance Private Limited, focuses on providing affordable housing loans to economically weaker sections of society.

Further, the Company has adopted a Corporate Social Responsibility Policy which *inter-alia* lists down various fields which shall be explored by the Company for providing support as a part of its corporate social responsibility initiatives, which includes ensuring environmental sustainability. Please refer Annual Report on Corporate Social Responsibility (CSR) Activities at **Annexure III** to the Board's Report for details of various programs supported by the Company and its impact on the society.

2. **Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**
   During the year under review, the Company extended support through external agencies who have experience and expertise in their respective areas.

3. **Have you done any impact assessment of your initiative?**
   Yes. Update on impact of corporate social responsibility initiatives undertaken by the Company is placed before the Corporate Social Responsibility Committee and Board of Directors of the Company. Please refer Annual Report on Corporate Social Responsibility (CSR) Activities at **Annexure III** to the Board's Report for details of various programs supported by the Company and its impact on the society.

4. **What is your company's direct contribution to community development projects - Amount in ₹ and the details of the projects undertaken.**
   Please refer to Annual Report on Corporate Social Responsibility (CSR) Activities at **Annexure III** to the Board's Report for details of various programs supported by the Company, amount contributed and its impact on the society.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**
   Yes. The Company actively engages itself with its partnered agencies who execute the corporate social responsibility programs supported by the Company. Employees of the Company participate in the programs and assist the agencies in effectively executing their initiatives. The Company also closely monitors utilisation of the money granted for various programs and impact of each program on the target population. Basis the impact analysis of each program, the Company decides on the requirement of further support.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year.**
   29 customer complaints i.e. 9.45% of aggregate compliants outstanding at the beninging of the year and received during the year in the ordinary course of business, were pending to be resolved as on March 31, 2021.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)**
   Not Applicable.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**
   No.

4. **Did your company carry out any consumer survey / consumer satisfaction trends?**
   The Company has during the year under review, not carried out formal customer survey to evaluate customer satisfaction. The Company deals with its customers fairly and with transparency. In the Company's endeavor to ensure complete customer satisfaction, the Company has also established a formal process to ensure customer grievances, if any, are handled with responsibility and resolved satisfactorily.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD COMPOSITION

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

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

As on March 31, 2021, the Board of Directors of your Company comprised 8 Directors of which 3 were Non-Executive Independent Directors, 4 were Non-Executive Non-Independent Directors and 1 was Executive Director. The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read with Rules framed there under ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the circulars / directions / notifications issued by the Reserve Bank of India ("RBI Directions") and the Articles of Association of the Company. None of the Directors of your Company are related to each other. Non-Executive Directors do not hold any shares of the Company, except Mr. Dhanpal Jhaveri, who holds 1,000 equity shares of the Company, jointly with his spouse Ms. Neeru Jhaveri.

Skills / Expertise / Competencies of the Board of Directors

The diverse skills expertise and competencies of Board of Directors ensures that the Company retains its competitive advantage. The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business(es) for it to function effectively:

- Leadership
- Experience in the Financial Services Industry
- Strategic Planning
- Knowledge of Regulatory Environment
- Financial and Accounting Expertise
- Board Service, Corporate Governance and Risk Management
- Knowledge in the field of Information Technology

The Board composition represents an optimal mix of professionalism, knowledge, expertise and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business. Brief profile of the Directors is available on the Company's website at http://www.indostarcapital.com/board-of-directors.html and also forms part of this Annual Report.

The composition of the Board of Directors, including details of other directorship(s), committee membership(s) and chairmanship(s) of each Director on the Board of your Company as on March 31, 2021 are given below:

Name of Director	Category	Skills / expertise / competencies	*Number of Directorship(s) in other Companies	#Details of Directorships in other listed entities	@Number of Committee Membership (Chairmanship(s)) in other Companies
Mr. Bobby Parikh	Chairman & Non-Executive Independent Director	Taxation and Advisory to financial services industry and Strategic Transactions	7	Infosys Limited (Independent Director) Biocon Limited (Independent Director)	3(4)
Mr. R. Sridhar (Executive Vice-Chairman & CEO)	Whole-Time Director	Financial Services and Business Management	1	0	0
Mr. Dhanpal Jhaveri	Non-Executive Director	Investment Banking, Corporate Strategy, PE Investments and Mergers / Amalgamations	13	0	0
Mr. Hemant Kaul	Non-Executive Independent Director	Financial Services – Banking and Insurance sector, Business Management	9	- Transcorp International Limited (Independent Director) - Ashiana Housing Limited (Independent Director)	0(3)
Ms. Naina Krishna Murthy	Non-Executive Independent Director	Legal sector - corporate commercial law, specifically in the areas of mergers and acquisitions, joint ventures, collaborations and PE / VC investments	0	0	0
Mr. Vibhor Kumar Talreja	Non-Executive Director	Private Equity, Financial Services and Investment Banking	2	0	1(0)
Mr. Aditya Joshi	Non-Executive Director	Private Equity, Sectors – Financial Services, Healthcare, Technology and Consumer	1	0	1(0)
Mr. Munish Dayal	Non-Executive Director	Private Equity, Business Management, Financial Services, Technology and Commercial Real Estate	0	0	0

** Includes directorship(s) in public companies and private companies, but does not include directorship(s) in foreign companies.*
#Listed entities includes entities whose equity shares are listed on a recognised stock exchange(s).
@Includes membership(s) and chairmanship(s) in Audit Committee and Stakeholders' Relationship Committee in all public limited companies. Membership and Chairmanship in a Committee are counted only once i.e. if a Director is a Chairman of a Committee, he / she is not counted as Member separately.

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

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2021 have been debarred or disqualified from being appointed or continuing as director on the Board of the Company by the Securities and Exchange Board of India ("SEBI"), the Ministry of Corporate Affairs or any such statutory authority, is annexed to this Corporate Governance Report.

BOARD AND COMMITTEE MEETINGS

The schedule of the Board / Committee meetings to be held in a financial year is circulated in advance to enable the Directors / Committee Members to plan their schedule and ensure highest participation at Board / Committee Meetings. Directors are given an option of attending Board / Committee meetings through video conference or other audio-visual means in order to ensure effective decision making through increased participation. The agenda along with detailed notes are circulated to the Directors / Members well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused discussions at meetings of the Board and Committees. With a view to leverage technology and to contribute to environment conservation, your Company has adopted an electronic Board / Committee Meetings application where the agenda and all supporting documents are hosted online.

BOARD

During the year under review, 6 (six) meetings of the Board of Directors were convened and held on June 17, 2020, July 10, 2020, August 12, 2020, October 07, 2020, November 05, 2020 and February 04, 2021. The gap between two board meetings was within the limits prescribed under the Act and the Listing Regulations. The required quorum was present at all the above mentioned meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

Attendance of Directors at Board Meetings and Annual General Meeting ("AGM") of the Company held during financial year ended March 31, 2021 is given below:

Name of the Directors	No. of Meetings attended* (No. of Meetings held during tenure of directorship)	Attendance at the previous AGM
Mr. Bobby Parikh	6(6)	Yes
Mr. Dhanpal Jhaveri	6(6)	Yes
Mr. R. Sridhar	6(6)	Yes
*Mr. Shailesh Shirali	1(1)	Not Applicable
*Mr. Alok Oberoi	1(2)	Not Applicable
*Mr. Dinesh Kumar Mehrotra	1(2)	Not Applicable
Mr. Hemant Kaul	6(6)	Yes
Ms. Naina Krishna Murthy	4(6)	No
*Mr. Vibhor Kumar Talreja	5(5)	Yes
*Mr. Aditya Joshi	5(5)	Yes
*Mr. Sridhar Rengan	5(5)	Yes
*Mr. Munish Dayal	1(1)	Not Applicable

**Note:*

Mr. Shailesh Shirali, Whole-time Director, Mr. Dinesh Kumar Mehrotra, Non-Executive Independent Director and Mr. Alok Oberoi, Non-Executive Non-Independent Director, resigned from the Board of Directors of the Company from July 10, 2020.

Mr. Vibhor Kumar Talreja, Mr. Aditya Joshi and Mr. Sridhar Rengan were appointed as Non-Executive Non-Independent Directors from July 10, 2020. Mr. Rengan resigned as Non-Executive Non-Independent Director from February 04, 2021.

Mr. Munish Dayal was appointed as Non-Executive Non-Independent Director from February 04, 2021.

INDEPENDENT DIRECTORS

Independent Directors play a significant role in the governance processes of the Board of Directors. Professional and ethical conduct of Independent Directors promotes confidence of the investment community, particularly minority shareholders and regulators, in the institution of independent directors. As on March 31, 2021, the Board of your Company consisted of 3 (three) Independent Directors.

All the Independent Directors have affirmed compliance with the criteria of independence as stipulated in the Act and the Listing Regulations and have also confirmed their enrollment in the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Further, in the opinion of the Board of Directors, all the Independent Directors of the Company satisfy the criteria of independence specified in the Act and the Listing Regulations and are independent of the Company's Management.

During the year under review, Mr. Dinesh Kumar Mehrotra resigned from directorship as Non-Executive Independent Director of the Company with effect from July 10, 2020, due to pre-occupation on account of other professional commitments. Mr. Mehrotra further confirmed that there was no other material reason for his resignation except as mentioned above.

INDEPENDENT DIRECTORS MEETING

In terms of the Act and the Listing Regulations, a meeting of the Independent Directors was held on March 23, 2021 without the attendance of the Non-Independent Directors and members of the management of the Company. All the Independent Directors attended the meeting through video conference.

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

BOARD COMMITTEES

In terms of the RBI Directions, the applicable circular(s), regulation(s) and notification(s) issued by the SEBI, the applicable provisions of the Act and the Company's internal corporate governance standards, the Board of Directors has constituted various Committees mentioned herein below and the role of each Committee has been defined by the Board of Directors for effective functioning and governance within the Company. The Board of Directors has accepted and implemented the mandatory recommendations made by the Committee(s) during the year under review.

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

CREDIT COMMITTEE

Composition, Meetings and Attendance

The Credit Committee comprises Mr. Aditya Joshi, Mr. Dhanpal Jhaveri and Mr. R. Sridhar.

During the year under review, the Credit Committee met 4 (four) times on June 17, 2020, August 12, 2020, November 05, 2020 and February 04, 2021. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
*Mr. Shailesh Shirali	Chairman	1(1)
#Mr. Aditya Joshi	Chairman	3(3)
Mr. Dhanpal Jhaveri	Member	4(4)
Mr. R. Sridhar	Member	4(4)

**Ceased to be Chairman from July 10, 2020*
#Appointed as Chairman from July 10, 2020

Terms of reference

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

AUDIT COMMITTEE

Composition, Meetings and Attendance

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

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

During the year under review, the Audit Committee met 4 (four) times on June 17, 2020, August 12, 2020, November 05, 2020 and February 04, 2021. The required quorum was present at all the above meetings. The Chairman of the Audit Committee was present

at the last Annual General Meeting of the Company held on September 24, 2020. Also, during the year under review, the Committee met with the Statutory Auditors and Internal Auditors of the Company without presence of the members of management.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Bobby Parikh	Chairman	4(4)
*Mr. Dhanpal Jhaveri	Member	1(1)
Mr. Hemant Kaul	Member	4(4)
Ms. Naina Krishna Murthy	Member	3(4)
#Mr. Aditya Joshi	Member	3(3)

** Ceased to be a member from July 10, 2020*
 # Appointed as member from July 10, 2020

Terms of reference

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

ASSET-LIABILITY MANAGEMENT COMMITTEE ("ALCO")

Composition, Meetings and Attendance

The ALCO comprises Mr. R. Sridhar, Mr. Dhanpal Jhaveri, Mr. Munish Dayal and Mr. Amol Joshi.

During the year under review, the ALCO met 4 (four) times on June 17, 2020, August 12, 2020, November 05, 2020 and February 04, 2021. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the ALCO by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. R. Sridhar	Chairman	4(4)
Mr. Dhanpal Jhaveri	Member	4(4)
*Mr. Shailesh Shirali	Member	1(1)
#Mr. Sridhar Rengan	Member	2(3)
$Mr. Amol Joshi	Member	3(3)
@Mr. Munish Dayal	Member	0(0)

**Ceased to be a Member from July 10, 2020*
#Appointed as a Member on July 10, 2020 and ceased to be a member from February 04, 2021.
$Appointed as a Member from July 10, 2020
@Appointed as Member from February 04, 2021

Terms of reference

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

RISK MANAGEMENT COMMITTEE ("RMC")

Composition, Meetings and Attendance

The RMC comprises Mr. Hemant Kaul, Mr. R. Sridhar, Mr. Vibhor Kumar Talreja, Mr. Aditya Joshi, Mr. Amol Joshi and Mr. Mohit Mairal.

During the year under review, the RMC met 4 (four) times on June 17, 2020, August 12, 2020, November 05, 2020 and February 04, 2021. The required quorum was present at all the above meetings.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
*Mr. Dinesh Kumar Mehrotra	Chairman	1(1)
#Mr. Hemant Kaul	Chairman	4(4)
Mr. R. Sridhar	Member	4(4)
$Mr. Vibhor Kumar Talreja	Member	3(3)
$Mr. Aditya Joshi	Member	3(3)
Mr. Amol Joshi	Member	4(4)
@Mr. Prashant Joshi	Member	1(1)
^Mr. Nataraj Puroshathaman	Member	1(1)
&Mr. Mohit Mairal	Member	1(1)

** Ceased to be Chairman and a Member from July 10, 2020*
 # Appointed as Chairman from July 10, 2020
$ Appointed as a Member from July 10, 2020
@ Ceased to be a Member from July 10, 2020
^ Appointed as a Member from July 10, 2020 and Ceased to be a Member from November 05, 2020
& Appointed as a Member from November 05, 2020

Subsequent to the year under review, the RMC was reconstituted by appointment of Mr. Munish Dayal as a Member and cessation of Mr. Aditya Joshi as a Member of the Committee.

Terms of reference

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

NOMINATION & REMUNERATION COMMITTEE ("NRC")

Composition, Meetings and Attendance

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

During the year under review, the NRC met 4 (four) times on July 10, 2020, August 12, 2020, November 05, 2020 and February 04, 2021. The required quorum was present at all the above Meetings. The Chairman of the NRC was present at the last Annual General Meeting of the Company held on September 24, 2020. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
*Mr. Bobby Parikh	Chairman / Member	4(4)
Mr. Dhanpal Jhaveri	Member	4(4)
#Mr. Alok Oberoi	Member	0(1)
$ Mr. Hemant Kaul	Chairman / Member	4(4)
@ Mr. Aditya Joshi	Member	3(3)

** Stepped down from Chairmanship from July 10, 2020*
 # Ceased to be a Member from July 10, 2020
$ Designated as Chairman from July 10, 2020
@ Appointed as a Member from July 10, 2020

Terms of reference

The terms of reference of the NRC *inter-alia* includes: identifying personnel qualified to be appointed as Directors or in the Senior Management of the Company, formulating criteria for determining qualification, positive attributes, 'fit and proper' person status of Directors / senior management personnel and independence of Directors, deciding on specific remuneration packages and recommending policy on remuneration of the Executive Directors, the Non-Executive Directors (including the Independent Directors) and senior level employees, formulate criteria for evaluation of Directors, the Board and its Committee(s) and formulate and administer employee stock options plans of the Company.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

Composition, Meetings and Attendance

The CSR Committee comprises Ms. Naina Krishna Murthy, Mr. Bobby Parikh, Mr. Dhanpal Jhaveri, Mr. R. Sridhar and Mr. Munish Dayal.

During the year under review, the CSR Committee met once on August 12, 2020. The required quorum was present at the said meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meeting attended (No. of Meeting held during tenure of membership)
*Mr. Dinesh Kumar Mehrotra	Chairman	0(0)
#Ms. Naina Krishna Murthy	Chairperson	1(1)
Mr. Dhanpal Jhaveri	Member	1(1)
Mr. R. Sridhar	Member	1(1)
$ Mr. Bobby Parikh	Member	1(1)
@Mr. Sridhar Rengan	Member	1(1)
^ Mr. Munish Dayal	Member	0(0)

** Ceased to be Chairman and a Member from July 10, 2020*
 # Designated as Chairperson from July 10, 2020
$ Appointed as a Member from July 10, 2020
@ Appointed as a Member on July 10, 2020 and ceased to be be a Member from February 04, 2021
^ Appointed as a Member from February 04, 2021

Terms of reference

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

DEBENTURE COMMITTEE

Composition, Meetings and Attendance

The Debenture Committee comprises Mr. R. Sridhar, Mr. Amol Joshi and Mr. Pankaj Thapar.

During the year under review, the Debenture Committee met once on November 02, 2020. The required quorum was present at the said meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meeting attended (No. of Meeting held during tenure of membership)
*Mr. Dhanpal Jhaveri	Chairman	0(0)
Mr. R. Sridhar	Member	1(1)
#Mr. Shailesh Shirali	Member	0(0)
@Mr. Amol Joshi	Member	1(1)
@Mr. Pankaj Thapar	Member	1(1)

** Ceased to be Chairman and a Member from July 10, 2020*
 # Ceased to be a Member from July 10, 2020
@ Appointed as a Member from July 10, 2020

Subsequent to the year under review, the Debenture Committee was reconstituted by cessation of Mr. Pankaj Thapar as a Member of the Committee.

Terms of reference

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprises Mr. Dhanpal Jhaveri, Mr. R. Sridhar, Ms. Naina Krishna Murthy, Mr. Aditya Joshi and Mr. Bobby Parikh. Mr. Jitendra Bhati, Company Secretary acts as a Secretary of the Committee and is also the Compliance Officer of the Company.

During the year under review, the Stakeholders' Relationship Committee met once on August 12, 2020. All the members of the Committee were present at the said meeting. The Chairman of the Stakeholders' Relationship Committee was present at the last Annual General Meeting of the Company held on September 24, 2020.

Composition of the Stakeholders' Relationship Committee and the details of attendance by the Members at the meeting held during the year under review are as under:

Name of the Members	Status	No. of Meeting attended (No. of Meeting held during tenure of membership)
Mr. Dhanpal Jhaveri	Chairman	1(1)
Mr. R. Sridhar	Member	1(1)
*Mr. Dinesh Kumar Mehrotra	Member	0(0)
Mr. Bobby Parikh	Member	1(1)
#Ms. Naina Krishna Murthy	Member	1(1)
# Mr. Aditya Joshi	Member	1(1)

** Ceased to be a Member from July 10, 2020*
 # Appointed as a Member from July 10, 2020

Subsequent to the year under review, the Stakeholders' Relationship Committee was reconstituted by appointment of Mr. Munish Dayal as a Member and cessation of Mr. Aditya Joshi as a Member of the Committee.

Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee *inter-alia* includes: to oversee, monitor and address grievances of shareholders, debenture holders, investors and other security holders, perform

all functions relating to the interests of security holders of the Company, oversee the performance of the registrar and transfer agents of the Company, monitor transfer of transferable amounts to investor education protection fund, reviewing measures taken for effective exercise of voting rights by shareholders, reviewing measures taken for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

During the year under review, no complaints were received from investors / shareholders of the Company and no complaints were pending as on March 31, 2021.

IT STRATEGY COMMITTEE

Composition, Meetings and Attendance

The IT Strategy Committee comprises Mr. Bobby Parikh, Mr. R. Sridhar, Mr. Aditya Joshi, Mr. Amol Joshi, Ms. Jaya Janardanan and Chief Information Officer / Chief Technology Officer.

During the year under review, the IT Strategy Committee met twice on July 14, 2020 and September 17, 2020. The required quorum was present at both the meeting(s).

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Bobby Parikh	Chairman	2(2)
Mr. R. Sridhar	Member	1(2)
*Mr. Aditya Joshi	Member	1(2)
#Mr. Pankaj Thapar	Member	0(0)
$Mr. Prashant Joshi	Member	1(1)
Mr. Pradeep Kumar	Member	2(2)
Mr. Amol Joshi	Member	2(2)
@Ms. Jaya Janardanan	Member	0(0)

** Appointed as a Member from July 10, 2020*
 # Ceased to be a Member from July 10, 2020
$ Ceased to be a Member from August 12, 2020
@ Appointed as a Member from February 04, 2021

Subsequent to the year under review, the IT Strategy Committee was reconstituted by appointment of Mr. Munish Dayal as a Member and cessation of Mr. Aditya Joshi as a Member of the Committee.

Terms of Reference

The terms of reference of the IT Strategy Committee are guided by the prescriptions of the Master Direction - Information Technology Framework for the NBFC Sector issued by the Reserve Bank of India which *inter-alia* includes: to approve and monitor information technology ("IT") strategy and policy documents, monitor processes and practices to ensure IT delivers value to business, ensure that IT investments represent a balance of risks and benefits, determine the IT resources required to achieve strategic goals, providing high-level direction for sourcing and use of IT resources and managing IT related risks.

OTHER COMMITTEES
INTERNAL COMPLAINTS COMMITTEE

Composition and Meetings

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

The Internal Complaint Committee comprises Ms. Benaifer Palsetia (Presiding Officer), Ms. Sneha Singh, Ms. Jaya Janardanan, Mr. Amol Joshi and Ms. Srividya Sriram (External Member from an association committed to the cause of women). During the year under review, Mr. Nishant Kotak, Mr. Shailesh Shirali, Mr. Prashant Joshi, Mr. Nataraj Puroshathaman and Mr. Jayant Gunjal ceased to be Members and Ms. Jaya Janardanan was appointed as a Member of the Committee.

No complaints related to sexual harassment were received / were pending during the year under review.

Terms of Reference

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

GRIEVANCES REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee ("GRC") comprises Mr. R. Sridhar and Ms. Jaya Janardanan.

During the year under review, the Committee met once on August 12, 2020. All the Members were present at the said Meeting.

During the year under review, the GRC was reconstituted by appointment of Ms. Jaya Janardanan (Grievance Redressal Officer) as a Member in place of Mr. Prashant Joshi.

Terms of Reference

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

The status of the customer complaints pending at the beginning of the year, received during the year, redressed during the year and pending at the end of the year, forms part of notes to the standalone audited financial statements of the Company for the financial year ended March 31, 2021.

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

BANKING COMMITTEE

Composition and Meetings

The Banking Committee comprises Mr. R. Sridhar (Chairman), Mr. Amol Joshi, Mr. Pankaj Thapar and Mr. Jayant Gunjal.

During the year under review, the Committee met once on June 17, 2020. All the Members were present at the said Meeting.

During the year under review, the Banking Committee was reconstituted with effect from July 10, 2020 by designation of Mr. R. Sridhar as the Chairman, appointment of Mr. Jayant Gunjal as a Member and cessation of Mr. Dhanpal Jhaveri as Chairman and a Member of the Committee.

Subsequent to the year under review, the Banking Committee was reconstituted by cessation of Mr. Pankaj Thapar as a Member of the Committee.

Terms of Reference

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

INVESTMENT COMMITTEE

Composition and Meetings

The Investment Committee comprises the Chief Financial Officer, Head – Corporate Lending and Markets and Head – Debt Capital Markets.

The Committee meets on multiple occasions as and when required.

Terms of Reference

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

MANAGEMENT COMMITTEE, CORPORATE LENDING COMMITTEE AND RETAIL LENDING COMMITTEE

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

Composition:

The Management Committee comprises Mr. R. Sridhar, Mr. Pankaj Thapar, Mr. Amol Joshi, Mr. Deep Jaggi and Ms. Jaya Janardanan.

During to the year under review, Mr. Shailesh Shirali and Mr. Prashant Joshi, ceased to be Members of the Committee and Mr. Deep Jaggi and Ms. Jaya Janardanan were appointed as Members of the Committee.

Subsequent to the year under review, the Management Committee was reconstituted by cessation of Mr. Pankaj Thapar as a Member of the Committee.

The Corporate Lending Committee comprises Mr. R. Sridhar, Mr. Pankaj Thapar and Mr. Amol Joshi.

During the year under review, Mr. Dhanpal Jhaveri ceased to be Chairman and a Member and Mr. Shailesh Shirali ceased to be a Member of the Committee.

Subsequent to the year under review, the Corporate Lending Committee was reconstituted by cessation of Mr. Pankaj Thapar as a Member of the Committee.

The Retail Lending Committee comprises Mr. R. Sridhar, Mr. Pankaj Thapar, Mr. Amol Joshi and Mr. Deep Jaggi.

During the year under review, Mr. Dhanpal Jhaveri ceased to be Chairman and a Member and Mr. Prashant Joshi ceased to be a Member of the Committee and Mr. Deep Jaggi was appointed as a Member of the Committee.

Subsequent to the year under review, the Retail Lending Committee was reconstituted by cessation of Mr. Pankaj Thapar as a Member of the Committee.

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

Terms of Reference:

Management Committee

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

Corporate Lending Committee

The terms of reference of the Corporate Lending Committee *inter-alia* includes the following with respect to the corporate lending business of the Company: examining credit proposals and recommending the same to the Credit Committee for its approval, approve deviations to sanctioned credit proposals, ensure adequate security / encumbrance is created / registered in favour of the Company, approve / recommend amendment(s) to / adoption of various relevant policies / manuals, approve deployment of funds in terms of Treasury Policy, approve proposals under Short Term Loan Programme and Sell Down Mandate of the Company, authorize officials of the Company to do all such acts, deeds, matters and things and exercise all rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, update and report to the Credit Committee and to do all other acts, deeds and things, which do not require specific approval of the Board of Directors / Credit Committee.

Retail Lending Committee

The terms of reference of the Retail Lending Committee *inter-alia* includes the following with respect to the retail lending business segments of the Company: adopting / revising relevant policies, approving appointment of various agencies / vendors, approving or modifying various agreement(s), document(s) & contract(s), undertaking all or any business and / or operational activities, authorize officials of the Company to do all such acts, deeds, matters and things and exercise all rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, and updating / reporting to the Credit Committee.

CODES AND POLICIES

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

Internal Guidelines on Corporate Governance

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

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

Fair Practices Code

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

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

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

Investment and Loan Policy

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

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

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

Policy on Single / Group Exposure Norms

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

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

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

In terms of the circular(s) and direction(s) on KYC Norms and AML Measures issued by the Reserve Bank of India including Know Your Customer (KYC) Direction, 2016, the Prevention of Money Laundering Act, 2002 and rules made thereunder, the Board of Directors adopted a 'KYC & AML Policy' which *inter-alia* incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT").

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

Risk Framework and Policy

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

Internal Control Framework

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

Interest Rate Policy

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

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

the range prescribed in the Interest Rate Policy. The Interest Rate Policy is available on the website of the Company.

Asset Liability Management Policy ("ALCO Policy")
During the year under review, the ALCO Policy was amended to align with the requirements of the Liquidity Risk Management Framework prescribed vide RBI NDSI Directions to *inter-alia* strengthen and raise the standard of the Asset Liability Management (ALM) framework of the Company.

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

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

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

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

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

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

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

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

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

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

The Policy on Selection Criteria / "Fit & Proper" Person Criteria is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

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

arrangements depending on risks and materiality, and systems to monitor and review the operations of the outsourced activities.

Information Technology related Policies and Processes

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

Policy on Co-Lending with Banks

In line with Reserve Bank of India's guidelines on Co-Lending by Banks and NBFCs to Priority Sector, whereby banks could engage with NBFCs for co-lending to priority sectors (Co-Lending Guidelines), the Board of Directors adopted a 'Policy on Co-lending with Banks' to enable the Company to explore opportunities of co-financing priority sectors loans with Banks.

Policy on Independence of Chief Risk Officer of the Company

In terms of requirements of the RBI NDSI Directions, the Board of Directors of the Company adopted 'Policy on Independence of Chief Risk Officer (CRO)' *inter-alia* prescribing the norms including reporting channels for CRO, to ensure his independence from the executive management of the Company.

Policy on Staff Accountability with regard to Quick Mortality Loan Accounts

In order to outline a mechanism for dealing with early mortality loan accounts *inter-alia* including identification, enquiry and investigation and action to be taken with respect to relevant borrower / vendor / employee, the Board of Directors have put in place a 'Policy on Staff Accountability' with with regard to Quick Mortality Loan Accounts.

MSME Restructuring Policy

In line with various relaxations notified by the Reserve Bank of India ("RBI") to address systemic risk across MSME borrowers that come under stress due to events like demonitisation, implementation of GST and disruption caused due to COVID-19 pandemic, the Board of Directors have adopted an 'MSME Restructuring Policy'. The Policy is amended / updated from time to time in line with new guidelines, as and when prescribed by RBI.

COVID-19 Moratorium Policy

In recognition of the fact that it was important to mitigate the burden of debt servicing brought about by disruptions on account of the fall-out of the COVID-19 pandemic and ensure continuity of viable businesses, in line with RBI circulars issued in this regard, the Board of Directors of the Company adopted a COVID-19 Moratorium Policy – I & II, to provide moratorium to eligible borrowers in payment of principal and interest *inter-alia* outlining the eligibility of borrowers, loan products covered, key features, asset classification guidelines and implementation plan of moratorium to be granted to eligible borrowers.

Deferment of Date of Commencement of Commercial Operations and shift in repayment schedule of Loans for projects in Non Infrastructure and Commercial Real Estate (CRE) Sectors

In line with RBI circular permitting NBFCs to defer the Date of Commencement of Commercial Operations (DCCO) for project and commercial real estate loans, the Board of Directors adopted a 'Policy on Deferment of Date of Commencement of Commercial Operations and shift in repayment schedule of Loans for projects in Non-Infrastructure and Commercial Real Estate (CRE) Sectors', in order to pass on the benefit of the relaxations to the borrowers.

Expected Credit Loss ("ECL") Policy

In order to promote quality and consistent implementation of Accounting Standards as well as to facilitate comparison and better supervision of the financial parameters of the Company, RBI notified guidance on implementation of Indian Accounting Standards by NBFCs. In line with the RBI circular and outline sound methodologies that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures commensurate with the size, complexity and risk profile specific to the NBFC and for computation of Expected Credit Losses, the Board of Directors adopted the 'ECL Policy'

Whistle Blower Policy / Vigil Mechanism

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

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

or policies of the Company and provides adequate safeguards against victimization of persons who use such mechanism. The mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee. The Whistle Blower Policy / Vigil Mechanism is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Further, in order to digitize the process of registering a complaint and to maintain a complete record of a case till its closure, during the year under review, the Company implemented and disseminated to all its employees, an online platform and telephonic hotline no. for registration of complaints.

Related Party Transaction Policy

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

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

Code of Conduct for Directors & Employees

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

All the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for Directors and Employees for the year under review. A declaration to that effect, from Mr. Sridhar, the Executive Vice-Chairman & CEO of the Company, is annexed to this Corporate Governance Report.

Policy for Determining Material Subsidiary

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

Policy for Determination of Materiality of Events and Information

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determination of Materiality of Events and Information', which *inter-alia* sets out guidelines for determining materiality of events / information for the purpose of disclosure to the stock exchanges and identifies officers of the Company who shall be authorized to make necessary disclosures to the stock exchanges. The Policy for Determination of Materiality of Events and Information is available on the website of the Company.

Archival Policy

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

Policy on Diversity of Board of Directors

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

Remuneration Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted the 'Remuneration Policy' covering aspects relating to remuneration to be paid to Directors including criteria for making payment to Executive and Non-Executive Directors, senior management including key managerial personnel and other employees of the Company. During the year under review, the Remuneration Policy was amended to *inter-alia* add details on guaranteed bonus & recovery of annual bonus and modification of salary structure in accordance with prevailing tax laws.

The Remuneration Policy is adopted to *inter-alia* ensure that remuneration paid by the Company is in compliance with the requirements of the applicable law(s) and relationship of remuneration to performance is clear and meets appropriate

performance benchmarks. The Remuneration Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Mentioned below are details of sitting fees paid to Non-Executive Independent Directors for attending Board and Committee Meetings held during the year under review:

(₹ In lacs)

Name of the Directors	Sitting Fees
Mr. Bobby Parikh	8.35
*Mr. Dinesh Kumar Mehrotra	1.00
Mr. Hemant Kaul	8.35
Ms. Naina Krishna Murthy	4.95

** Mr. Dinesh Kumar Mehrotra resigned as Non-Executive Independent Director from July 10, 2020.*

The Nomination and Remuneration Committee and Board of Directors of the Company have approved payment of remuneration of ₹ 10 lacs to each Independent Director of the Company for financial year 2020-21, subject to approval of shareholders of the Company at the ensuing Annual General Meeting of the Company.

Non-Executive Directors were not paid any remuneration during the year under review except sitting fees paid to Independent Directors. The criteria for making payment to Non-Executive Directors including Independent Directors are prescribed in the Remuneration Policy which is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

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

Remuneration of Executive Director: Mr. R. Sridhar was appointed as Whole-time Director of the Company for a period of five years with effect from April 18, 2017. Further, in terms of the Management Contract executed with Mr. R. Sridhar governing his remaining tenure as Whole-time Director of the Company i.e. till April 17, 2022, Mr. Sridhar is entitled to gross salary of ₹ 3.20 crore per annum and fixed bonus of ₹ 6.80 crore per annum. The Management Contract can be terminated by the Company without any cause by giving 6 months' notice in writing or payment of salary in lieu thereof and by Mr. Sridhar by giving 6 months' notice in writing. There is no separate provision for payment of severance fees. As on March 31, 2021, Mr. Sridhar held 34,11,500 stock options of the Company.

Mr. Shailesh Shirali, Ex-Whole-time Director of the Company, who resigned with effect from July 10, 2020, was paid remuneration of ₹ 88.07 lacs for his tenure in the Company during financial year 2020-21.

Employee Loan Policy

In order to strengthen Company's ability to attract and retain high quality talent the Board of Directors of the Company adopted a Policy on Loans to Employees ("EL Policy") of the Company and its majority owned subsidiaries. All employees including Executive Directors, of the Company and its majority owned subsidiaries are covered under the EL Policy.

Record Retention Policy

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

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

Dividend Distribution Policy

In terms of the Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organisation, the Board of Directors adopted a 'Dividend Distribution Policy' in line with Company's idea of meeting the long term capital requirement from internal cash accruals and appropriately rewarding shareholders. The Dividend Distribution Policy prescribes parameters to be considered for declaring / recommending dividend and sets out indicative range and frequency of dividend pay-out.

The Dividend Distribution Policy of the Company is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Familiarisation Programme for Independent Directors

The Independent Directors of your Company were familiarised *inter-alia* with the industry in which your Company and its subsidiaries operate, the Company's business model and its operations in order to give them an insight into the Company's business and its functioning. The Independent Directors were also familiarised with their functioning roles, rights and responsibilities as Independent Directors. Details of the familiarisation programmes imparted to Independent Directors during the year under review is available on the website of the Company at

https://www.indostarcapital.com/investors-corner#investor-services.

Business Responsibility Policy

In terms of the provisions of the Listing Regulations and National Voluntary Guidelines on Social, Environmental and Economic responsibilities of a Business published by the Ministry of Corporate Affairs governing conduct of companies, the Board of Directors adopted a 'Business Responsibility Policy' to set out a unified and common approach to the dimensions of business responsibility across the organisation.

Corporate Social Responsibility ("CSR") Policy

In terms of the provisions of the Act, the Board of Directors adopted a 'CSR Policy' which helps towards contribution and furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate citizen.

The CSR Policy of the Company *inter-alia* indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company.

During the year under the review, the CSR policy was amended to *inter-alia* align the policy with amendments in the Act.

The CSR Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Board Performance Evaluation Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted a Board Performance Evaluation Policy to set out a formal mechanism for evaluating performance of the Board, that of its Committee(s) and individual Directors including the Chairman. Additionally, in order to outline detailed process and criteria for performance evaluation, the Nomination and Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

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

- A structured questionnaire prepared in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process, *inter-alia* setting out criteria for evaluation of performance of the Board collectively, individual non-independent directors and the Chairperson, was circulated to the Independent Directors. Performance ratings were given by the Independent Directors on the questionnaire circulated for each category to be evaluated by them at their separate meeting held.

- Based on Independent Directors feedback on the questionnaires, the Independent Directors, at their separate meeting, evaluated the performance of Non-Independent Directors, the Board as a whole and the Chairman;

- Further, based on evaluation by Independent Directors and in light of the criteria prescribed in the Performance Evaluation Process, the Board analysed and evaluated its own performance, that of its Committees and each Director including the chairman.

Performance Evaluation Criteria for Independent Directors

The Performance Evaluation Process adopted by the Nomination & Remuneration Committee *inter-alia* prescribe criteria for performance evaluation of Independent Directors.

In terms of the performance evaluation process, performance of Independent Directors is to be evaluated broadly on parameters such as contribution towards strengthening corporate governance, financial reporting, development of strategy and risk management; relationship with other Board members; attendance and participation at the meetings of the Board, Committees and shareholders; understanding of the sector in which the Company operates, keeping up-to-date information about the Company and external environment in which it operates, latest developments in areas such as corporate governance, financial reporting and applicable regulatory aspects; level of integrity and confidentiality maintained by them, compliance with the Code of Conduct for Independent Directors, fulfillment of the prescribed Independence criteria and independence from the Management.

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

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and in order to maintain highest standards whilst dealing with confidential and unpublished price sensitive information of the Company and in order to ensure uniform dissemination of unpublished price sensitive information, the Board of Directors adopted (i) a

'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'; and (ii) a self-regulated 'Code of Conduct for Prohibition of Insider Trading and Internal Procedures'.

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

Code for Independent Directors

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

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

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

Anti-Corruption Policy

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

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

Compliance Process

Your Company believes that an effective compliance process is an important element of the corporate governance structure in any organisation. In order to promote a culture of valuing compliance, the Board of Directors adopted a 'Compliance Process' which demonstrates in clear terms the commitment of the Company to the high standards of ethics and approach towards compliance with the laws, industry practices and internal policies / processes / codes of the Company, which impact its functioning.

Media Communication Policy

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

Care and Dignity Policy

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

GENERAL BODY MEETINGS

For Financial Year	Date	Time	Special Resolutions passed	Venue
2017-2018	September 27, 2018	11:00 a.m.	• Increase in borrowing Limits for the Company • Issue of non-convertible debentures under private placement basis • Ratification and amendment of IndoStar ESOP Plan 2012, IndoStar ESOP Plan 2016, IndoStar ESOP Plan 2016-II, IndoStar ESOP Plan 2017 and IndoStar ESOP Plan 2018 (IndoStar ESOP Plans) • Ratification of IndoStar ESOP plans for grant of options to the eligible employees of subsidiary companies / holding company • Alteration to the Articles of Association of the Company	Ravindra Natya Mandir, P.L. Deshpande Maharashtra Kala Academy, near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400025
2018-19	August 30, 2019	3:00 p.m.	• Re-appointment of Mr. Bobby Parikh as a Non-Executive Independent Director of the Company • Increase in Borrowing Limits of the Company • Issue of non-convertible debentures under private placement • Increase in aggregate limit of investment and holding by Foreign Portfolio Investors in the Equity Share Capital of the Company • Sale / Assignment / Securitisation of loan receivables of the Company upto ₹ 5,000 crore in a Financial Year	Hall of Culture, Nehru Centre Conference Hall, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2019-20	September 24, 2020	11:30 a.m.	• Issue of Non-Convertible Debentures under Private Placement for aggregate principal amount not exceeding ₹ 10,000 crore, during a year • Policy on loans to employees of the Company and its Subsidiaries • Waiver of recovery of excess managerial remuneration paid to Mr. R. Sridhar, Executive Vice-Chairman & Chief Executive Officer of the Company • Waiver of recovery of excess managerial remuneration paid to Mr. Shailesh Shirali, former Whole-time Director of the Company. • Approval of Contract executed with Mr. R. Sridhar, Whole-time Director of the Company • Amendment of IndoStar ESOP Plan 2012 • Amendment of IndoStar ESOP Plan 2016	Held through Video Conferencing / Other Audio Visual Means

For Financial Year	Date	Time	Special Resolutions passed	Venue
			• Amendment of IndoStar ESOP Plan 2016 — II • Amendment of IndoStar ESOP Plan 2017 • Amendment of IndoStar ESOP Plan 2018 • Amended IndoStar ESOP Plan(s) - Grant of options to the eligible employees of subsidiary companies / holding company • Adoption of Restated Articles of Association of the Company	

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

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

MEANS OF COMMUNICATION

- Quarterly and annual financial results of the Company are disseminated to stock exchanges and hosted on Company's website;
- Quarterly and annual financial results are published in Free Press Journal and Navshakti, as required under applicable law;
- Presentations and media releases on financial position and important events / material developments of the Company are issued by the Company for information of investors;
- The Company arranges for investors calls / conferences for discussing financial position of the Company from time to time;
- The shareholders can also access the details of corporate governance policies, Board committees, financial information, shareholding information, details of unclaimed dividends, etc. on the Company's website;
- Institutional investors / analysts presentations and media releases are submitted to the stock exchanges and are also hosted on the Company's website.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting - Date, Time and Venue	12th Annual General Meeting Date: September 28, 2021 Time: 11 a.m. (IST) Mode of conducting the meeting: Video conferencing / other audio visual means
Financial Year	April 01 to March 31
Dividend Payment Date	Not applicable
Date of Book Closure	Wednesday, September 22, 2021 to Tuesday, September 28, 2021 (both days inclusive)
Listing on Stock Exchanges	The BSE Limited ('BSE") (Equity Shares and Non-Convertible Debentures) Phiroze Jeejeeboy Towers, Dalal Street, Fort, Mumbai - 400 001 The National Stock Exchange of India Limited ("NSE") (Equity Shares) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Payment of Annual Listing Fees	Requisite Annual Listing Fees has been paid to both the Stock Exchanges.

Stock Code	BSE: 541336 NSE: INDOSTAR
In case the Securities are Suspended from Trading, the Directors Report shall explain the Reason thereof	Not applicable
Registrar and Transfer Agents	Link Intime India Private Limited Address: C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Telephone: +91 22 49186270 Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in
Share Transfer System	In terms of the Listing Regulations w.e.f April 01, 2019, the Equity Shares of the Company can be transferred only in dematerialised form, except in case of request received for transmission or transposition of securities, which shall be approved by the Stakeholders Relationship Committee.
Dematerialisation of Shares and Liquidity	Equity shares of the Company are available for trading only in dematerialised form under both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE896L01010. As on March 31, 2021, out of 12,37,30,329 Equity Shares, 12,37,30,303 Equity Shares of the Company (99.99% of the Equity Share of the Company) were held in dematerialized form.
Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity	The Company has not issued any global depository receipts or American depository receipts or warrants or any other convertible instruments.
Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	Not applicable
Utilisation of Funds raised through Preferential Allotment / Qualified Institutions Placement	During the year under the review, the Company raised ₹ 1,225 crore by way of preferential allotment of equity shares and compulsorily convertible preference shares to BCP V Multiple Holdings Pte. Ltd. on May 27, 2020. The funds were utilized for the purposes for which they were raised.
Plant Locations	Since the Company is engaged in the business of providing financial services, the Company does not have any manufacturing plant. It operates from its Registered & Corporate Office and branches located at different places throughout India.
Address for Correspondence	Mr. Jitendra Bhati Company Secretary & Compliance Officer One World Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013. Telephone: +91 22 43157000; Fax: +91 22 43157010; Email id: investor.relations@indostarcapital.com

List of Credit Ratings along with any revisions during the financial year	**LONG TERM**	
	Debt Programme	
	CARE Ratings Limited	CARE AA-
	CRISIL Ratings Limited	CRISIL AA-
	India Ratings & Research Private Limited (Fitch Group)	IND AA-
	Market Linked Debentures	
	CARE Ratings Limited	CARE PP-MLD AA-
	SHORT TERM DEBT PROGRAMME / COMMERCIAL PAPER:	
	CARE Ratings Limited	CARE A1+
	ICRA Limited	[ICRA] A1+
	CRISIL Ratings Limited	CRISIL A1+
	Subsequent to the year under review, upon request by the Company for voluntary withdrawal of rating, India Ratings and Research Private Limited re-affirmed and withdrew rating assigned to the long term debt program of the Company.	

Distribution of Shareholding as on March 31, 2021:

Sr. No.	No. of Equity Shares - Range	Shareholders		Shareholding	
		No. of equity shareholders	% of total equity shareholders	No. of equity shares held	% of total equity shares
1	1 - 500	82,414	99.27	27,37,741	2.21
2	501 - 1000	345	0.42	2,58,346	0.21
3	1001 - 2000	130	0.16	1,91,541	0.15
4	2001 - 3000	49	0.06	1,24,164	0.10
5	3001 - 4000	16	0.02	57,901	0.05
6	4001 - 5000	11	0.01	50,380	0.04
7	5001 - 10000	21	0.03	1,43,063	0.12
8	10001 & above	36	0.04	12,01,67,193	97.12
Total		**83,022**	**100.00**	**12,37,30,329**	**100.00**

Shareholding Pattern as on March 31, 2021:

Sr. No.	Category of Shareholder	No. of equity shares	% of total equity shares
A	**Promoter & Promoter Group**		
1	Promoter	11,20,07,900	90.53
2	Promoter Group	34,48,005	2.79
	Total (A)	**11,54,55,905**	**93.31**
B			
1	Mutual Funds	7,04,418	0.57
2	Alternative Investment Fund	-	-
3	Foreign Portfolio Investors	56,007	0.05
4	Financial Institutions / Banks	-	-
4	Insurance Companies	26,21,113	2.12
5	Individuals	40,49,624	3.27
6	Non-Resident Indians	1,29,487	0.10
7	Foreign Nationals	450	Negligible
8	Bodies Corporate	4,93,533	0.40
9	Others	2,19,792	0.18
	Total (B)	**82,74,424**	**6.69**
Total (A+B)		**12,37,30,329**	**100.00**

Monthly high and low prices of equity shares of the Company during the financial year ended March 31, 2021:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2020	279.90	245.00	272.00	242.75
May 2020	285.65	251.05	286.10	266.00
June 2020	287.90	254.90	287.80	255.00
July 2020	287.50	240.65	289.00	240.35
August 2020	332.00	238.10	331.20	237.60
September 2020	315.00	255.00	317.00	254.00
October 2020	296.70	277.90	297.35	278.25
November 2020	306.80	276.00	308.90	275.40
December 2020	412.00	293.95	423.80	294.90
January 2021	347.25	307.75	347.70	308.00
February 2021	365.00	314.80	365.00	304.00
March 2021	380.00	308.95	382.00	309.00

Performance of Company's equity shares as compared with S&P BSE SENSEX during Financial Year ended March 31, 2021:

Performance of Company's equity shares as compared with NSE NIFTY 50 during Financial Year ended March 31, 2021:

OTHER DISCLOSURES

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

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

Compliance with Mandatory Requirements and adoption of the Non-Mandatory Requirements of Corporate Governance:
The Company has complied with the mandatory requirements including requirements of corporate governance norms as specified in Regulation 17 to Regulation 27 and clauses (b) to clause (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of schedule V of the Listing Regulations, as applicable to the Company for financial year ended March 31, 2021. A certificate from H Choudhary & Associates, Practicing Company Secretary, to that effect is annexed to this Corporate Governance Report. The Company has adopted the following non-mandatory requirements of the Listing Regulations:

- The Board of Directors of the Company has resolved not to pay any remuneration to the Chairman to act in the capacity of the Chairman;
- Audit Report on the standalone and consolidated financial statements of the Company for the financial year ended March 31, 2021 is unqualified;
- The positions of Chairperson and that of Chief Executive Officer, respectively, are held by two different persons.
- The internal auditors of the Company report directly to the Audit Committee of the Board.

Payment made to Statutory Auditor of the Company
Total fees for all services by the Company and its subsidiaries paid to statutory auditors during the year under review:

₹ in lacs

Services / Particulars	Amount
*Statutory and Tax Audit	53.09
Certification	6.18
Other services	6.33

** including payment to predecessor auditors of ₹ 10.09 lacs*

Disclosure with respect to demat suspense account / unclaimed suspense account:
No equity shares of the Company were lying in demat suspense account / unclaimed suspense account as on March 31, 2021.

DECLARATION BY THE EXECUTIVE VICE-CHAIRMAN & CEO OF THE COMPANY UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE LISTING REGULATIONS

I, R. Sridhar, Executive Vice-Chairman & CEO of IndoStar Capital Finance Limited hereby declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for Directors and Employees for the financial year ended March 31, 2021.

Place: Mumbai
Date: August 25, 2021

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

Certificate of Non-Disqualification of Directors pursuant to point 10(i) of paragraph C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records maintained by IndoStar Capital Finance Limited ("the Company") and disclosures, notices and confirmations submitted by Directors of the Company, for the purpose of issuing a certificate under Regulation 34 (3) read with point 10(i) of paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for financial year ended March 31, 2021.

In our opinion and to the best of our knowledge, based on the information furnished to us by the Company and the Directors of the Company and based on necessary verification by us, we certify that none of the following Directors, who were on the Board of Directors of the Company as on March 31, 2021, have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	Director Identification Number
1.	Mr. Bobby Parikh	00019437
2.	Mr. R. Sridhar	00136697
3.	Mr. Hemant Kaul	00551588
4.	Ms. Naina Krishna Murthy	01216114
5.	Mr. Dhanpal Jhaveri	02018124
6.	Mr. Vibhor Kumar Talreja	08768297
7.	Mr. Aditya Joshi	08684627
8.	Mr. Munish Dayal	01683836

For H Choudhary & Associates
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN Number: F008274C000833219

Place: Mumbai
Date: August 25, 2021

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records of IndoStar Capital Finance Limited ("the Company") for the purpose of certifying compliance of conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") as applicable, for financial year ended March 31, 2021.

Compliance of conditions of Corporate Governance under the Listing Regulations as mentioned above is the responsibility of the management of the Company. Our examination was limited to procedures adopted by the Company and implementation thereof for ensuring compliance of the conditions of Corporate Governance under the Listing Regulations. This certificate is neither an audit nor an expression of opinion on financial statements of the Company for the year ended March 31, 2021.

In our opinion based on the information and the explanations furnished to us by the Company, its officers, agents and authorized representative, we certify that the Company has during the financial year ended March 31, 2021 complied with the conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Listing Regulations.

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

For H Choudhary & Associates
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN Number: F008274C000833230

Place: Mumbai
Date: August 25, 2021

STANDALONE FINANCIALS

INDEPENDENT AUDITOR'S REPORT

To
The Members of
IndoStar Capital Finance Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **IndoStar Capital Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Note 31(F) of the standalone financial statements, in which the Company describes the continuing uncertainties arising from the COVID 19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Allowances for Expected Credit Losses (ECL):** (Refer Notes 2.3(f)(i) and 5 to the standalone financial statements) As at March 31, 2021, loan assets aggregated ₹ 6,692.46 crore (net of ECL ₹ 685.11 crore), constituting 68% of the Company's total assets which are measured at amortised cost. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for expected credit losses ("ECL") on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement.	Principal audit procedures performed: We have read and assessed the accounting policies and the governance framework approved by the Board of Directors of the Company including the policy with respect of one-time restructuring offered to customers pursuant to the Resolution Framework issued by RBI. We have verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on loan assets measured at amortised cost.

As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following:

- Staging the loan assets i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories
- Basis used for estimating Probabilities of Default ("PD");
- Basis used for estimating Loss Given Default ("LGD");
- Adjustments to model driven ECL results, to address emerging trends including the impact of COVID19 pandemic.

Our audit procedures related to the allowance for ECL included the following, among others:

- Testing the design and effectiveness of internal controls over the:
  - completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied.
  - appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and
  - computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model including the impact of COVID19 pandemic.
- Also, for selected sample of loan assets:
  - we have tested the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one-time restructuring.
  - we tested the input data used in estimating the PD;
  - we evaluated reasonableness of LGD estimates.
- We tested the mathematical accuracy and computation of the allowances.
- We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the management discussion and analysis and Board's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The management discussion and analysis and Board's report and its annexures are expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read management discussion and analysis and Board's report and its annexures, if we conclude that there is a material misstatement

therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 including other comprehensive income , cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the standalone financial statements.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Company as of and for the year ended March 31, 2020 prepared in accordance with Ind AS included in this standalone financial statement have been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated June 17, 2020 expressed an unmodified opinion.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind-AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      - We draw attention to Note 32 of the standalone financial statements regarding excess remuneration paid to the whole-time director amounting to ₹ 0.44 crore for the year ended March 31, 2021 in terms of the prescribed limits under section 197 read with Schedule V to the Act, is subject to approval of the shareholders which the Company proposes to obtain at the forthcoming annual general meeting. Our opinion is not modified in respect to this matter.

   h. 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, as amended 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 standalone 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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Mukesh Jain
(Partner)
(Membership No. 108262)
(UDIN: 21108262AAAALK3406)

Place: Mumbai
Date: 17 June 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS 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 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 of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's 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, to the best of our information and according to the explanations given to us 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, 2021, based on the criteria for internal financial control over financial reporting established by the respective 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Mukesh Jain
(Partner)
(Membership No. 108262)
(UDIN: 21108262AAAALK3406)

Place: Mumbai
Date: 17 June 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(i)(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(i)(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered conveyance deed / provided to us, we report that, immovable properties of land whose title deeds have been pledged as security for loans, are held in the name of the Company based on the relevant document which evidences title.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) 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.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans to director, investments made and guarantees provided. The Company has not provided any security to the parties covered under Section 185 and 186 of the Act.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) Having regard to the nature of the Company's business, reporting under clause (vi) of CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(vii)(a) The Company has been generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Sales tax, Custom Duty, Excise Duty, Value Added Tax and corresponding cess during the year.

(vii)(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable. The provisions relating to Sales Tax, Custom Duty, Excise Duty, Value Added Tax and corresponding cess is not applicable to the Company.

(vii)(c) There are no dues of Income-tax and Goods and Service Tax as on March 31, 2021 on account of disputes. The provisions relating to Sales Tax, Custom Duty, Excise Duty and Value Added Tax is not applicable to the Company.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and debenture holders.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of debt instruments in the nature of debentures and commercial papers and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

The Company has not raised any monies by way of initial public offer / further public offer.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Act for the year ended March 31, 2021, except for ₹ 0.44 crore of remuneration paid to the whole-time director which is in excess of the limits prescribed under Section 197 read with Schedule V of the Act. As per the provisions of the Companies Act, 2013 the excess remuneration is subject to approval of the shareholders which the Company proposes to obtain in the forthcoming annual general meeting.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review.

In respect of the above, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-I of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Mukesh Jain
(Partner)
(Membership No. 108262)
(UDIN: 21108262AAAALK3406)

Place: Mumbai
Date: 17 June 2021

BALANCE SHEET

as at March 31, 2021

(Currency : Indian Rupees in Lakhs)

	Particulars	Note	As at March 31, 2021	As at March 31, 2020
I.	**ASSETS**			
	Financial assets			
	Cash and cash equivalents	3	26,862.05	14,703.53
	Bank balances other than cash and cash equivalents	4	23,836.32	37,669.22
	Loans	5	6,69,245.71	8,07,368.92
	Investments	6	1,78,848.94	43,183.65
	Other financial assets	7	11,693.88	33,090.49
			9,10,486.90	**9,36,015.81**
	Non-financial assets			
	Current tax assets (net)	8	11,824.56	13,162.92
	Deferred tax assets (net)	9	14,519.20	12,499.07
	Property, plant and equipment	10	5,920.90	7,683.66
	Assets held for sale	11	1,609.37	2,701.49
	Goodwill	12	30,018.69	30,018.69
	Intangible assets	12	348.45	304.75
	Other non-financial assets	13	4,001.98	3,940.49
			68,243.15	**70,311.07**
	TOTAL ASSETS		**9,78,730.05**	**10,06,326.88**
II.	**LIABILITIES AND EQUITY**			
	LIABILITIES			
	Financial liabilities			
	Trade payables	14		
	(i) total outstanding to micro enterprises and small enterprises		7.80	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		420.45	957.03
	Debt securities	15	2,01,276.18	2,08,947.14
	Borrowings (other than debt securities)	16	3,74,790.64	4,99,775.91
	Other financial liabilities	17	30,261.28	24,098.96
			6,06,756.35	**7,33,779.04**
	Non-financial liabilities			
	Provisions	18	697.83	850.51
	Other non-financial liabilities	19	3,379.43	2,831.88
			4,077.26	**3,682.39**
	TOTAL LIABILITIES		**6,10,833.61**	**7,37,461.43**
	Equity			
	Equity share capital	20	12,373.03	9,245.09
	Preference share capital	20	1,206.90	-
	Other equity	21	3,54,316.51	2,59,620.36
	TOTAL EQUITY		**3,67,896.44**	**2,68,865.45**
	TOTAL LIABILITIES AND EQUITY		**9,78,730.05**	**10,06,326.88**

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Mukesh Jain
Partner

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

Place: Mumbai
Date: June 17, 2021

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations	22		
Interest income		1,10,560.38	1,41,948.71
Fees and commission income		3,142.70	4,814.32
Net gain on fair value changes		4,803.20	4,620.60
Gain on derecognition of financial instruments measured at amortised cost category		273.88	2,616.90
Total revenue from operations		**1,18,780.16**	**1,54,000.53**
Other income	23	546.56	-
Total income		**1,19,326.72**	**1,54,000.53**
Expenses			
Finance costs	24	69,224.61	85,736.39
Impairment on financial instruments	25	45,240.80	85,528.16
Employee benefit expenses	26	15,563.01	16,504.77
Depreciation and amortisation expenses	27	3,149.38	2,823.76
Other expenses	28	11,859.72	8,173.78
Total expenses		**1,45,037.52**	**1,98,766.86**
Profit/(loss) before tax		**(25,710.80)**	**(44,766.33)**
Tax expense:	29		
1. Current tax		-	1.67
2. Tax of earlier years		456.55	-
3. Deferred tax expenses		(2,020.55)	(10,759.32)
Total tax expenses		**(1,564.00)**	**(10,757.65)**
Profit/(loss) after tax		**(24,146.80)**	**(34,008.68)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		8.36	62.39
- Income tax relating to items that will not be reclassified to profit or loss		(2.11)	(15.70)
		6.25	**46.69**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		(6.72)	-
- Income tax relating to items that will be reclassified to profit or loss		1.69	-
		(5.03)	**-**
Other comprehensive income for the year, net of tax		**1.22**	**46.69**
Total comprehensive income for the year		**(24,145.58)**	**(33,961.99)**
Earnings per equity share	30		
Basic earnings per share (₹)		(23.14)	(36.85)
Diluted earnings per share (₹)		(23.14)	(36.85)
(Equity Share of face value of ₹ 10 each)			

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Mukesh Jain
Partner

Place: Mumbai
Date: June 17, 2021

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

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A	**Cash Flow from Operating Activities**		
	Profit/ (loss) before tax	(25,710.80)	(44,766.33)
	Adjustments for:		
	Interest income on financial assets	(1,10,560.38)	(1,41,948.51)
	Finance costs	69,224.91	85,735.87
	Depreciation and amortisation expense	3,149.38	2,823.76
	Loss on sale of property plant and equipment	614.23	18.63
	Provisions for expected credit loss	45,240.80	85,528.16
	Impairment allowance on assets held for sale	108.76	300.12
	Provision for gratuity and leave encashment	49.76	237.10
	Employee share based payment expense	878.05	1,714.08
	Gain on sale/revaluation of investments	(4,803.20)	(4,620.60)
		(21,808.49)	**(14,977.72)**
	Interest income realised on financial assets	1,13,137.67	1,35,205.76
	Finance costs paid	(65,112.64)	(83,269.32)
	Cash generated from operating activities before working capital changes	**26,216.54**	**36,958.72**
	Adjustments:		
	(Increase)/Decrease in loans and advances	72,805.72	1,79,435.63
	(Increase)/Decrease in other financial assets	20,880.51	(27,221.01)
	(Increase)/Decrease in other non-financial assets	679.44	(4,023.60)
	Increase/(Decrease) in trade payable	(528.78)	(574.95)
	Increase/(Decrease) in other financial liabilities	5,300.22	(3,010.12)
	Increase/(Decrease) in other non-financial liabilities	147.31	3,258.70
	Cash (used in)/generated from operating activities	**1,25,500.96**	**1,84,823.37**
	Taxes paid / (refund)	882.03	(9,588.10)
	Net cash (used in)/generated operating activities (A)	**1,26,382.99**	**1,75,235.27**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(680.93)	(3,971.38)
	Sale of property, plant and equipment	644.72	-
	Purchase of intangible assets	(242.66)	(160.84)
	Payment on account of acquisition of business	-	(2,00,621.67)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	13,832.90	(34,110.63)
	(Acquisition)/redemption of FVTPL investments (net)	(99,459.54)	11,650.72
	(Acquisition)/redemption of FVOCI investments (net)	(12,640.36)	-
	Net cash (used in)/generated from investing activities (B)	**(98,545.87)**	**(2,27,213.80)**

STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
C Cash Flow from Financing Activities		
Proceeds from issue of equity shares (including securities premium and net off share issue expenses)	1,22,212.77	287.50
Proceeds from bank borrowings	82,939.33	2,22,909.05
Repayments towards bank borrowings	(2,08,267.03)	(1,10,542.49)
Proceeds from issuance of Non-Convertible Debentures	55,000.00	1,818.42
Repayments towards Non-Convertible Debentures	(78,500.00)	(1,20,500.00)
Proceeds from/(repayments towards) Commercial Papers (net)	12,312.20	(29,116.54)
Payment of lease liabilities	(1,375.86)	(828.75)
Dividend and DDT paid	-	(2,224.08)
Net cash (used in)/generated from financing activities (C)	**(15,678.59)**	**(38,196.89)**
Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**12,158.52**	**(90,175.42)**
Cash and Cash Equivalents at the beginning of the year	**14,703.53**	**1,04,878.95**
Cash and Cash Equivalents at the end of the year	**26,862.05**	**14,703.53**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	460.19	127.74
Balances with banks		
- in current accounts	10,325.06	7,839.06
Deposits with original maturity of less than three months	16,076.80	6,736.73
Total	**26,862.05**	**14,703.53**

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Mukesh Jain
Partner

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

Place: Mumbai
Date: June 17, 2021

STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended March 31, 2021

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹ 10/- each	Note	Amount
Balance as at April 1, 2019		9,225.74
Shares issued during the year		19.35
Balance as at March 31, 2020	**20**	**9,245.09**
Balance as at April 1, 2020		9,245.09
Shares issued during the year		3,127.94
Balance as at March 31, 2021	**20**	**12,373.03**

(b) Preference share capital of face value of ₹ 10/- each	Note	Amount
Balance as at April 1, 2019		-
Shares issued during the year		-
Balance as at March 31, 2020	**20**	**-**
Balance as at April 1, 2020		-
Shares issued during the year		1,206.90
Balance as at March 31, 2021	**20**	**1,206.90**

(c) Other equity

Particulars	Reserves and surplus						Debt instruments through other comprehensive income	Total
	Securities Premium Account	Statutory Reserves u/s 45(IC)	Capital Reserve	Share options outstanding account	General reserve	Retained earnings		
Balance at April 1, 2019	1,71,166.53	25,905.39	0.43	6,697.71	-	89,993.61	-	2,93,763.67
Loss after tax for the year	-	-	-	-	-	(34,008.68)	-	(34,008.68)
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	-
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	46.69	-	46.69
Total	**-**	**-**	**-**	**-**	**-**	**(33,961.99)**	**-**	**(33,961.99)**
Dividend and Dividend Distribution Tax	-	-	-	-	-	(2,224.09)	-	(2,224.09)
Share based payment expense	-	-	-	1,774.62	-	-	-	1,774.62
Shares issued during the year	268.15	-	-	-	-	-	-	268.15
Balance at March 31, 2020	**1,71,434.68**	**25,905.39**	**0.43**	**8,472.33**	**-**	**53,807.53**	**-**	**2,59,620.36**
Balance at April 1, 2020	1,71,434.68	25,905.39	0.43	8,472.33	-	53,807.53	-	2,59,620.36
Loss after tax for the year	-	-	-	-	-	(24,146.80)	-	(24,146.80)
Debt instruments through other comprehensive income	-	-	-	-	-	-	(5.03)	(5.03)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	6.25	-	6.25
Total	**-**	**-**	**-**	**-**	**-**	**(24,140.55)**	**(5.03)**	**(24,145.58)**
Proceeds from issue of shares	1,17,877.92	-	-	-	-	-	-	1,17,877.92
Share based payment expense	-	-	-	963.81	-	-	-	963.81
Transfer from ESOP reserves	2,057.67	-	-	(4,060.97)	1,971.29	32.01	-	(0.00)
Balance at March 31, 2021	**2,91,370.27**	**25,905.39**	**0.43**	**5,375.17**	**1,971.29**	**29,698.99**	**(5.03)**	**3,54,316.51**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Mukesh Jain
Partner

Place: Mumbai
Date: June 17, 2021

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

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

1 Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on July 21, 2009 and is domiciled in India. 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 and Significant accounting policies

2.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

2.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III to Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business
- the event of default
- the event of insolvency of bankruptcy of the Company/ or its counterparties

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

Financial instruments are recognised when the Company becomes a party to the contractual terms of the instruments.

(i) Classification of Financial Instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss (FVTPL) such as derivative liabilities. Financial liabilities, other than loan commitments and financial

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

Transaction costs directly pertaining to the acquisition or issue of financial instruments are added to or deducted from the initial measurement amount of the instrument except where the instrument is initially measured as fair value through profit or loss.

(ii) Assessment of business model and contractual cash flow characteristics for financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model determines whether the cash flows will be generated by collecting contractual cash flows, selling financial assets or by both. The Company's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed;

(iii) The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. "

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Company assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans and Debt instruments at amortised cost

A 'loan or debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those that are either held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met (such designation is determined on an instrument-by-instrument basis):

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

(d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

(e) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'Provisions') at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of (i) the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss and (ii) the amount of loss allowance. The premium/ deemed premium is recognised in the Statement of Profit and Loss on a straight line basis over the life of the guarantee.

(f) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(v) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

(vi) Derecognition of financial assets in the following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially it becomes a new loan with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Write off
The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(vii) Derecognition of Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement
On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

c) Property plant and equipment

Recognition and measurement

Property, plant and equipment (PPE) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably.

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance expenses are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

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

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act 2013
Computers	3 years	3 years
Office Equipment	5 years	5 years
Office Equipment - mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Property, plant and equipment items individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

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

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

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.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) Intangible assets

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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

e) Business Combination and goodwill thereon

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital reserve. When the transaction is of nature other than bargain purchase, then the gain is recognised in OCI and accumulated in equity as capital reserve.

f) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles

The Company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Company categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

have occurred. Exposures where the amount remains due for 91 days or more are considered as to be stage 3 assets.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

(c) Calculation of ECL:

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive."

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD): The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

Significant increase in Credit Risk

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loan becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets. In respect of the corporate loan assets, shifting to Stage 2 has been rebutted using historical evidence from own portfolio to a threshold of 60 days past due, which is reviewed annually.

For the purpose of counting of days past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of new covenants or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If this does not clearly indicate a substantial modification, then:

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Presentation of ECL allowance in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- **for financial assets measured at amortised cost:** as a deduction from the gross carrying amount of the assets;

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

- **for debt instruments measured at FVTOCI:** no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

(ii) Non-financial assets

(a) Intangible 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 when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Company is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated from the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Company. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer;

Step 2: Identify performance obligations in the contract(s);

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract(s);

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

(a) Recognition of interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Company revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised as interest income in the statement of profit or loss.

(b) Dividend income
Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(c) Syndication, advisory & other fees
Syndication, advisory & other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) Origination fees
Origination fees, which the Company has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) Management Fees:
Management fees and other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(f) Assignment income
In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(g) Securitisation transactions :
In accordance with Ind AS 109, in case of securitisation transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Net gain/(loss) on Fair value changes
Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

(i) Sourcing and servicing fee
The revenue from the contract as a service provider (sourcing and collection agent) on behalf of customer, is recognised upfront for services rendered as sourcing agent and on straight line basis over the loan tenure for services in the nature of collection and performance agent. The financial guarantee provided under the service contract is recognised at fair

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

value on sourcing and is amortised over the period of contract with subsequent measurement at higher of the unamortised value as per Ind AS 115 or expected credit losses as per Ind AS 109.

h) Finance Costs

The Company recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

i) Retirement and other employee benefits

(i) Defined Contribution Plan

Provident Fund

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

(ii) Defined Benefit schemes

(a) 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.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Compensated absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on estimates. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services 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.

j) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee
Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. ***Determination of lease term***
   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. ***Discount Rate***
   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) ***Foreign currency translation***
Functional and presentational currency
The financial statements are presented in INR which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

m) **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.

n) **Taxes**
(i) **Current tax**
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) **Deferred tax**
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

p) 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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

i) Segment revenue includes operational revenue directly identifiable with/ allocable to the segment.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income / (expenditure) (net)".

iv) Segment result includes the finance costs incurred on interest bearing advances with corresponding credit included in "unallocable corporate income/(expenditure)(net)".

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit losses, fair value measurement, business projections for impairment assessment of goodwill etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 Securities premium account

a) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued;
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

b) The issue expenses of securities which qualify as equity instruments are written off against securities premium account/ retained earning in accordance with Ind AS.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Cash on hand	460.19	127.74
Balances with banks		
- in current accounts	10,325.06	7,839.06
Deposits with original maturity of less than three months	16,076.80	6,736.73
	26,862.05	**14,703.53**

Note 4

Particulars	As at March 31, 2021	As at March 31, 2020
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	99.32	11,230.46
Earmarked deposits with banks	23,737.00	26,438.76
	23,836.32	**37,669.22**

Note 5

Particulars	As at March 31, 2021	As at March 31, 2020
Loans		
At amortised cost		
Business Loans		
Corporate lending	1,91,751.96	2,94,312.61
Small and medium enterprises lending (SME)	1,46,318.61	1,36,145.06
Commercial vehicle lending	3,58,655.68	3,81,505.74
Loan to subsidiary company	39,291.64	52,913.74
Other loans	1,738.50	-
Total - Gross	**7,37,756.39**	**8,64,877.15**
Less: Impairment allowance	(68,510.68)	(57,508.23)
Total - Net	**6,69,245.71**	**8,07,368.92**
(a) Secured by tangible assets	6,82,615.11	7,93,996.23
(b) Unsecured	55,141.28	70,880.92
Total - Gross	**7,37,756.39**	**8,64,877.15**
Less: Impairment allowance	(68,510.68)	(57,508.23)
Total - Net	**6,69,245.71**	**8,07,368.92**
Loans in India		
(a) Public sector	-	-
(b) Others	7,37,756.39	8,64,877.15
Total - Gross	**7,37,756.39**	**8,64,877.15**
Less: Impairment allowance	(68,510.68)	(57,508.23)
Total - Net (a)	**6,69,245.71**	**8,07,368.92**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**6,69,245.71**	**8,07,368.92**

footnote :
Stage classification of loans, investments and its impairment allowance is disclosed in Note 31(D) and Note 31(E).
Loans covered under security receipts are presented as part of "Note 6 - Investment".

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 6

Particulars	Amortised cost[1]	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
Investments					
Investments as at March 31, 2021					
Mutual funds	-	-	1,27,137.18	-	1,27,137.18
Security Receipts*	22,452.41	-	-	-	22,452.41
Treasury Bills	-	12,729.94	-	-	12,729.94
Subsidiaries	-	-	-	20,212.91	20,212.91
Total - Gross	**22,452.41**	**12,729.94**	**1,27,137.18**	**20,212.91**	**1,82,532.44**
Investments in India	22,452.41	12,729.94	1,27,137.18	20,212.91	1,82,532.44
Investments outside India	-	-	-	-	-
Total - Gross	**22,452.41**	**12,729.94**	**1,27,137.18**	**20,212.91**	**1,82,532.44**
Less: Impairment loss allowance	(3,683.50)	-	-	-	(3,683.50)
Total - Net	**18,768.91**	**12,729.94**	**1,27,137.18**	**20,212.91**	**1,78,848.94**

(* net of amount written off ₹ 9,315.85 lakhs)

1. Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31D

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	20,211.91	100%
Total	**20,212.91**	

*includes cross charge of ₹ 211.91 lakh in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

Particulars	Amortised cost	At Fair Value	Fair value through profit or loss	At cost	Total
		Through other comprehensive income			
Investments as at March 31, 2020					
Mutual funds	-	-	23,055.69	-	23,055.69
Security Receipts	-	-	-	-	-
Subsidiaries	-	-	-	20,127.96	20,127.96
Total - Gross	**-**	**-**	**23,055.69**	**20,127.96**	**43,183.65**
Investments in India	-	-	23,055.69	20,127.96	43,183.65
Investments outside India	-	-	-	-	-
Total - Gross	**-**	**-**	**23,055.69**	**20,127.96**	**43,183.65**
Less: Impairment loss allowance	-	-	-	-	-
Total - Net	**-**	**-**	**23,055.69**	**20,127.96**	**43,183.65**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 6 (Continued)
Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	20,126.96	100%
Total	**20,127.96**	

*includes cross charge of ₹ 72.29 lakh in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

Note 7

Particulars	As at March 31, 2021	As at March 31, 2020
Other financial assets		
Security deposit	945.24	659.48
Assignment receivables	2,691.43	3,341.84
Other receivables	9,957.73	29,123.71
	13,594.40	33,125.03
Less: Impairment loss allowance	(1,900.52)	(34.54)
	11,693.88	**33,090.49**

Note 8

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax assets (net)		
Advance tax (net of provision)	11,824.56	13,162.92
	11,824.56	**13,162.92**

Note 9

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	15,066.92	9,950.13
Provision for gratuity	114.08	72.11
Provision for leave encashment	29.71	73.64
Debt instruments through OCI	1.69	-
Fair valuation of ESOPs	-	621.82
Lease liabilities	38.98	-
Income amortisation	354.78	638.85
Depreciation on PPE and intangible assets	515.38	507.98
Carry forward book losses	7,427.23	5,570.84
Total (A)	**23,548.77**	**17,435.37**
Deferred tax liability		
Goodwill	(7,555.10)	(2,597.07)
Fair valuation of security deposits	-	(0.21)
Assignment income amortisation	(677.38)	(881.30)
Borrowing cost amortisation	(797.09)	(1,251.63)
Lease liabilities	-	(206.09)
Total (B)	**(9,029.57)**	**(4,936.30)**
Net deferred tax asset (A-B) (also refer Note 29)	**14,519.20**	**12,499.07**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 10

DESCRIPTION	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Property, plant and equipment								
Cost as at April 1, 2019	**15.05**	**1,050.30**	**748.09**	**4,119.26**	**569.30**	**1,670.85**	**-**	**8,172.85**
Additions	-	-	11.21	386.39	57.19	322.33	3,199.65	3,976.77
Disposals	-	-	(5.48)	-	(20.81)	(0.56)	-	(26.85)
Adjustment	-	-	-	(31.53)	(0.03)	-	-	(31.56)
Cost as at March 31, 2020	**15.05**	**1,050.30**	**753.82**	**4,474.12**	**605.65**	**1,992.62**	**3,199.65**	**12,091.21**
Additions	-		7.43	241.58	23.34	408.58	1,523.55	2,204.48
Disposals	-	(1,050.30)	(0.92)	(28.70)	(4.00)	-	(332.99)	(1,416.91)
Cost as at March 31, 2021 (A)	**15.05**	**-**	**760.33**	**4,687.00**	**624.99**	**2,401.20**	**4,390.21**	**12,878.78**
Accumulated depreciation as at April 1, 2019	**-**	**20.71**	**13.94**	**1,104.19**	**80.08**	**579.74**	**-**	**1,798.66**
Depreciation charged during the period	-	17.54	157.11	830.62	119.96	548.53	988.14	2,661.90
Disposals	-	-	(3.62)	-	(17.27)	(0.56)	-	(21.45)
Adjustment	-	-	-	(30.50)	(0.42)	(0.64)	-	(31.56)
Accumulated depreciation as at March 31, 2020	**-**	**38.25**	**167.43**	**1,904.31**	**182.35**	**1,127.07**	**988.14**	**4,407.55**
Depreciation charged during the period	-	7.69	157.58	929.60	147.38	589.36	1,118.81	2,950.42
Disposals	-	(45.94)	(0.56)	(18.54)	(2.06)	-	(332.99)	(400.09)
Accumulated depreciation as at March 31, 2021 (B)	**-**	**-**	**324.45**	**2,815.37**	**327.67**	**1,716.43**	**1,773.96**	**6,957.88**
Net carrying amount as at March 31, 2021 (A) - (B)	**15.05**	**-**	**435.88**	**1,871.63**	**297.32**	**684.77**	**2,616.25**	**5,920.90**
Net carrying amount as at March 31, 2020	**15.05**	**1,012.05**	**586.39**	**2,569.81**	**423.30**	**865.55**	**2,211.51**	**7,683.66**

* Mortgaged as security against Secured Non-convertible Debentures

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at March 31, 2021	As at March 31, 2020
Assets held for sale		
Assets held for sale	2,018.25	3,001.61
Less: Impairment loss allowance	(408.88)	(300.12)
	1,609.37	**2,701.49**

Note 12

Particulars	Total
(a) Goodwill	
Cost as at April 1, 2019	30,018.69
Acquisition of business	-
Cost as at March 31, 2020	**30,018.69**
Acquisition of business	-
Cost as at March 31, 2021 (A)	**30,018.69**
Accumulated impairment as at April 1, 2019	
Addition	-
Accumulated impairment as at March 31, 2020	**-**
Addition	-
Accumulated impairment as at March 31, 2021 (B)	**-**
Net carrying amount as at March 31, 2021 (A)- (B)	**30,018.69**
Net carrying amount as at March 31, 2020	**30,018.69**

The Company has assessed that there is no impairment of Goodwill for the year ended March 2021. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections of commercial vehicle business based on financial budgets covering a five-year period and a discount rate of 16 per cent. The Company has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of yield and spread during the budget period and the discounting rate. The management believes that any reasonably possible change in the key assumptions, on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

Particulars	Computer Software	Total
(b) Other intangible assets		
Cost as at April 1, 2019	**598.15**	**598.15**
Additions	160.84	160.84
Disposals	-	-
Cost as at March 31, 2020	**758.99**	**758.99**
Additions	242.66	242.66
Disposals	-	-
Cost as at March 31, 2021 (A)	**1,001.65**	**1,001.65**
Accumulated amortisation as at April 1, 2019	**292.38**	**292.38**
Amortisation recognised for the period	161.86	161.86
Disposals	-	-
Accumulated amortisation as at March 31, 2020	**454.24**	**454.24**
Amortisation recognised for the period	198.96	198.96
Disposals	-	-
Adjustment	-	-
Accumulated amortisation as at March 31, 2021 (B)	**653.20**	**653.20**
Net carrying amount as at March 31, 2021 (A)- (B)	**348.45**	**348.45**
Net carrying amount as at March 31, 2020	**304.75**	**304.75**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at March 31, 2021	As at March 31, 2020
Other non-financial assets		
Prepaid expenses	1,071.36	878.75
Advances recoverable in cash or in kind or for value to be received	2,930.62	3,061.74
	4,001.98	**3,940.49**

Footnote: Advances recoverable in cash or in kind or for value to be received includes ₹ 844.40 lakhs (Previous year Nil) as claim receivable towards ex-gratia under GOI Scheme.

Note 14

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Dues to Micro, small and medium enterprises	7.80	-
Dues to Others	420.45	957.03
	428.25	**957.03**

Note 15

Particulars	As at March 31, 2021	As at March 31, 2020
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	1,88,963.98	2,08,947.14
Commercial paper (net of unamortised discount) (Refer note (b) below)	12,312.20	-
	2,01,276.18	**2,08,947.14**
Debt securities in India	2,01,276.18	2,08,947.14
Debt securities outside India	-	-
Total	**2,01,276.18**	**2,08,947.14**
Secured	1,88,963.98	2,08,947.14
Unsecured	12,312.20	-
Total	**2,01,276.18**	**2,08,947.14**

(a) Non Convertible Debenture
Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each
Terms of repayment

Redeemable within	As at March 31, 2021	As at March 31, 2020
	Rate of interest > 8.08% < 11.40%	Rate of interest > 8.95% < 11.40%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	2,483.06
36-48 Months	2,492.77	13,905.15
24-36 Months	18,945.03	37,245.93
12-24 Months	51,849.55	98,407.87
0-12 Months	1,15,676.63	56,905.13
Total	**1,88,963.98**	**2,08,947.14**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

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

(i) First pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation of standard asset portfolio of receivables (net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset, as may be identified by the Company of ₹ 1,99,479 lakhs (March 2020: ₹ 2,09,368 lakhs); and

(ii) First pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat.

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

b) Commercial papers
Terms of repayment

Redeemable within	As at March 31, 2021 Rate of interest 8.50% Amount	As at March 31, 2020 Rate of interest - Amount
0-12 Months	12,312.20	-
Total	**12,312.20**	**-**

Note 16

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings		
At amortised cost		
Term loans		
Term loans from banks (Refer note (a) below)*	2,59,513.89	3,21,115.14
Loans repayable on demand		
Working capital demand loans from banks **	18,100.00	15,500.00
Bank overdrafts **	-	7,033.91
Other borrowings (including Inter Corporate Deposits)	97,176.75	1,56,126.86
Total	**3,74,790.64**	**4,99,775.91**
Borrowings in India	3,74,790.64	4,99,775.91
Borrowings outside India	-	-
Total	**3,74,790.64**	**4,99,775.91**
Secured borrowings	3,72,441.28	4,48,388.07
Unsecured borrowings	2,349.36	51,387.84
Total	**3,74,790.64**	**4,99,775.91**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(a) Term loan from banks (TL):
Terms of repayment:

Repayable within#	As at March 31, 2021	As at March 31, 2020
	Rate of interest > 6.21% < 11.00%	Rate of interest > 8.40% < 12.20%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	6,079.89	1,601.86
36-48 Months	19,275.98	36,955.86
24-36 Months	53,524.53	56,645.50
12-24 Months	67,903.96	87,785.12
0-12 Months	1,12,729.53	1,38,126.80
Total	**2,59,513.89**	**3,21,115.14**

* first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset.

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

also refer note 31(G)

(b) Working capital demand loans and bank overdraft:
Terms of repayment:

Redeemable within	As at March 31, 2021	As at March 31, 2020
	Rate of interest > 6.50% < 7.35%	Rate of interest > 9.15% < 11.00%
	Amount	Amount
0-12 Months	18,100.00	22,533.91
Total	**18,100.00**	**22,533.91**

Note 17

Particulars	As at March 31, 2021	As at March 31, 2020
Other financial liabilities		
Book overdraft	7,764.51	38.04
Employee benefits payable	2,351.82	801.76
Others	20,144.95	23,259.16
	30,261.28	**24,098.96**

Note 18

Particulars	As at March 31, 2021	As at March 31, 2020
Provisions		
Provision for employee benefits:		
- Gratuity	453.27	390.83
- Compensated absences	118.05	247.90
Others :		
- Expected credit loss on undrawn loan commitments	126.51	211.78
	697.83	**850.51**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 19

Particulars	As at March 31, 2021	As at March 31, 2020
Non-financial liabilities		
Statutory dues payable	608.29	460.98
Unamortised lease liabilities	2,771.14	2,370.90
	3,379.43	**2,831.88**

Note 20
Equity share capital

a. Details of authorised, issued and subscribed share capital

	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹ 10/- each	15,25,00,000	15,250.00	15,25,00,000	15,250.00
Compulsorily Convertible Preference Shares of Face Value of ₹ 10/- each	1,25,00,000	1,250.00	1,25,00,000	1,250.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each fully paid	12,37,30,329	12,373.03	9,24,50,915	9,245.09
Compulsorily Convertible Preference Shares of Face Value of ₹ 10/- each fully paid	1,20,68,966	1,206.90	-	-
Total	**13,57,99,295**	**13,579.93**	**9,24,50,915**	**9,245.09**

b. Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	9,24,50,915	9,245.09	9,22,57,415	9,225.74
Add: Shares issued during the year	3,12,79,414	3,127.94	1,93,500	19.35
Shares outstanding at the end of the year	**12,37,30,329**	**12,373.03**	**9,24,50,915**	**9,245.09**

c. Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at March 31, 2021		As at March 31, 2020	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	6,44,13,672	52.06%	-	-
Indostar Capital (Mauritius)	Promoter	-	-	5,25,94,228	56.89%

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

d. Particulars of shareholders holding more than 5% of the equity share capital

Name of shareholder	Relationship	As at March 31, 2021		As at March 31, 2020	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	6,44,13,672	52.06%	-	-
Indostar Capital (Mauritius)	Promoter	4,75,94,228	38.47%	5,25,94,228	56.89%
SBI Small Cap Fund	-	-	-	81,13,036	8.78%

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

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

e. Terms/rights attached to equity shares

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

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

f. Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Add: Shares issued during the year	1,20,68,966	1,206.90	-	-
Shares outstanding at the end of the year	**1,20,68,966**	**1,206.90**	**-**	**-**

g. Particulars of CCPS held by Holding Company

Name of shareholder	Relationship	As at March 31, 2021		As at March 31, 2020	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	1,20,68,966	100.00%	-	-
Shares outstanding at the end of the year		1,20,68,966	100.00%	-	-

h. Particulars of shareholders holding more than 5% of CCPS

Name of shareholder	Relationship	As at March 31, 2021		As at March 31, 2020	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	1,20,68,966	100.00%	-	-

i. Terms/rights attached to Compulsorily Convertible Preference Shares ("CCPS"):

CCPS are convertible into equity shares of the Company within a period of 18 months and carry a dividend rate of 10% p.a., payable annually, calculated on issue price, net of any taxes. Upon winding up or liquidation of the Company, the CCPS holder shall be entitled to distribution in accordance with applicable law.

Note 21

Particulars	As at March 31, 2021	As at March 31, 2020
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	25,905.39
Securities premium	2,91,370.27	1,71,434.68
Share options outstanding account	5,375.17	8,472.33
General reserve	1,971.29	-
Retained earnings	29,698.99	53,807.53
Debt instruments through other comprehensive income	(5.03)	-
	3,54,316.51	**2,59,620.36**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

21.1 Other equity movement

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Reserve		
Opening Balance	0.43	0.43
Add : Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	25,905.39
Add : Transferred from surplus	-	-
Closing Balance	**25,905.39**	**25,905.39**
Securities premium		
Opening Balance	1,71,434.68	1,71,166.53
Less : Share issue expenses	(2,970.70)	-
Add: Transfer from ESOP reserves	2,057.67	-
Add : Premium collected on share allotment	1,20,848.62	268.15
Closing Balance	**2,91,370.27**	**1,71,434.68**
	-	-
Share options outstanding account		
Opening Balance	8,472.33	6,697.71
Movement during the year	(3,097.16)	1,774.62
Closing Balance	**5,375.17**	**8,472.33**
General reserve		
Opening Balance	-	-
Movement during the year	1,971.29	-
Closing Balance	**1,971.29**	**-**
Retained earnings		
Opening Balance	53,807.53	89,993.61
Add: Remeasurement of defined benefit obligations	6.25	46.69
Add: Transferred from the statement of profit and loss	(24,146.80)	(34,008.68)
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	-	-
Less: Appropriation towards dividend and dividend distribution tax	-	(2,224.09)
Add: Transfer from Share options outstanding account	32.01	-
Closing Balance	**29,698.99**	**53,807.53**
Other Comprehensive Income		
Opening Balance	-	-
Add: Debt instruments through other comprehensive income	(5.03)	-
Closing Balance	**(5.03)**	**-**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

21.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised in accordance with the provision of the Companies Act, 2013.

Share options outstanding account (ESOP Reserve)

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

General reserve

General reserve represents transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse/forefeiture of options by employees.

21.3 Dividend

The Board of Directors of the Company at their meeting held on June 17, 2021 declared and approved payment of dividend due on 1,20,68,966 Compulsorily Convertible Preference Shares of face value ₹ 10 each allotted on May 27, 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (₹ 290 per CCPS) amounting to ₹ 3,888.89 lakhs (dividend of ₹ 3,500.00 lakhs and withholding tax of ₹ 388.89 lakhs) for the period from May 27, 2020 to May 26, 2021, pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holders for payment of said dividend as Thursday, June 17, 2021.

Note 22

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,08,201.77	1,40,669.57
Interest on deposits		
- Deposits with banks	2,358.61	1,279.14
	1,10,560.38	**1,41,948.71**
Fees and commission income		
- Origination fees & other charges		
- Syndication, advisory & other fees	3,142.70	4,814.32
	3,142.70	**4,814.32**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	4,803.20	4,620.60
Total fair value changes	**4,803.20**	**4,620.60**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Fair value changes:		
- Realised	2,865.78	4,613.84
- Unrealised	1,937.42	6.76
Total fair value changes	**4,803.20**	**4,620.60**
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment income	273.88	2,616.90
	273.88	**2,616.90**
	1,18,780.16	**1,54,000.53**

Note 23

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other income		
Miscellaneous income	248.66	-
Interest on income tax refund	297.90	
	546.56	**-**

Note 24

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	31,429.51	38,302.44
Other borrowings (including Inter Corporate Deposits)	13,570.31	18,794.36
Interest expense on debt securities		
Debentures	22,510.66	26,481.43
Commercial paper	791.46	1,383.46
Other interest expense		
Bank charges & other related costs	922.67	774.70
	69,224.61	**85,736.39**

Note 25

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	16,118.18	30,658.80
Financial assets written off (net of recovery)	29,285.35	49,738.98
Impairment on investments		
Pass through certificates	-	-
Impairment on others		
Undrawn loan commitments	(85.27)	189.78
Provision for corporate guarantee	135.18	3,981.56
Provision on co-lending arrangements	(578.62)	938.75
Others	365.98	20.29
	45,240.80	**85,528.16**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 26

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employee Benefits Expenses		
Salaries, other allowances and bonus	14,053.09	13,829.10
Gratuity expenses	158.01	120.49
Compensated absences	(108.25)	116.60
Contribution to provident and other funds	556.81	673.10
Staff welfare expenses	79.35	134.27
Share based payment expense	878.05	1,714.08
Employee shared service costs recovered	(54.05)	(82.87)
	15,563.01	**16,504.77**

Note 27

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation		
Depreciation of property, plant and equipment (PPE)	2,950.42	2,661.90
Amortisation of intangible assets	198.96	161.86
	3,149.38	**2,823.76**

Note 28

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other Expenses		
Rent	632.36	827.56
Rates & taxes	208.58	94.89
Printing and stationery	93.74	64.56
Travelling & conveyance	473.38	972.51
Advertisement	49.85	212.32
Business Promotion	12.21	173.24
Commission & brokerage	9.38	33.64
Office expenses	2,650.57	2,716.52
Directors' fees & commission	23.11	75.16
Insurance	360.80	512.99
Communication expenses	385.09	477.43
Payment to auditors (note below)	65.60	62.51
CSR expenses (note below)	203.32	392.41
Legal & professional charges	6,261.27	1,388.86
Loss on sale of property plant and equipment	614.23	18.63
Membership & subscriptions	48.42	93.05
Other shared service costs recovered	(369.00)	(312.38)
Other fees and commission	-	69.76
Impairment allowance on assets held for sale	108.76	300.12
Provision on employee advance	28.05	-
	11,859.72	**8,173.78**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Payment to auditors*:		
a) Statutory Audit	50.09	44.69
b) Tax Audit	3.00	3.27
c) Certifications	6.18	7.36
d) Other Services	6.33	7.19
Total	**65.60**	**62.51**
* including payment to predecessor auditors ₹ 10.09 lakh		
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	203.32	715.99
b) Amount spent during the year:		
- Expenses paid	190.28	392.41
- Expenses yet to be paid for	13.04	-
Total	**203.32**	**392.41**
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	-
- Revenue expenditure	203.32	392.41
Total	**203.32**	**392.41**

Note 29
Income taxes
Tax expense
(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expense		
Current year	-	1.67
Tax expense of earlier years	456.55	-
	456.55	**1.67**
Deferred tax expense		
Origination and reversal of temporary differences	(2,020.55)	(10,759.32)
	(2,020.55)	(10,759.32)
Tax expense for the year	**(1,564.00)**	**(10,757.65)**

(b) Amounts recognised in other comprehensive income

	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss	8.36	(2.11)	6.25	62.39	(15.70)	46.69
Remeasurements of the defined benefit liability (asset)	(6.72)	1.69	(5.03)	-	-	-
- Debt instruments through other comprehensive income						
	1.64	**(0.42)**	**1.22**	**62.39**	**(15.70)**	**46.69**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 29
Income taxes (Continued)
(c) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/(loss) before tax	**(25,710.80)**	**(44,766.33)**
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	(6,470.89)	(11,266.79)
Difference in tax rate due to:		
- Effect of non-deductible expenses	57.44	51.07
- Effect of change in tax rate/laws (refer footnote below)	4,958.04	491.12
- Tax expense of earlier years	456.55	-
- Effect of previously unrecognised deductible temporary differences now recognised as deferred tax assets	-	-
- Others	(565.14)	(33.05)
Total tax expense	**(1,564.00)**	**(10,757.65)**
Effective tax rate	**6.08%**	**24.03%**
Current tax	-	1.67
Tax expense of earlier years	456.55	-
Deferred tax	(2,020.55)	(10,759.32)
	(1,564.00)	**(10,757.65)**

Footnote:
The Finance Act, 2021 has introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April 1, 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Company has recognised one time tax expense amounting to ₹ 4,958 lakhs as the outcome of the difference between Goodwill as per the books of account and its updated tax base of Nil, resulting from the aforementioned amendment in the Income Tax Act. This deferred tax liability is not expected to be a cash outflow in the future.

(d) Movement in deferred tax balances

Particulars	As at March 31, 2021			
	Net balance April 1, 2020	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	9,950.13	5,116.78	-	15,066.91
Provision for gratuity	72.11	44.08	(2.11)	114.08
Provision for leave encashment	73.64	(43.93)	-	29.71
Debt instruments through OCI	-	-	1.69	1.69
Fair valuation of ESOPs	621.82	(621.82)	-	-
Income amortisation	638.85	(284.07)	-	354.78
Depreciation on PPE and intangible assets	507.98	7.40	-	515.38
Lease liabilities	(206.09)	245.07	-	38.98
Carry forward book losses	5,570.84	1,856.39	-	7,427.23
Deferred tax liability				
Fair valuation of security deposits	(0.21)	0.21	-	-
Goodwill amortisation	(2,597.07)	(4,958.04)	-	(7,555.11)
Assignment income amortisation	(881.30)	203.92	-	(677.38)
Borrowing cost amortisation	(1,251.63)	454.55	-	(797.08)
Deferred tax assets / (liabilities)	**12,499.07**	**2,020.55**	**(0.42)**	**14,519.20**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

The Management considers the deferred tax assets on carried forward losses to be fully set-off against future available profits considering the expected net interest income (NIM) from the existing loan book over the tenure of the loan and the expected disbursements.

(e) Movement in deferred tax balances

Particulars	As at March 31, 2020			
	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	2,296.73	7,653.41	-	9,950.13
Provision for gratuity	58.59	29.22	(15.70)	72.11
Provision for leave encashment	55.38	18.26	-	73.64
Fair valuation of ESOPs	863.35	(241.53)	-	621.82
Income amortisation	1,367.93	(729.08)	-	638.85
Depreciation on PPE and intangible assets	130.68	377.30	-	507.98
Carry forward book losses	-	5,570.84	-	5,570.84
Deferred tax liability				
Fair valuation of security deposits	(0.30)	0.12	-	(0.21)
Goodwill amortisation	(1,311.22)	(1,285.85)	-	(2,597.07)
Assignment income amortisation	(637.03)	(244.27)	-	(881.30)
Lease liabilities	-	(206.09)	-	(206.09)
Borrowing cost amortisation	(1,068.62)	(183.01)	-	(1,251.63)
Deferred tax assets / (liabilities)	**1,755.49**	**10,759.32**	**(15.70)**	**12,499.07**

Note 30
Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
i.	**Profit attributable to equity holders (A)**		
	Profit/(loss) for the year	(24,146.80)	(34,008.68)
	Less: Dividend on compulsorily convertible preference shares (CCPS)	(3,292.24)	-
	Profit attributable to equity holders for basic and diluted EPS	(27,439.04)	(34,008.68)
ii.	**Weighted average number of equity shares for calculating Basic EPS (B)**	11,85,72,703	9,22,81,963
iii.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	11,85,72,703	9,22,81,963
iv.	**Basic earnings per share (₹)**	(23.14)	(36.85)
v.	**Diluted earnings per share (₹)**	(23.14)	(36.85)

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 31

Financial instruments – Fair values and Risk management

A. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. Risk Management Framework:

Company's risk management framework is based on

(a) Clear understanding and identification of various risks

(b) Disciplined risk assessment by evaluating the probability and impact of each risk

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and

(d) Adequate review mechanism to monitor and control risks.

Company's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the company are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The company has a well established risk reporting and monitoring framework. The company identifies and monitors risks periodically. This process enables the company to reassess all the critical risks in a changing environment that need to be focused on.

C. Risk governance structure:

Company's risk governance structure operates with a robust Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the company directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, review and approval of exposures with conflict of interest and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Company's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Company.

The risk management committee has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Company about risk management.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at March 31, 2021							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	1,27,137.18	-	-	1,27,137.18	1,27,137.18	-	-	1,27,137.18
(b) Investments in Security Receipts	-	-	18,768.91	18,768.91	-	-	18,768.91	18,768.91
(c) Treasury Bills		12,729.94	-	12,729.94	12,729.94	-	-	12,729.94
Total	**1,27,137.18**	**12,729.94**	**18,768.91**	**1,58,636.03**	**1,39,867.12**	**-**	**18,768.91**	**1,58,636.03**

* based on NAV statements and other information received from assets reconstruction company and adjusted for Expected credit losses as per Model.

Particulars	As at March 31, 2020							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	23,055.69	-	-	23,055.69	23,055.69	-	-	23,055.69
Total	**23,055.69**	**-**	**-**	**23,055.69**	**23,055.69**	**-**	**-**	**23,055.69**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

D. Fair value hierarchy (continued)

An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to investments in security receipt measured at amortised cost is as follows:

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	-	-	-	-	-	-
Reclassified from Loan Assets*	-	14,450.00	10,710.00	25,160.00	-	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	(2,707.59)	(2,707.59)	-	-	-	-
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	(14,450.00)	14,450.00	-	-	-	-	-
Amounts written off (net of recovery)	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**-**	**-**	**22,452.41**	**22,452.41**	**-**	**-**	**-**	**-**

* net of amount written-off

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	-	-	-	-	-	-
New assets originated or purchased	-	-	3,683.50	3,683.50	-	-	-	-
Impairment loss allowance - closing balance	**-**	**-**	**3,683.50**	**3,683.50**	**-**	**-**	**-**	**-**

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at March 31, 2021							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	6,69,245.71	6,69,245.71	-	-	6,69,245.71	6,69,245.71
Total	**-**	**-**	**6,69,245.71**	**6,69,245.71**	**-**	**-**	**6,69,245.71**	**6,69,245.71**

Particulars	As at March 31, 2020							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	8,07,368.92	8,07,368.92	-	-	8,07,368.92	8,07,368.92
Total	**-**	**-**	**8,07,368.92**	**8,07,368.92**	**-**	**-**	**8,07,368.92**	**8,07,368.92**

*Discounted cash flow approach adopted for fair valuation of level 3 instruments

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

E. Credit risk

Credit risk arises when a borrower is unable to meet his contractual obligations to the lender. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process to identify portfolio-wise credit risk trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Grouping financial assets measured on a collective basis

The company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Customer i.e. corporate and retail
- Nature of product i.e. commercial vehicle and SME

Significant increase in credit risk

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. The retail loans where the renegotiated terms are not substantially different and involve repayment terms to be extended including interest or the EMI amount readjusted over the tenure are classified as Stage 2. In case of corporate loan the assessment of significant increase in credit risk is performed on a case to case basis. Additionally, accounts identified and reviewed by the credit committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

Restructured financial assets

A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant increase in credit risk of the borrower are classified as stage 2. Such loans continue to be in stage 2 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done.

Overview of the Expected Credit Loss principles

The Company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Company categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 31
Financial Instruments-Fair Values and Risk Management (Continued)

E. Credit Risk (continued)

Stage3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 91 days or more are considered as to be stage 3 assets.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company undertakes the classification of exposures within the aforesaid stages at borrower level.

Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

The calculation of ECL

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Portfolio Segmentation:

For ECL purpose, the loan portfolio is broadly segmented as below :

1) Corporate lending
2) Small and medium enterprises lending ('SME')
3) Commercial vehicle lending

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets. The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 31
Financial Instruments-Fair Values and Risk Management (Continued)

Forward looking information

The company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- GDP growth
- WPI (Wholesale price index)

For the purpose of determination of impact of forward looking information, the company applies macro economic (ME) variables as stated above to each product and assess the trend of the historical probability of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**6,80,890.20**	**1,45,053.19**	**38,933.76**	**8,64,877.15**	**10,15,709.50**	**99,305.34**	**30,757.88**	**11,45,772.72**
New assets originated or purchased	1,70,156.60	5,257.07	662.11	1,76,075.78	1,10,940.81	10,637.56	1,380.17	1,22,958.54
Assets derecognised or repaid (excluding write offs)	(2,12,040.62)	(31,875.85)	(4,834.72)	(2,48,751.19)	(3,35,862.19)	(13,704.12)	(4,548.82)	(3,54,115.13)
Transfers to stage 1	15,122.29	(12,502.26)	(2,620.03)	-	7,856.02	(5,944.93)	(1,911.09)	-
Transfers to stage 2	(1,20,286.60)	1,22,719.49	(2,432.89)	-	(77,719.41)	77,719.41	-	-
Transfers to stage 3	(11,572.21)	(17,093.19)	28,665.40	-	(8,620.11)	(19,857.03)	28,477.15	0.01
Amounts written off (net of recovery)	(2,612.07)	(11,496.55)	(15,176.72)	(29,285.34)	(31,414.42)	(3,103.04)	(15,221.53)	(49,738.99)
Presented under Investments as Security Receipts*	-	(14,450.00)	(10,710.00)	(25,160.00)	-	-	-	-
Gross carrying amount closing balance	**5,19,657.59**	**1,85,611.90**	**32,486.91**	**7,37,756.40**	**6,80,890.20**	**1,45,053.19**	**38,933.76**	**8,64,877.15**

* Presented under Investments in Security Receipts (Refer to Note 31(D))

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 31
Financial Instruments-Fair Values and Risk Management (Continued)
Reconciliation of Impairment loss allowance is given below:

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**35,986.42**	**14,067.20**	**7,454.61**	**57,508.23**	**10,069.24**	**6,325.68**	**11,285.03**	**27,679.95**
New assets originated or purchased	2,393.05	431.91	587.87	3,412.83	954.78	265.23	372.78	1,592.79
Assets derecognised or repaid (excluding write offs)	(15,060.31)	(1,784.87)	(530.23)	(17,375.41)	(1,176.43)	(965.51)	(1,477.16)	(3,619.10)
Transfers to stage 1	1,197.56	(573.83)	(623.73)	-	1,160.58	(420.69)	(739.89)	-
Transfers to stage 2	(1,657.78)	2,212.38	(554.59)	0.01	(1,309.06)	1,694.39	(385.33)	-
Transfers to stage 3	(2,983.91)	(1,480.96)	4,464.87	-	(76.68)	(97.21)	173.89	-
Impact on year end ECL of exposures transferred between stages during the year	8,312.91	9,947.86	16,502.34	34,763.11	26,425.39	7,491.60	3,809.73	37,726.72
Amounts written off (net of recovery)	(20.10)	(751.86)	(9,026.13)	(9,798.09)	(61.40)	(226.29)	(5,584.44)	(5,872.13)
Impairment loss allowance - closing balance	**28,167.84**	**22,067.83**	**18,275.01**	**68,510.68**	**35,986.42**	**14,067.20**	**7,454.61**	**57,508.23**

F. Risk Management amidst COVID-19:

Estimation uncertainty relating to COVID-19 global health pandemic:
In assessing the recoverability of loans, receivables, goodwill and investments, the Company has considered internal and external sources of information, economic forecasts and industry reports upto the date of approval of these financial results. The Company has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The full extent of impact of the pandemic (Wave 2) on the Company's operations and financial performance (including impact on carrying value of Goodwill and impairment allowances for financial asset) will depend on future developments including governmental and regulatory measures and the Company's responses thereto, which are highly uncertain at this time.

Further, in view of the matters mentioned above, the Company is regularly assessing and monitoring the impact of the Novel Coronavirus (COVID-19) pandemic on its liquidity and ability to repay its obligations as and when they are due. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

G. Liquidity risk

Liquidity is the Company's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the company's financial conditions. The Asset Liability Management Policy of the Company stipulates a broad framework for Liquidity risk management to ensure that the Company can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Company tracks the cash flow mismatches for measuring and managing net funding requirement through Maturity Ladder approach and reviews short-term liquidity

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 31
Financial Instruments-Fair Values and Risk Management (Continued)

profiles based on business projections and other commitments for planning purposes through Dynamic Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the company is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Company. Basis the liquidity position assessed under various stress scenarios; the Company reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

Maturity profile of undiscounted cash flows for financial liabilities as on balance sheet date have been provided below:
As on March 31, 2021

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	428.25	-	-	-	428.25
Debt securities	56,079.14	71,909.70	73,287.34	-	2,01,276.18
Borrowings (other than debt securities)*	72,234.16	96,247.88	1,80,766.01	25,542.59	3,74,790.64
Other financial liabilities	30,261.28	-	-	-	30,261.28
Total	**1,59,002.83**	**1,68,157.58**	**2,54,053.35**	**25,542.59**	**6,06,756.35**

* The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 59,621.95 lakhs scheduled for payment after March 31, 2022 for these facilities have been classified as per prevailing contractual maturity.

As on March 31, 2020

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	957.03	-	-	-	957.03
Debt securities	9,271.80	47,633.34	1,52,042.00	-	2,08,947.14
Borrowings (other than debt securities)	54,854.92	1,41,021.61	2,57,862.46	46,036.92	4,99,775.91
Other financial liabilities	24,098.96	-	-	-	24,098.96
Total	**89,182.71**	**1,88,654.95**	**4,09,904.46**	**46,036.92**	**7,33,779.04**

H. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework.

I. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Company are managed through comprehensive internal

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 31
Financial Instruments-Fair Values and Risk Management (Continued)

control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Company has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Company has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

J. Capital Disclosure

The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our regulator, Reserve Bank of India ('RBI'). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Company has adopted a dividend distribution policy and the Board reviews the capital position on a regular basis.

Particulars	As at March 31, 2021	As at March 31, 2020
CRAR – Tier I capital (%)	34.6%	20.4%
CRAR – Tier II capital (%)	0.0%	4.9%
CRAR (%)	**34.6%**	**25.3%**

Note 32
Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

I. **Ultimate Controlling Party**

Brookfield Asset Management Inc. (from July 9, 2020)

II. **Holding Company**

Indostar Capital (Mauritius) (upto May 27, 2020)

BCP V Multiple Holdings Pte. Ltd. (from July 9, 2020)

III. **Subsidiary Company**

IndoStar Asset Advisory Private Limited

IndoStar Home Finance Private Limited

Names of other related parties with whom the Company had transactions during the year:
Key Managerial Personnel

R. Sridhar - Executive Vice-Chairman & CEO
Shailesh Shirali - Wholetime Director (upto July 10, 2020)
Bobby Parikh - Non-Executive Independent Chairman
Dinesh Kumar Mehrotra - Non-Executive Independent Director (upto July 10, 2020)
Hemant Kaul - Non-Executive Independent Director
Naina Krishna Murthy - Non-Executive Independent Director

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Other related parties - enities in which Key Managerial Personnel has interest/significant influence.
Avasara Leadership Institute

Bobby Parikh & Associate

Krishnamurthy & Co.

Jaipur Advisory Group Private Limited

b) Transactions with Holding Company

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Subscription to Equity Shares of the Company by Holding Company	87,500.00	-
Subscription to Compulsorily Convertible Preference Shares of the Company by Holding Company	35,000.00	-

c) Transactions with Key Managerial Personnel :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1) Short-term employee benefits	1,204.12	1,188.16
2) Sitting fees to Non-Executive Independent Directors	23.87	31.56
3) Reimbursement of expenses	6.63	1.44
4) Dividend paid	-	6.74
5) Loan given	2,500.00	-

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits, bonus provision and contributions to post-employment defined benefit plan.

The Company has paid managerial remuneration for the year ended March 31, 2021 to Mr. R. Sridhar, Whole-Time Director designated as Executive Vice-Chairman & CEO, in accordance with the requisite approvals obtained from the Members of the Company under the provisions of Section 197 read with Schedule V to the Companies Act, 2013 ("Act"). Further, managerial remuneration for the year ended March 31, 2021 paid to Mr. Shailesh Shirali, Whole-Time Director for a period from April 1, 2020 to July 10, 2020, is in excess by ₹ 44.73 lakhs of the limits provided in section 197 read with Schedule V to the Act. The Company proposes to obtain approval of the Members of the Company in General meeting by way of special resolution for waiver of recovery of excess remuneration paid to Mr. Shirali.

d) Transactions other than those with key management personnel :

	Particulars		Subsidiary Companies	Other related parties
1)	Recovery of expenses	2021	531.72	-
		2020	553.13	-
2)	Loan given to subsidiary (net)	2021	13,000.00	-
		2020	17,500.00	-
3)	Interest income on loan to subsidiary	2021	4,021.26	-
		2020	4,009.12	-
4)	Professional fees	2021	-	35.65
		2020	-	-
5)	Corporate social responsibility	2021	-	25.00
		2020	-	69.02

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

e) The related party balances outstanding at year end are as follows:

	Particulars		Holding Company	Subsidiary Companies	Key Managerial Personnel
1)	Investment in subsidiary	2021	-	20,212.91	-
		2020	-	20,127.96	-
2)	Reimbursement of expenses	2021	-	493.17	-
		2020	-	491.42	-
3)	Loans outstanding	2021	-	39,291.64	2,500.00
	(including interest accrued)	2020	-	52,913.74	-

Note 33
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Type of Services or service		
Syndication, advisory & other fees	3,142.70	4,814.32
Total revenue from contracts with customers	**3,142.70**	**4,814.32**
Geographical markets		
India	3,142.70	4,814.32
Outside India	-	-
Total revenue from contracts with customers	**3,142.70**	**4,814.32**
Timing of revenue recognition		
Services transferred at a point in time	3,142.70	4,814.32
Services transferred over time	-	-
Total revenue from contracts with customers	**3,142.70**	**4,814.32**

Note 34
Contingent liabilities and Commitments

Particulars	As at March 31, 2021	As at March 31, 2020
Contingent liabilities:		
Corporate guarantee given by Company to banks	5,652.78	4,625.00
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	50.42	26.51
Other commitments:		
Loans sanctioned not yet disbursed	37,203.20	87,448.98

Note 35
Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	2,370.90	2,940.21
Add : Adjustments/additions during the year	1,355.04	259.44
Add : Interest on lease liability	252.55	269.12
Less : Lease rental payments	(1,207.35)	(1,097.87)
	2,771.14	**2,370.90**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(B) Future lease cashflow for all leased assets

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than one year	1,233.52	1,376.38
Later than one year but not later than five years	1,884.77	3,080.07
Later than five years	262.10	-
	3,380.39	**4,456.45**

(C) Maturity analysis of lease liability

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability		
Less than 12 months	1,007.30	843.04
More than 12 months	1,763.84	1,527.86
	2,771.14	**2,370.90**

Note 36
Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED :

	Particulars	As at March 31, 2021	As at March 31, 2020
a.	Principal and interest amount remaining unpaid	7.80	-
b.	Interest due thereon remaining unpaid	-	-
c.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e.	Interest accrued and remaining unpaid	-	-
f.	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 enterprises	-	-

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors. No interest has been paid/is payable during the year to the suppliers registered under this Act.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 37
Gratuity and other post-employment benefit plans:

The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

	Particulars	As at March 31, 2021	As at March 31, 2020
A.	**Amount recognised in the balance sheet**		
	Present value of the obligation as at the end of the year	457.11	394.42
	Fair value of plan assets as at the end of the year	3.84	3.59
	Net (asset) / liability to be recognised in the balance sheet	**453.27**	**390.83**
B.	**Change in projected benefit obligation**		
	Projected benefit of obligation at the beginning of the year	394.42	396.82
	Current service cost	127.46	110.66
	Past service cost	-	-
	Interest cost	26.34	12.59
	Benefits paid	(78.85)	(60.75)
	Actuarial (gain) / loss on obligation	(12.26)	(64.90)
	Projected benefit obligation at the end of the year	**457.11**	**394.42**
C.	**Change in plan assets**		
	Fair value of plan assets at the beginning of the year	3.59	3.34
	Return on plan assets	4.15	2.75
	Actuarial gain/(loss)	(3.90)	(2.50)
	Fair value of plan assets at the end of the year	**3.84**	**3.59**
D.	**Amount recognised in the statement of profit and loss**		
	Current service cost	127.46	110.66
	Net interest cost	22.19	9.83
	Expenses recognised in the statement of profit and loss	**149.65**	**120.49**
E.	**Amount recognised in other comprehensive income**		
	Actuarial (gains) / loss		
	- change in financial assumption	19.16	23.54
	- experience variation	(31.42)	(88.44)
	Return on plan assets, excluding amount recognised in net interest expense	3.90	2.51
		(8.36)	**(62.39)**
F.	**Assumptions used**		
	Discount rate	6.35%	6.85%
	Salary growth rate	6.00%	6.00%
	Withdrawal rate	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 37
Gratuity and other post-employment benefit plans : (Continued)

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	437.95	477.75	378.30	411.74
Salary growth rate (0.5% movement)	474.62	440.35	408.05	381.11
Withdrawal rate (10% movement)	454.80	459.24	393.76	394.84

H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 138.87 lakh
3. The average outstanding term of the obligations as at valuation date is 8.88 years.

Note 38
Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company, Subsidiary Company, the Director, whether a whole time Director or otherwise but excluding Non-Executive Independent Director, including the Director of the 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 March 31, 2021, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at March 31, 2021, the Company has the following share-based payment arrangements:

Share option plans (equity settled)

According to the Schemes, the employee selected by the Nomination and Remuneration Committee ('NRC') 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.

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	09-May-16	17-Oct-16	28-Apr-17	15-Dec-17
Total Number of Options approved	15,00,000	27,00,000	30,00,000	20,00,000	60,00,000
Vesting requirements	Vesting criteria will specified for each option holder by the Nomination and Remuneration Committee ('NRC') at the time of grant of options. For valid vesting of options, the concerned option holder is required to be an eligible employee on the respective vesting date and must neither be serving his/her notice period for termination of service nor be subject to any disciplinary proceedings pending against him/her. Unless the NRC provides otherwise, the vesting of options granted hereunder shall be stalled / blocked during any unauthorised and unpaid leave of absence for such period as may prescribed by NRC or for any cause as deemed fit by the NRC.				
The pricing formula	Options can be exercised at any of the following exercise price, as may be determined by the NRC at its sole discretion at the time of grant of options:(i) fair market value rounded to the nearest rupee; or(ii) market price rounded to the nearest rupee; or(iii) such price as may be determined by the NRC. However, the exercise price shall not be less than the fair market value of the shares.				

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 38
Employee stock option plans (Continued)

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Maximum term of options granted (years)	Options granted under the ESOP plans would vest not less than 1 (one) year from the date of grant of options. Options shall be capable of being exercised within a period of 4 years from the date of vesting.				
Method of settlement	Equity				
Source of shares	Primary				
Variation in terms of ESOP	ESOP Plan 2012, ESOP Plan 2016, ESOP Plan 2016 - II, ESOP Plan - 2017 and ESOP Plan 2018 were amended pursuant to resolution passed by NRC and the Board of Directors at their respective meeting held on August 12, 2020 and members of Company at the Annual General Meeting held on September 24, 2020 by deleting the maximum period within which options should vest with option grantees.				
Method used for accounting of options	Fair Value Method				

II. Option Movement during the year ended Mar 2021

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
	No. of Options	No. of Options	No. of Options	No. of Options	No. of Options
No. of options outstanding at the beginning of the year	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Options granted during the year	-	-	-	-	15,75,000
Options forfeited / lapsed during the year	-	17,35,777	13,84,500	15,000	10,000
Options exercised during the year	64,000	2,55,000	7,88,000	-	-
Total number of shares arising as a result of exercise of options	64,000	2,55,000	7,88,000	-	-
Number of options outstanding at the end of the year	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Number of options exercisable at the end of the year	5,450	3,31,200	3,00,300	90,300	1,13,500
Weighted average market price of options exercised for the year ended March 31, 2021	284.55	331.06	309.72	-	-

II. Option Movement during the year ended Mar 2020

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
	No. of Options	No. of Options	No. of Options	No. of Options	No. of Options
No. of options outstanding at the beginning of the year	2,68,200	25,13,277	25,60,500	18,29,000	14,36,000
Options granted during the year	-	-	-	-	1,05,000
Options forfeited / lapsed during the year	-	10,000	10,000	84,500	83,000
Options exercised during the year	1,93,500	-	-	-	-
Total number of shares arising as a result of exercise of options	1,93,500	-	-	-	-
Number of options outstanding at the end of the year	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Number of options exercisable at the end of the year	67,950	22,43,677	13,63,800	31,600	34,500
Weighted average market price of options exercised for the year ended March 31, 2020	286.32	-	-	-	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 38
Employee stock option plans (Continued)

III. Weighted Average remaining contractual life

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of exercise price (₹ per share)	140.00 - 437.00	225.00 - 437.00	255.00 - 437.00	315.00 - 437.00	279.05 - 437.00
No. of options outstanding as on March 31, 2021	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Contractual life (in years)	3.97	2.21	3.50	3.67	4.61

IV. Method and Assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Variables	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
1. Risk Free Interest Rate	NA	NA	NA	NA	5.2%
2. Expected Life (in years)	NA	NA	NA	NA	4.79
3. Expected Volatility	NA	NA	NA	NA	42.48%
4. Dividend Yield	NA	NA	NA	NA	0.3%
5. Exercise Price	NA	NA	NA	NA	293.00
6. Price of the underlying share in market at the time of the option grant (₹)	NA	NA	NA	NA	292.25

V. Effect of share-based payment transactions on the Company's Profit or Loss for the period:

Particulars	31-Mar-21	31-Mar-20
Employee share based expense (₹)	878.05	1,714.08
Total ESOP reserve outstanding at the end of the period (₹)	5,375.17	8,472.33

Note 39
Grossing up of acquired securitised loans as part of business combination

During the current year, the loan assets and corresponding borrowing, the interest income and interest expense are recognised on a gross basis with respect to the securitised portfolio acquired from India Infoline Finance Limited in March 2019. Accordingly, the figures of the previous year have been re-grouped/re-stated to make them comparable with current year.

Particulars	March 31, 2020		March 31, 2019	
	Gross Basis	Net Basis	Gross Basis	Net Basis
Balance Sheet				
Loans	8,07,368.92	7,58,253.85	11,18,092.77	10,18,310.99
Borrowings	4,99,775.91	4,53,589.17	6,40,987.39	5,41,208.13
Other financial liabilities	24,098.96	21,170.63	19,201.13	19,198.61
Statement of Profit and Loss				
Interest income	1,41,948.71	1,34,992.53	-	-
Interest expense	85,736.39	78,780.20	-	-

Note 40
Disclosure pursuant to Ind AS 108 'Operating Segments'

The Company has provided segmental information in the consolidated financial statements as per Ind AS 108 - Operating Segments.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 41 - Maturity pattern of Assets and Liabilities

Financial statements of the Company are disclosed in the format of order of liquidity. An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	Note	As on March 31, 2021			As on March 31, 2020		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
Assets							
Financial assets							
Cash and cash equivalents	3	26,862.05	-	**26,862.05**	14,703.53	-	**14,703.53**
Bank balances other than cash and cash equivalents	4	99.32	23,737.00	**23,836.32**	11,230.46	26,438.76	**37,669.22**
Loans	5	1,57,154.78	5,12,090.93	**6,69,245.71**	2,22,063.18	5,85,305.74	**8,07,368.92**
Investments	6	1,39,867.11	38,981.83	**1,78,848.94**	23,055.69	20,127.96	**43,183.65**
Other financial assets	7	3,572.01	8,121.87	**11,693.88**	32,431.01	659.48	**33,090.49**
Non-financial assets							
Current tax assets (net)	8	-	11,824.56	**11,824.56**	-	13,162.92	**13,162.92**
Deferred tax assets (net)	9	-	14,519.20	**14,519.20**	-	12,499.07	**12,499.07**
Property, plant and equipment	10	-	5,920.90	**5,920.90**	-	7,683.66	**7,683.66**
Assets held for sale	11	1,609.37	-	**1,609.37**	2,701.49	-	**2,701.49**
Goodwill		-	30,018.69	**30,018.69**	-	30,018.69	**30,018.69**
Intangible assets	12	-	348.45	**348.45**	-	304.75	**304.75**
Other non-financial assets	13	4,001.98	-	**4,001.98**	3,940.49	-	**3,940.49**
Total Assets		**3,33,166.62**	**6,45,563.43**	**9,78,730.05**	**3,10,125.85**	**6,96,201.03**	**10,06,326.88**

Particulars	Note	As on March 31, 2021			As on March 31, 2020		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
Liabilities							
Financial liabilities							
Trade payables	14	428.25	-	**428.25**	957.03	-	**957.03**
Debt securities	15	1,27,988.84	73,287.34	**2,01,276.18**	56,905.14	1,52,042.00	**2,08,947.14**
Borrowings (other than debt securities)*	16	1,68,482.04	2,06,308.60	**3,74,790.64**	1,95,876.53	3,03,899.38	**4,99,775.91**
Other financial liabilities	17	30,261.28	-	**30,261.28**	24,098.96	-	**24,098.96**
Non-financial liabilities							
Provisions	18	163.06	534.77	**697.83**	165.23	685.28	**850.51**
Other non-financial liabilities	19	1,615.59	1,763.84	**3,379.43**	1,304.02	1,527.86	**2,831.88**
Total Liabilities		**3,28,939.06**	**2,81,894.55**	**6,10,833.61**	**2,79,306.91**	**4,58,154.52**	**7,37,461.43**

* also refer note 31(G)

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 42
Asset liability management

Particulars	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	25,336.49	6,797.48	29,521.36	23,670.66	45,503.55	1,21,428.49	25,355.87	-
Market borrowings	31,753.23	8,218.56	26,686.18	20,895.01	78,088.38	98,519.63	8,749.36	25,542.59
Assets:								
Loans and advances (gross)	17,268.22	11,388.42	10,966.72	34,518.58	99,100.76	3,12,358.27	1,48,544.24	1,03,611.17
Investments (gross)	1,27,137.18	-	-	7,409.96	5,319.97	-	22,452.42	20,212.91

* The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 59,621.95 lakhs scheduled for payment after March 31, 2022 for these facilities have been classified as per prevailing contractual maturity.

In addition to the investments shown in the table above, the Company also has cash and cash equivalents as mentioned below and undrawn funding lines amounting to ₹ 15,400.00 lakhs :

- Cash & Cash Equivalents (refer note 3)	26,862.05
- Bank balances other than cash and cash equivalents (refer note 4)	23,836.32
Total	**50,698.37**

Note 43
Exposure to real estate sector

Category	As at March 31, 2021	As at March 31, 2020
A Direct exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to 15 lakhs ₹ NIL. (Previous year ₹ NIL)	1,08,519.90	91,803.14
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;	2,05,781.85	3,57,094.97
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	Nil	Nil
- Commercial Real Estate	Nil	Nil
B Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	59,503.55	73,040.70

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 44
Exposure to capital market

	Category	As at March 31, 2021	As at March 31, 2020
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;	-	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds' does not fully cover the advances;	-	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6	Loans sanctioned to corporates against the security of shares/ bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

Note 45
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

	Particulars	As at March 31, 2021	As at March 31, 2020
1	Provisions for depreciation on Investment	3,683.50	-
2	Provision towards NPA	10,820.40	(3,067.66)
3	Provision made towards Income tax	456.55	1.67
4	Other Provision and Contingencies	(162.73)	5,130.38
5	Provision for Standard Assets and other receivable	1,614.28	33,658.70

II - Concentration of Advances

	Particulars	As at March 31, 2021	As at March 31, 2020
1	Total Advances to twenty largest borrowers	1,97,755.57	2,84,079.68
2	Percentage of Advances to twenty largest borrowers to Total Advances	26.8%	34.8%

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 45
Other Disclosures Pursuant to the RBI Master Directions, 2016 (Continued)

III - Concentration of Exposures

	Particulars	As at March 31, 2021	As at March 31, 2020
1	Total Exposure to twenty largest borrowers /customers	2,27,692.30	3,71,344.66
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure*	29.7%	41.1%

* being total exposures of all borrowers and undrawn commitments of top 20 borrowers.

IV - Concentration of NPAs

	Particulars	As at March 31, 2021	As at March 31, 2020
1	Total Exposure to top four NPA accounts	4,198.11	16,445.89

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

	Particulars	As at March 31, 2021	As at March 31, 2020
1	Agriculture and allied activities	2.06%	4.84%
2	MSME	2.65%	1.78%
3	Corporate borrowers	-	5.28%
4	Services	8.98%	6.45%
5	Unsecured personal loans	-	-
6	Auto loans	4.18%	1.23%
7	Other personal loans	-	-

VI - Movement of NPAs

Particulars	As at March 31, 2021	As at March 31, 2020
Net NPAs to Net Advances (%)	1.98%	3.67%
Movement of NPAs (Gross)		
Opening balance	38,933.76	30,757.88
Additions during the year/period	29,327.51	29,857.32
Reductions during the year/period	(35,774.36)	(21,681.44)
Closing balance	32,486.91	38,933.76
Movement of Net NPAs		
Opening balance	31,479.15	19,472.85
Additions during the year/period	7,772.43	25,500.92
Reductions during the year/period	(25,039.68)	(13,494.62)
Closing balance	14,211.90	31,479.15
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	7,454.61	11,285.03
Provisions made during the year/period	21,555.08	4,356.40
Write-off / write-back of excess provisions	(10,734.68)	(8,186.82)
Closing balance	18,275.01	7,454.61

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

VII - Details of assignment transactions undertaken during the period:

	Particulars	As at March 31, 2021	As at March 31, 2020
1	No. of accounts	111	5,477
2	Aggregate value (net of provisions) of accounts assigned	7,739.61	1,09,750.66
3	Aggregate consideration	7,739.61	1,09,750.66
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

VIII - Details of financial assets sold to Asset Reconstruction/Securitisation Companies during the period:

	Particulars	As at March 31, 2021	As at March 31, 2020
1	No. of accounts	4,465	10,786
2	Aggregate value (net of provisions) of accounts assigned	35,375.09	57,018.82
3	Aggregate consideration	29,600.00	55,590.40
4	Additional consideration realized in respect of accounts transferred in earlier years	-	
5	Aggregate gain / (loss) over net book value	(5,775.09)	(1,428.42)

IX - Customer Complaints

	Particulars	As at March 31, 2021	As at March 31, 2020
1	No. of complaints pending at the beginning of the period	39	3
2	No. of complaints received during the period	268	194
3	No. of complaints redressed during the period	278	158
4	No. of complaints pending at the end of the period	29	39

Note 45
Other Disclosures Pursuant to the RBI Master Directions, 2016
X - Investments

			Particulars	As at March 31, 2021	As at March 31, 2020
1			Value of Investments		
	(i)		Gross Value of Investments		
			(a) In India	1,82,532.44	43,183.65
			(b) Outside India	-	-
	(ii)		Provision for Depreciation		
			(a) In India	3,683.50	-
			(b) Outside India	-	-
	(iii)		Net Value of Investments		
			(a) In India	1,78,848.94	43,183.65
			(b) Outside India	-	-
2			Movement of provisions held towards depreciation on investments		
	(i)		Opening balance	-	-
	(ii)		Add : Provisions made during the year	3,683.50	-
	(iii)		Less : Write-off/ write-back of excess provision during the year	-	-
	(iv)		Closing balance	3,683.50	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

XI - Registration obtained from other financial sector regulators : None

XII - 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/period.

XIII - Details of financing of parent Company products : None

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

XV - Draw down from reserves : None

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

Sr. No.	Instrument	Credit Rating Agency	As at March 31, 2021	As at March 31, 2020
1	Commercial Paper	CARE	A1+	A1+
		ICRA	A1+	A1+
		CRISIL	A1+	A1+
2	Long Term Facilities	CARE	AA-	AA-
		INDIA RATINGS	AA-	AA-
3	NCD	CARE	AA-	AA-
		INDIA RATINGS	AA-	AA-

XVII - Unsecured Advances against intangible securities : None

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency : Indian Rupees in Lakhs)

XVIII - Disclosures of restructured accounts

Sr. No.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured account as on April 1, 2020 (Opening Figures)	Number of Borrowers	-	-	-	-	-	4,892	409	2	-	5,303	5,303
		Amount Outstanding	-	-	-	-	-	78,511.44	6,710.13	31.01	-	85,252.58	85,252.58
		Provision Thereon	-	-	-	-	-	4,239.62	671.01	6.20	-	4,916.83	4,916.83
2	Fresh Restructuring during the year	Number of Borrowers	-	-	-	-	-	2,048	-	-	-	2,048	2,048
		Amount Outstanding	-	-	-	-	-	33,670.69	-	-	-	33,670.69	33,670.69
		Provision Thereon	-	-	-	-	-	15,476.73	-	-	-	15,476.73	15,476.73
3	Upgradations to restructured standard category during the year	Number of Borrowers	-	-	-	-	-	4,878	335	-	-	5,213	5,213
		Amount Outstanding	-	-	-	-	-	17,405.01	4,825.61	-	-	22,230.62	22,230.62
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
4	Restructured Standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY20-21 and hence need not be shown as restructured standard advances at the begining of the next FY	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during FY 20-21 (Slipped to NPA as on March 31, 2021)	Number of Borrowers	-	-	-	-	-	(663)	663	-	-	-	-
		Amount Outstanding	-	-	-	-	-	(15,551.19)	15,551.19	-	-	(0)	(0)
		Provision Thereon	-	-	-	-	-	(7,625.55)	7,625.55	-	-	-	-
6	Write-offs of the restructured accounts during FY 20-21	Number of Borrowers	-	-	-	-	-	-	136	2	-	138	138
		Amount Outstanding	-	-	-	-	-	-	4,812.62	31.01	-	4,843.63	4,843.63
		Provision Thereon	-	-	-	-	-	-	6.20	(6.20)	-	-	-
7	Restructured account as on March 31, 2021 (Closing Figures)	Number of Borrowers	-	-	-	-	-	5,798	667	-	-	6,465	6,465
		Amount Outstanding	-	-	-	-	-	79,225.94	12,623.08	-	-	91,849.02	91,849.02
		Provision Thereon	-	-	-	-	-	12,090.80	8,302.76	-	-	20,393.56	20,393.56

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 46
Disclosure pursuant to Reserve Bank of India circular no. RBI/2019-20/220 DOR.NO.BP.BC.63/21.04.048/ 2019-20:

Particulars	As at March 31, 2020	As at March 31, 2021
Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular	1,71,942.28	6,600.22
Respective amount where asset classification benefits is extended	1,71,942.28	6,600.22
Provisions made in terms of paragraph 5 of RBI Circular *	17,194.23	660.02
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 and reversal	-	17,854.25
The residual provisions in terms of paragraph 6 of RBI Circular	17,194.23	-

* the Company created entire provision @10% in Q4 FY2020.

Note 47
Note 47- Disclosure pursuant to Reserve Bank of India circular no. RBI/2019-20/170 DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS#	Loss Allowances (Provisions) as required under Ind AS 109#	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	5,19,657.59	28,167.84	4,91,489.75	1,754.87	26,412.97
	Stage 2	1,85,611.90	22,067.83	1,63,544.07	5,732.15	16,335.68
Subtotal		**7,05,269.49**	**50,235.67**	**6,55,033.82**	**7,487.02**	**42,748.65**
Non-Performing Assets (NPA)						
Substandard	Stage 3	27,265.64	15,300.26	11,965.38	2,298.72	13,001.54
Doubtful - up to 1 year	Stage 3	3,840.86	2,302.73	1,538.13	990.70	1,312.03
1 to 3 years	Stage 3	1,380.41	672.02	708.39	507.75	164.27
More than 3 years	Stage 3	-		-	-	-
Subtotal for doubtful		**5,221.27**	**2,974.75**	**2,246.52**	**1,498.45**	**1,476.30**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**32,486.91**	**18,275.01**	**14,211.90**	**3,797.17**	**14,477.84**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS#	Loss Allowances (Provisions) as required under Ind AS 109#	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Total		**7,37,756.40**	**68,510.68**	**6,69,245.72**	**11,284.19**	**57,226.49**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	37,203.20	126.51		-	126.51
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
		-	-			
Subtotal		**37,203.20**	**126.51**	**-**	**-**	**126.51**
Total	Stage 1	5,56,860.79	28,294.35	4,91,489.75	1,754.87	26,539.48
	Stage 2	1,85,611.90	22,067.83	1,63,544.07	5,732.15	16,335.68
	Stage 3	32,486.91	18,275.01	14,211.90	3,797.17	14,477.84
	Total	**7,74,959.60**	**68,637.19**	**6,69,245.72**	**11,284.19**	**57,353.00**

includes securitised loans in the scope of Ind-AS 109 and Impairment loss allowance thereon.

Note 48
Liquidity coverage ratio:

	Particulars	Amounts (Average)	
		Unweighted (average)[1]	Weighted (average)[2]
	High Quality Liquid Assets		
1	**Total High Quality Liquid Assets (HQLA)[3]**	13,882.26	13,882.26
	Cash Outflows		
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	70.67	81.27
4	Secured wholesale funding	35,056.54	40,315.02
5	Additional requirements, of which	21,482.22	24,704.56
(i)	Outflows related to derivative exposures and other collateral requirements	-	-
(ii)	Outflows related to loss of funding on debt products	-	-
(iii)	Credit and liquidity facilities	21,482.22	24,704.56
6	Other contractual funding obligations	9,967.99	11,463.19
7	Other contingent funding obligations	179.94	206.93
8	**Total Cash Outflows**	**66,757.36**	**76,770.97**
	Cash Inflows		
9	Secured Lending	-	-
10	Inflows from fully performing exposures	13,481.09	10,110.81
11	Other cash inflows	99,222.14	74,416.60

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 48
Liquidity coverage ratio: (Continued)

	Particulars	Amounts (Average)	
		Unweighted (average)[1]	Weighted (average)[2]
12	**Total Cash Inflows**	**1,12,703.23**	**84,527.41**
			Total Adjusted Value
13	Total HQLA		13,882.26
14	Total Net Cash Outflows (Weighted value of Total Cash Outflows – Minimum of (Weighted value of Total Cash Inflows, 75% of Weighted value of Total Cash Outflows))"		19,192.74
15	Liquidity Coverage Ratio (%)		72%

1) Unweighted value calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

2) Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

3) The Company, during the quarter ended March 31, 2021, had maintained average HQLA of ₹ 13,882.36 lakhs HQLA primarily includes cash on hand, bank balances in current account and Government securities.

Note 49
Disclosure of details as required by Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

	Particulars	As at March 31, 2021	
		Amount outstanding	Amount overdue
	Liabilities side :		
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
	(a) Debenture : Secured	1,88,963.98	-
	: Unsecured	12,312.20	-
	(b) Deferred Credits	-	-
	(c) Term Loans	2,59,513.89	-
	(d) Inter-corporate loans and borrowing	97,176.75	-
	(e) Commercial Paper	12,312.20	-
	(f) Public Deposits (Refer Note 1 below)	-	-
	(g) Other Loans	18,100.00	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(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	-	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Assets side :	As at March 31, 2021
	Amount outstanding
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a) Secured	6,82,615.11
(b) Unsecured	55,141.28
(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 :	
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	1,27,137.18
(iv) Government Securities	12,729.94
(v) Others (Please specify)	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Assets side :	As at March 31, 2021 Amount outstanding
Break-up of Investments :	
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	-
2. Unquoted :	
(I) Shares: (a) Equity	20,212.91
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others: Security receipts	22,452.41

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

Category	Amount (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	-	39,134.48	39,134.48
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	6,17,137.85	12,973.37	6,30,111.23

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

Category	Market Value / Break up or fair value or NAV*	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	20,212.91	20,212.91
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	1,58,636.03	1,58,636.03

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(8) Other information

Particulars		Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties**	-
	(b) Other than related parties	32,486.91
(ii)	Net Non-Performing Assets	
	(a) Related parties**	-
	(b) Other than related parties	14,211.90
(iii)	Assets acquired in satisfaction of debt	-

Note 50
The Company does not have any unhedged foreign currency exposure for the year ended March 31, 2021.

Note 51
The comparative financial information for the previous year prepared in accordance with Ind AS included have been audited by the predecessor auditors. The report of the predecessor auditor expressed an unmodified opinion.

Note 52
To provide more reliable and relevant information about certain items of the financial statements, previous year's figures have been regrouped or reclassified, to conform to such current year grouping / classification. There is no impact on equity or net loss due to this regrouping / reclassification.

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

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

CONSOLIDATED FINANCIALS

INDEPENDENT AUDITOR'S REPORT

To
The Members of
IndoStar Capital Finance Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **IndoStar Capital Finance Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cashflows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Note 31(F) of the consolidated financial statements, in which the Group describes the continuing uncertainties arising from the COVID 19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Allowances for Expected Credit Losses (ECL):** (Refer Notes 2.3(f)(i) and 5 to the consolidated financial statements) As at March 31, 2021, loan assets aggregated ₹ 7,139.34 crore (net of ECL ₹ 698.87 crore), constituting 71% of the Group's total assets which are measured at amortised cost.	Principal audit procedures performed: We have read and assessed the accounting policies and the governance framework approved by the Board of Directors of the respective Companies including the policy with respect of one-time restructuring offered to customers pursuant to the Resolution Framework issued by RBI.

Sr. No.	Key Audit Matter	Auditor's Response
	Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for expected credit losses ("ECL") on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Staging the loan assets i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories • Basis used for estimating Probabilities of Default ("PD") • Basis used for estimating Loss Given Default ("LGD") • Adjustments to model driven ECL results, to address emerging trends including the impact of COVID19 pandemic.	We have verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors of the respective companies, procedures and controls for assessing and measuring credit risk on loan assets measured at amortised cost. Our audit procedures related to the allowance for ECL included the following, among others: • Testing the design and effectiveness of internal controls over the: – completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors of the respective companies including the appropriateness of the qualitative factors to be applied. – appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and – computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model including the impact of COVID19 pandemic. • Also, for selected sample of loan assets: – we have tested the additional considerations applied by the management for staging of loans as SICR or default categories in view of policy on one-time restructuring. – we tested the input data used in estimating the PD; – we evaluated reasonableness of LGD estimates. • We tested the mathematical accuracy and computation of the allowances. • We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the management discussion and analysis and Board's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The management discussion and analysis and Board's report and its annexures are expected to be made available to us after the date of this auditor's report.

- Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read management discussion and analysis and Board's report and its annexures, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to

continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branches, entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Group as of and for the year ended March 31, 2020 prepared in accordance with Ind AS included in this consolidated financial statement have been audited by the predecessor auditor. The report of the predecessor auditor on these comparative financial information dated June 17, 2020 expressed an unmodified opinion.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 purposes of our audit of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cashflows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Ind-AS specified under Section 133 of the Act.

   e. On the basis of the written representations received from the directors of the Parent as on 31 March, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of the subsidiary companies incorporated in India, none of the directors of the Group companies

is disqualified as on 31 March, 2021 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 A" which is based on the auditor's reports of the parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting of those companies.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

- We draw attention to Note 33 of the consolidated financial statements regarding excess remuneration paid to the whole-time director of the Parent amounting to ₹ 0.44 crore for the year ended March 31, 2021 in terms of the prescribed limits under section 197 read with Schedule V to the Act, is subject to approval of the shareholders which the Parent proposes to obtain at the forthcoming annual general meeting. Our opinion is not modified in respect of this matter

h. 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Mukesh Jain
(Partner)
(Membership No. 108262)
(UDIN: 21108262AAAALL9646)

Place: Mumbai
Date: 17 June 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of **IndoStar Capital Finance Limited** (hereinafter referred to as "the Parent") and its subsidiary companies which are companies incorporated in India to whom internal financial controls over financial reporting is applicable, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

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 to the best of our information and according to the explanations given to us, the Parent and its subsidiary companies, which are companies incorporated in India, and where such reporting under section 143(3) is applicable, have, 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, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Mukesh Jain
(Partner)
(Membership No. 108262)
(UDIN: 21108262AAAALL9646)

Place: Mumbai
Date: 17 June 2021

CONSOLIDATED BALANCE SHEET

as at March 31, 2021

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	27,917.57	16,835.17
Bank balances other than cash and cash equivalents	4	24,096.60	37,669.22
Loans	5	7,13,933.61	8,29,309.31
Investments	6	1,59,136.05	23,055.69
Other financial assets	7	14,377.47	33,939.28
		9,39,461.30	**9,40,808.67**
Non-financial assets			
Current tax assets (net)	8	12,053.80	13,386.58
Deferred tax assets (net)	9	14,293.49	12,978.33
Property, plant and equipment	10	6,092.79	7,861.61
Assets held for sale	11	2,087.45	3,873.85
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	452.43	383.58
Other non-financial assets	13	3,697.58	3,545.30
		68,696.23	**72,047.94**
TOTAL ASSETS		**10,08,157.53**	**10,12,856.61**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		8.12	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		386.29	1,109.83
Debt securities	15	2,01,276.18	2,08,947.14
Borrowings (other than debt securities)	16	3,99,483.46	5,05,245.05
Other financial liabilities	17	32,836.04	25,648.61
		6,33,990.09	**7,40,950.63**
Non-financial liabilities			
Provisions	18	757.95	906.66
Other non-financial liabilities	19	3,584.40	2,942.95
		4,342.35	**3,849.61**
TOTAL LIABILITIES		**6,38,332.44**	**7,44,800.24**
Equity			
Equity share capital	20	12,373.03	9,245.09
Preference share capital	20	1,206.90	-
Other equity	21	3,56,245.16	2,58,811.28
TOTAL EQUITY		**3,69,825.09**	**2,68,056.37**
TOTAL LIABILITIES AND EQUITY		**10,08,157.53**	**10,12,856.61**

See accompanying notes forming part of the consolidated financial statements 1 to 44

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Mukesh Jain
Partner

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

Place: Mumbai
Date: June 17, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations	22		
Interest income		1,17,387.64	1,46,615.90
Fees and commission income		3,265.98	5,154.89
Net gain on fair value changes		4,895.30	4,732.91
Gain on derecognition of financial instruments measured at amortised cost category		2,430.16	3,240.57
Total revenue from operations		**1,27,979.08**	**1,59,744.77**
Other income	23	736.79	146.17
Total income		**1,28,715.87**	**1,59,890.94**
Expenses			
Finance costs	24	70,861.24	86,339.63
Impairment on financial instruments	25	46,198.02	86,016.73
Employee benefit expenses	26	17,371.25	18,870.37
Depreciation and amortisation expenses	27	3,350.19	3,010.31
Other expenses	28	12,824.50	9,321.38
Total expenses		**1,50,605.20**	**2,03,558.42**
Profit/(loss) before tax		**(21,889.33)**	**(43,667.48)**
Tax expense:	29		
1. Current tax		380.42	36.12
2. Tax of earlier years		456.50	-
3. Deferred tax expenses		(1,315.76)	(11,240.88)
Total tax expenses		**(478.84)**	**(11,204.76)**
Profit/(loss) after tax		**(21,410.49)**	**(32,462.72)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		11.42	70.50
- Income tax relating to items that will not be reclassified to profit or loss		(2.29)	(17.74)
		9.13	**52.76**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		(6.72)	-
- Income tax relating to items that will be reclassified to profit or loss		1.69	-
		(5.03)	**-**
Other comprehensive income for the year, net of tax		**4.10**	**52.76**
Total comprehensive income for the year		**(21,406.39)**	**(32,409.96)**
Earnings per equity share	30		
Basic earnings per share (₹)		(20.83)	(35.18)
Diluted earnings per share (₹)		(20.83)	(35.18)
(Equity Share of face value of ₹ 10 each)			

See accompanying notes forming part of the consolidated financial statements 1 to 44

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Mukesh Jain
Partner

Place: Mumbai
Date: June 17, 2021

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

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A	**Cash flows from operating activities**		
	Profit/ (loss) before tax	(21,889.33)	(43,667.48)
	Adjustments for:		
	Interest income on financial assets	(1,17,387.64)	(1,46,615.90)
	Finance costs	70,861.24	86,339.63
	Depreciation and amortisation expense	3,350.19	3,010.31
	Loss on sale of property plant and equipment	623.22	18.63
	Provisions for expected credit loss	46,198.03	86,016.13
	Provision for asset held for sale	108.76	430.43
	Provision for gratuity, leave encashment and employee advances	55.27	267.71
	Employee share based payment expense	963.01	1,768.75
	Gain on sale/revaluation of investments	(4,895.30)	(4,732.91)
		(22,012.55)	**(17,164.70)**
	Interest income realised on financial assets	1,19,964.99	1,39,526.86
	Finance costs paid	(66,756.48)	(83,872.78)
	Cash generated from operating activities before working capital changes	**31,195.96**	**38,489.38**
	Adjustments:		
	(Increase)/Decrease in trade receivables	-	53.10
	(Increase)/Decrease in loans and advances	49,066.67	1,75,491.35
	(Increase)/Decrease in other financial assets	20,337.37	(24,071.82)
	(Increase)/Decrease in other non-financial assets	(152.27)	(4,613.46)
	Increase/(Decrease) in trade payable	(715.42)	(837.70)
	Increase/(Decrease) in other financial liabilities	6,409.04	(5,892.15)
	Increase/(Decrease) in provisions	-	(87.65)
	Increase/(Decrease) in other non-financial liabilities	148.15	2,319.18
	Cash (used in)/generated from operating activities	**1,06,289.50**	**1,80,850.23**
	Taxes paid / (refund)	496.25	(9,836.35)
	Net cash (used in)/generated from operating activities (A)	**1,06,785.75**	**1,71,013.88**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(681.58)	(4,030.69)
	Sale of property, plant and equipment	645.04	-
	Purchase of intangible assets	(345.34)	(203.51)
	Payment on account of acquisition of business	-	(2,00,621.67)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	13,572.63	(34,110.63)
	(Acquisition)/redemption of FVTPL investments (net)	(99,782.51)	11,763.03
	(Acquisition)/redemption of FVOCI investments (net)	(12,640.35)	-
	Net cash (used in)/generated from investing activities (B)	**(99,232.11)**	**(2,27,203.47)**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
C Cash flows from financing activities		
Proceeds from issue of equity shares (including securities premium and net off of share issue expenses)	1,22,212.76	287.50
Proceeds from bank borrowings	1,05,599.33	2,27,186.31
Repayments towards bank borrowings	(2,11,691.69)	(1,12,473.36)
Proceeds from issuance of Non-Convertible Debentures	55,000.00	1,818.42
Repayments towards Non-Convertible Debentures	(78,500.00)	(1,20,500.00)
Proceeds from/(repayments towards) Commercial Papers (net)	12,312.49	(29,116.54)
Payment of lease liabilities	(1,404.13)	(358.39)
Dividend and DDT paid	-	(2,224.08)
Net cash (used in)/generated from financing activities (C)	**3,528.76**	**(35,380.14)**
Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**11,082.40**	**(91,569.73)**
Cash and Cash Equivalents at the beginning of the year	**16,835.17**	**1,08,404.90**
Cash and Cash Equivalents at the end of the year	**27,917.57**	**16,835.17**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	461.22	131.86
Balances with banks		
- in current accounts	11,379.55	9,966.58
- Deposits with original maturity of less than 3 months	16,076.80	6,736.73
Total	**27,917.57**	**16,835.17**

See accompanying notes forming part of the consolidated financial statements 1 to 44

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Mukesh Jain
Partner

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

Place: Mumbai
Date: June 17, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended March 31, 2021

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹ 10/- each	Note	Amount
Balance as at April 1, 2019		9,225.74
Shares issued during the period		19.35
Balance as at March 31, 2020	**20**	**9,245.09**
Balance as at April 1, 2020		9,245.09
Shares issued during the year		3,127.94
Balance as at March 31, 2021	**20**	**12,373.03**

(b) Preference share capital of face value of ₹ 10/- each	Note	Amount
Balance as at April 1, 2019		-
Shares issued during the year		-
Balance as at March 31, 2020	**20**	**-**
Balance as at April 1, 2020		-
Shares issued during the year		1,206.90
Balance as at March 31, 2021	**20**	**1,206.90**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended March 31, 2021

(Currency : Indian Rupees in Lakhs)

(c) Other equity

Particulars	Reserves and surplus							Debt instruments through other comprehensive income	Total
	Securities Premium Account	Statutory Reserves u/s 45(IC)	Statutory Reserve u/s Section 29C	Capital Reserve	Share options outstanding account	General reserve	Retained earnings		
Balance at April 1, 2019	1,71,166.53	25,905.39	8.53	0.43	6,697.71	-	87,623.96	-	2,91,402.55
Profit/(loss) after tax for the year	-	-	-	-	-		(32,462.72)	-	(32,462.72)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-		52.76	-	52.76
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(32,409.96)**	**-**	**(32,409.96)**
Transfer from Retained earnings	-	-	283.95	-	-	-	(283.95)	-	-
Dividend and Dividend Distribution Tax	-	-	-	-	-	-	(2,224.08)	-	(2,224.08)
Share based payment expense	-	-	-	-	1,774.62	-	-	-	1,774.62
Shares issued during the year	268.15	-	-	-	-	-	-	-	268.15
Balance at March 31, 2020	**1,71,434.68**	**25,905.39**	**292.48**	**0.43**	**8,472.33**		**52,705.97**	**-**	**2,58,811.28**
Balance at April 1, 2020	1,71,434.68	25,905.39	292.48	0.43	8,472.33	-	52,705.97	-	2,58,811.28
Profit/(loss) after tax for the year	-	-	-	-	-	-	(21,410.49)	-	(21,410.49)
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	(5.03)	(5.03)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	9.13	-	9.13
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(21,401.36)**	**(5.03)**	**(21,406.39)**
Transfer from Retained earnings	-	-	559.03	-	-	-	(559.03)	-	-
Share issue expense	(2,971.35)	-	-	-	-	-	-	-	(2,971.35)
Share based payment expense	-	-	-	-	963.01	-	-	-	963.01
Transfer from ESOP reserves	2,057.67	-	-	-	(4,060.17)	1,970.49	32.01	-	-
Shares issued during the year	1,20,848.61	-	-	-	-	-	-	-	1,20,848.61
Balance at March 31, 2021	**2,91,369.61**	**25,905.39**	**851.51**	**0.43**	**5,375.17**	**1,970.49**	**30,777.59**	**(5.03)**	**3,56,245.16**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Mukesh Jain
Partner

Place: Mumbai
Date: June 17, 2021

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

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

1 Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21 July 2009 and is domiciled in India. 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 together with its subsidiaries (collectively, the Group), is primarily engaged in lending activities.

IndoStar Capital Finance Limited is engaged in business of lending to Corporates and SME businesses. The Company has two subsidiaries, IndoStar Asset Advisory Private Limited which is primarily engaged in business of investment advisory and asset management services and IndoStar Home Finance Private Limited which is engaged in housing finance business."

2 Basis of Preparation, Basis for Consolidation and Significant accounting policies

2.1 a. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Group shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The outbreak of COVID-19 has not affected the going concern assumption of the Group.

2.1 b. Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2021. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March 2021.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income. Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

2.2 Presentation of financial statements

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business;
- the event of default;
- the event of insolvency of bankruptcy of the Group or its counterparties.

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

(i) Classification of Financial Instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss (FVTPL) such as derivative liabilities. Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

(ii) Assessment of business model and cash flows for financial assets

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed; and

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(iii) The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. "

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Group assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans and Debt instruments at amortised cost

A 'loan or debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(c) Financial assets at fair value through profit or loss

Financial assets are those that are either held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met (such designation is determined on an instrument-by-instrument basis):

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

(e) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'Provisions') at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss. The premium/deemed premium is recognised in the statement of Profit and Loss on a straight line basis over the life of the guarantee.

(f) Loan commitments

Loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Subsequent to initial recognition, the Group's liability under each loan commitment shall be recorded at the amount higher of (i) the amount initially recognised less the cumulative amortisation recognised in the Statement of Profit or Loss and (ii) the amount of loss allowance (within 'Provisions').

(v) Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

(vi) Derecognition of financial assets in following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially it becomes a new loan with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Write off

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

c) Property plant and equipments

Recognition and measurement

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Group and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance expenses are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

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

Particulars	Estimated useful life by the Group	Useful life as prescribed by Schedule II of the Companies Act 2013
Computers	3 years	3 years
Office Equipment	5 years	5 years
Office Equipments - mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Property, plant and equipment items individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

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

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

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.

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) Intangible assets

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition,

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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

e) Business Combination and goodwill thereon

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital reserve. When the transaction is of nature other than bargain purchase, then the gain is recognised in OCI and accumulated in equity as capital reserve.

f) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles for Financial assets

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Advances are termed as to have significant increase in credit risk when they are due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Advances where the amount remains due for more than 90 days are considered to be stage 3 assets.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group undertakes the classification of exposures within the aforesaid stages at borrower level.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(b) Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

(c) Calculation of ECL:

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD): The Exposure at Default is the amount the Group is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Group computes the ECL allowance on either individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has grouped its loan portfolio into Corporate loans, SME loans, Commercial vehicle loans and Home loans

ECL on Trade Receivables:
The Group applies the simplified approach for computation of ECL on trade receivables as allowed as per Ind AS 109. Thus, the Group is recognising lifetime ECL for trade receivables.

Significant increase in Credit Risk
The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loan becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets. In respect of the corporate loan assets, shifting to Stage 2 has been rebutted using historical evidence from own portfolio to a threshold of 60 days past due, which is reviewed annually. For the purpose of counting of days past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the Group.

(ii) Financial Liabilities

(a) Loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(b) Financial guarantee contracts

The Group's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Group has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

(iii) Non-financial assets

(a) Intangible 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 when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Group is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) **Recognition of income**

Revenue generated form the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Group. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer;

Step 2: Identify performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract;

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

(a) **Recognition of interest income**

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Group revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(b) **Dividend income**

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(c) **Syndication, advisory & other fees**

Syndication, advisory & other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) **Origination fees**

Origination fees, which the Group has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) **Management Fees:**

Management fees and other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(f) Assignment income

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(g) Securitisation transactions :

In accordance with Ind AS 109, in case of securitisation transactions, the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Net gain/(loss) on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

(i) Sourcing and servicing fee

The revenue from the contract as a service provider (sourcing and collection agent) on behalf of customer, is recognised upfront for services rendered as sourcing agent and on straight line basis over the loan tenure for services in the nature of collection and performance agent. The financial guarantee provided under the service contract is recognised at fair value on sourcing and is amortised over the period of contract with subsequent measurement at higher of the unamortised value as per Ind AS 115 or expected credit losses as per Ind AS 109.

h) Finance Costs

The Group recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

i) Retirement and other employee benefits

(i) Defined Contribution Plan

Provident Fund

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

(ii) Defined Benefit schemes

(a) Gratuity

The Group 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 Group 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.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Compensated absences

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.

j) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Group as a lessee

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. Determination of lease term

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. Discount Rate

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) Foreign currency translation

Functional and presentational currency

The financial statements are presented in INR which is also functional currency of the Group and the currency of the primary economic environment in which the Group operates.

m) Provisions

A provision is recognised when the Group 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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

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.

n) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(iii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

p) **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 Group or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

q) **Segment reporting**
Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Group. In addition, the following specific accounting policies have been followed for segment reporting:

i) Segment revenue includes operational revenue directly identifiable with/ allocable to the segment.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.

iii) Income which relates to the Group as a whole and not allocable to segments is included in "unallocable corporate income / (expenditure)(net)".

iv) Segment result includes the finance costs incurred on interest bearing advances with corresponding credit included in "unallocable corporate income/(expenditure)(net)".

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole.

2.4 Significant accounting judgements, estimates and assumptions
The preparation of financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit losses, fair value measurement, business projections used for the purpose of goodwill impairment etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 Securities premium account
a) **Securities premium includes:**
- The difference between the face value of the equity shares and the consideration received in respect of shares issued;
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

b) The issue expenses of securities which qualify as equity instruments are written off against securities premium account/ retained earning in accordance with Ind AS.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents		
Cash on hand	461.22	131.86
Balances with banks		
- in current accounts	11,379.55	9,966.58
Deposits with original maturity of less than three months	16,076.80	6,736.73
	27,917.57	**16,835.17**

Note 4

Particulars	As at March 31, 2021	As at March 31, 2020
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	359.61	11,230.46
Earmarked deposits with banks	23,736.99	26,438.76
	24,096.60	**37,669.22**

Note 5

Particulars	As at March 31, 2021	As at March 31, 2020
Loans		
At amortized cost		
Business Loans		
Corporate lending	1,91,751.96	2,94,312.60
Small and medium enterprises lending (SME)	1,46,318.61	1,36,145.06
Commercial vehicle lending	3,58,655.67	3,81,505.74
Home Loans	85,355.75	75,291.17
Other loans	1,738.50	-
Total - Gross	**7,83,820.49**	**8,87,254.57**
Less: Impairment allowance	(69,886.88)	(57,945.26)
Total - Net	**7,13,933.61**	**8,29,309.31**
(a) Secured by tangible assets	7,67,970.85	8,69,287.39
(b) Unsecured	15,849.64	17,967.18
Total - Gross	**7,83,820.49**	**8,87,254.57**
Less: Impairment allowance	(69,886.88)	(57,945.26)
Total - Net	**7,13,933.61**	**8,29,309.31**
Loans in India		
(a) Public sector	-	-
(b) Others	7,83,820.49	8,87,254.57
Total - Gross	**7,83,820.49**	**8,87,254.57**
Less: Impairment allowance	(69,886.88)	(57,945.26)
Total - Net (a)	**7,13,933.61**	**8,29,309.31**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**7,13,933.61**	**8,29,309.31**

Note:
Stage classification of loans, investments and its impairment allowance is disclosed in Note 31D and Note 31E.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 6

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Investments				
Investments as on March 31, 2021				
Mutual funds	-	-	1,27,637.20	1,27,637.20
Treasury Bills	-	12,729.94	-	12,729.94
Security Receipts*	22,452.41	-	-	22,452.41
Total - Gross	**22,452.41**	**12,729.94**	**1,27,637.20**	**1,62,819.55**
Investments in India	22,452.41	12,729.94	1,27,637.20	1,62,819.55
Investments outside India	-	-	-	-
Total - Gross	**22,452.41**	**12,729.94**	**1,27,637.20**	**1,62,819.55**
Less: Impairment loss allowance	(3,683.50)	-	-	(3,683.50)
Total - Net	**18,768.91**	**12,729.94**	**1,27,637.20**	**1,59,136.05**

(* net of amount written off ₹ 9,315.85 lakhs)

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Investments as on March 31, 2020				
Mutual funds	-	-	23,055.69	23,055.69
Total - Gross	**-**	**-**	**23,055.69**	**23,055.69**
Investments in India	-	-	23,055.69	23,055.69
Investments outside India	-	-	-	-
Total - Gross	**-**	**-**	**23,055.69**	**23,055.69**
Less: Impairment loss allowance	-	-	-	-
Total - Net	**-**	**-**	**23,055.69**	**23,055.69**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 7

Particulars	As at March 31, 2021	As at March 31, 2020
Other financial assets		
Security deposit	964.14	672.20
Assignment receivables	5,391.20	4,107.48
Other receivables	9,993.95	29,199.88
	16,349.29	33,979.56
Less: Impairment loss allowance	(1,971.82)	(40.28)
	14,377.47	**33,939.28**

Note 8

Particulars	As at March 31, 2021	As at March 31, 2020
Current tax assets (net)		
Advance tax (net of provision)	12,053.80	13,386.58
	12,053.80	**13,386.58**

Note 9

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	15,432.92	10,029.45
Provision for gratuity	124.57	78.70
Provision for leave encashment	33.14	76.97
Debt instruments through OCI	1.69	-
Fair valuation of ESOPs	-	621.82
Lease liabilities	40.04	-
Income amortisation	408.29	677.63
Depreciation on PPE and intangible assets	539.71	540.55
Provision on Assets held for sale	32.79	32.89
Carry forward book losses	7,427.23	6,025.46
Total (A)	**24,040.38**	**18,083.47**
Deferred tax liability		
Goodwill	(7,555.10)	(2,597.06)
Fair valuation of security deposits	-	(0.21)
Assignment income amortisation	(1,356.86)	(1,011.94)
Borrowing cost amortisation	(834.93)	(1,284.07)
Lease liabilities	-	(211.86)
Total (B)	**(9,746.89)**	**(5,105.14)**
Net deferred tax asset (A-B) (also refer Note 29)	**14,293.49**	**12,978.33**
Deferred tax assets		
IndoStar Capital Finance Limited	14,519.20	12,499.07
IndoStar Home Finance Private Limited	-	466.07
IndoStar Asset Advisory Private Limited	-	13.19
Total deferred tax assets (A)	**14,519.20**	**12,978.33**
Deferred tax liabilities		
IndoStar Capital Finance Limited	-	
IndoStar Home Finance Private Limited	225.71	-
IndoStar Asset Advisory Private Limited		
Total deferred tax liabilities (B)	**225.71**	**-**
Net deferred tax asset (A-B) (also refer Note 29)	**14,293.49**	**12,978.33**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 10

Description	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Property, plant and equipment								
Cost as at April 1, 2019	**15.05**	**1,050.30**	**748.49**	**4,222.53**	**587.11**	**1,915.99**	**-**	**8,539.47**
Additions	-	-	11.21	391.36	59.32	331.61	3,242.59	4,036.09
Disposals	-	-	(5.48)	-	(20.81)	(0.56)	-	(26.85)
Adjustment	-	-	-	(31.53)	(0.03)	-	-	(31.56)
Cost as at March 31, 2020	**15.05**	**1,050.30**	**754.22**	**4,582.36**	**625.59**	**2,247.04**	**3,242.59**	**12,517.15**
Additions	-	-	8.05	241.58	23.34	408.62	1,640.22	2,321.91
Disposals	-	(1,050.30)	(0.92)	(28.70)	(4.30)	-	(367.71)	(1,451.93)
Cost as at March 31, 2021 (A)	**15.05**	**-**	**761.35**	**4,795.24**	**644.63**	**2,655.66**	**4,515.10**	**13,387.13**
Accumulated depreciation as at April 1, 2019	**-**	**20.71**	**14.00**	**1,126.50**	**83.40**	**670.00**	**-**	**1,914.61**
Depreciation charged during the year	-	17.54	157.19	853.16	123.74	629.58	1,012.73	2,793.94
Disposals	-	-	(3.62)	-	(17.27)	(0.56)	-	(21.45)
Adjustment	-	-	-	(30.50)	(0.42)	(0.64)	-	(31.56)
Accumulated depreciation as at March 31, 2020	**-**	**38.25**	**167.57**	**1,949.16**	**189.45**	**1,298.38**	**1,012.73**	**4,655.54**
Depreciation charged during the year	-	7.69	158.45	951.90	151.87	658.86	1,144.93	3,073.70
Disposals	-	(45.94)	(0.55)	(18.54)	(2.16)	-	(367.71)	(434.90)
Accumulated depreciation as at March 31, 2021 (B)	**-**	**-**	**325.47**	**2,882.52**	**339.16**	**1,957.24**	**1,789.95**	**7,294.34**
Net carrying amount as at March 31, 2021 (A) - (B)	**15.05**	**-**	**435.88**	**1,912.72**	**305.47**	**698.42**	**2,725.15**	**6,092.79**
Net carrying amount as at March 31, 2020	**15.05**	**1,012.05**	**586.65**	**2,633.20**	**436.14**	**948.66**	**2,229.86**	**7,861.61**

* Mortgaged as security against Secured Non-convertible Debentures

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at March 31, 2021	As at March 31, 2020
Assets held for sale		
Assets held for sale	2,626.64	4,304.28
Less: Impairment loss allowance	(539.19)	(430.43)
	2,087.45	**3,873.85**

Note 12

Particulars	Total
Intangible assets	
(a) Goodwill	
Cost as at April 1, 2019	30,018.69
Acquisition of business	-
Cost as at March 31, 2020	**30,018.69**
Acquisition of business	-
Cost as at March 31, 2021 (A)	**30,018.69**
Accumulated impairment as at April 1, 2019	
Addition	-
Accumulated impairment as at March 31, 2020	**-**
Addition	-
Accumulated impairment as at March 31, 2021 (B)	**-**
Net carrying amount as at March 31, 2021 (A)- (B)	**30,018.69**
Net carrying amount as at March 31, 2020	**30,018.69**

Particulars	Computer Software	Total
(b) Other intangible assets		
Cost as at April 1, 2019	**746.11**	**746.11**
Additions	203.52	203.52
Disposals	-	-
Cost as at March 31, 2020	**949.63**	**949.63**
Additions	345.34	345.34
Disposals	-	-
Cost as at March 31, 2021 (A)	**1,294.97**	**1,294.97**
Accumulated amortisation as at April 1, 2019	**349.69**	**349.69**
Amortisation recognised for the period	216.36	216.36
Disposals	-	-
Accumulated amortisation as at March 31, 2020	**566.05**	**566.05**
Amortisation recognised for the period	276.49	276.49
Disposals	-	-
Accumulated amortisation as at March 31, 2021 (B)	**842.54**	**842.54**
Net carrying amount as at March 31, 2021 (A)- (B)	**452.43**	**452.43**
Net carrying amount as at March 31, 2020	**383.58**	**383.58**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at March 31, 2021	As at March 31, 2020
Other non-financial assets		
Prepaid expenses	1,080.29	893.20
Advances recoverable in cash or in kind or for value to be received (refer footnote below)	2,617.29	2,652.10
	3,697.58	**3,545.30**

Footnote: Advances recoverable in cash or in kind or for value to be received includes ₹ 1,005.70 lakhs (Previous year Nil) as claim receivable towards ex-gratia under GOI Scheme.

Note 14

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Dues to Micro, small and medium enterprises	8.12	-
Dues to Others	386.29	1,109.83
	394.41	**1,109.83**

Note 15

Particulars	As at March 31, 2021	As at March 31, 2020
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	1,88,963.98	2,08,947.14
Commercial paper (net of unamortised discount) repayable within next twelve months	12,312.20	-
	2,01,276.18	**2,08,947.14**
Debt securities in India	2,01,276.18	2,08,947.14
Debt securities outside India	-	-
Total	**2,01,276.18**	**2,08,947.14**
Secured	1,88,963.98	2,08,947.14
Unsecured	12,312.20	-
Total	**2,01,276.18**	**2,08,947.14**

(a) Non Convertible Debenture
Privately placed Redeemable Non Convertible Debentures of ₹ 10,00,000/- each
Terms of repayment

Redeemable within	As at March 31, 2021	As at March 31, 2020
	Rate of interest > 8.08% < 11.40%	Rate of interest > 8.95% < 11.40%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	2,483.05
36-48 Months	2,492.67	13,905.15
24-36 Months	18,945.02	37,245.93
12-24 Months	51,849.55	98,407.87
0-12 Months	1,15,676.64	56,905.14
Total	**1,88,963.88**	**2,08,947.14**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

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

(i) First pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation of standard asset portfolio of receivables (net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset, as may be identified by the Company of ₹ 1,99,479 lakhs (March 2020: ₹ 2,09,368 lakhs); and

(ii) First pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat.

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

b) Commercial papers
Terms of repayment

Redeemable within	As at March 31, 2021	As at March 31, 2020
	Rate of interest 8.50%	Rate of interest -
	Amount	Amount
0-12 Months	12,312.20	-
Total	**12,312.20**	**-**

Note 16

Particulars	As at March 31, 2021	As at March 31, 2020
Borrowings		
At amortised cost		
Term loans from banks (Refer note (a) below)*	2,84,206.71	3,26,555.72
Loans repayable on demand		
Working capital demand loans from banks **	18,100.00	15,500.00
Bank overdrafts **	-	7,033.91
Other borrowings (including Inter Corporate Deposits)	97,176.75	1,56,155.42
Total	**3,99,483.46**	**5,05,245.05**
Borrowings in India	3,99,483.46	5,05,245.05
Borrowings outside India	-	-
Total	**3,99,483.46**	**5,05,245.05**
Secured borrowings	3,02,306.70	3,49,089.63
Unsecured borrowings	97,176.75	1,56,155.42
Total	**3,99,483.46**	**5,05,245.05**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(a) Term loan from banks (TL):
Terms of repayment:

Repayable within#	As at March 31, 2021	As at March 31, 2020
	Rate of interest > 6.21% < 11.00%	Rate of interest > 8.65% < 11.20%
	Amount	Amount
Above 60 Months	3,015.62	122.12
48-60 Months	8,250.85	1,846.08
36-48 Months	23,040.05	37,444.29
24-36 Months	57,744.16	57,866.58
12-24 Months	72,869.04	89,277.54
0-12 Months	1,19,286.99	1,39,999.11
Total	**2,84,206.71**	**3,26,555.72**

* first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset.

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

also refer note 31(G)

(b) Working capital demand loans and bank overdraft:
Terms of repayment:

Redeemable within	As at March 31, 2021	As at March 31, 2020
	Rate of interest > 6.50% < 7.35%	Rate of interest > 9.15% < 11.00%
	Amount	Amount
0-12 Months	18,100.00	22,533.91
Total	**18,100.00**	**22,533.91**

Note 17

Particulars	As at March 31, 2021	As at March 31, 2020
Other financial liabilities		
Book overdraft	7,971.72	39.26
Employee benefits payable	2,438.51	833.31
Others	22,425.81	24,776.04
	32,836.04	**25,648.61**

Note 18

Particulars	As at March 31, 2021	As at March 31, 2020
Provisions		
Provision for employee benefits:		
- Gratuity	494.93	418.04
- Compensated absences	131.66	276.84
Others :		
- Expected credit loss on undrawn loan commitments	131.36	211.78
	757.95	**906.66**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 19

Particulars	As at March 31, 2021	As at March 31, 2020
Non-financial liabilities		
Statutory dues payable	700.20	552.05
Unamortised lease liabilities	2,884.20	2,390.90
	3,584.40	**2,942.95**

Note 20
Equity share capital

a. Details of authorised, issued and subscribed share capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹ 10/- each	15,25,00,000	15,250.00	15,25,00,000	15,250.00
Compulsorily Convertible Preference Share of Face Value of ₹ 10/- each	1,25,00,000	1,250.00	1,25,00,000	1,250.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each fully paid	12,37,30,329	12,373.03	9,24,50,915	9,245.09
Compulsorily Convertible Preference Shares of Face Value of ₹ 10/- each fully paid	1,20,68,966	1,206.90	-	-
Total	**13,57,99,295**	**13,579.93**	**9,24,50,915**	**9,245.09**

b. Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	9,24,50,915	9,245.09	9,22,57,415	9,225.74
Add: Shares issued during the year	3,12,79,414	3,127.94	1,93,500	19.35
Shares outstanding at the end of the year	**12,37,30,329.00**	**12,373.03**	**9,24,50,915**	**9,245.09**

c. Particulars of shares held by Holding Company

Name of shareholder	Relationship	As at March 31, 2021		As at March 31, 2020	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	6,44,13,672	52.06%	-	-
Indostar Capital (Mauritius)	Promoter	-	-	5,25,94,228	56.89%

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

d. Particulars of shareholders holding more than 5% of the equity share capital

Name of shareholder	Relationship	As at March 31, 2021		As at March 31, 2020	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	6,44,13,672	52.06%	-	-
Indostar Capital (Mauritius)	Promoter	4,75,94,228	38.47%	5,25,94,228	56.89%
SBI Small Cap Fund	-	-	-	81,13,036	8.78%

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

e. Terms/rights attached to equity shares

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

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

f. Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	-	-
Add: Shares issued during the year	1,20,68,966	1,206.90	-	-
Shares outstanding at the end of the year	**1,20,68,966**	**1,206.90**	**-**	**-**

g. Particulars of CCPS held by Holding Company

Name of shareholder	Relationship	As at March 31, 2021		As at March 31, 2020	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	1,20,68,966	100.00%	-	-
Shares outstanding at the end of the year		**1,20,68,966**	**100.00%**	**-**	**-**

h. Particulars of shareholders holding more than 5% of CCPS

Name of shareholder	Relationship	As at March 31, 2021		As at March 31, 2020	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	1,20,68,966	100.00%	-	-

i. Terms/rights attached to Compulsorily Convertible Preference Shares ("CCPS"):

CCPS are convertible into equity shares of the Company within a period of 18 months and carry a dividend rate of 10% p.a., payable annually, calculated on issue price, net of any taxes. Upon winding up or liquidation of the Company, the CCPS holder shall be entitled to distribution in accordance with applicable law.

Note 21

Particulars	As at March 31, 2021	As at March 31, 2020
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	25,905.39
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	851.51	292.47
Securities premium	2,91,369.61	1,71,434.68
Share options outstanding account	5,375.17	8,472.33
General reserve	1,970.49	-
Retained earnings	30,777.59	52,705.98
Debt instruments through other comprehensive income	(5.03)	-
	3,56,245.16	**2,58,811.28**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

21.1 Other equity movement

Particulars	As at March 31, 2021	As at March 31, 2020
Capital Reserve		
Opening Balance	0.43	0.43
Add : Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	25,905.39
Add : Transferred from surplus	-	-
Closing Balance	**25,905.39**	**25,905.39**
Statutory reserves u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	292.48	8.53
Add : Transferred from surplus	559.03	283.95
Closing Balance	**851.51**	**292.48**
Securities premium		
Opening Balance	1,71,434.68	1,71,166.53
Less : Share issue expenses	(2,971.35)	-
Add: Transfer from ESOP reserves	2,057.67	-
Add : Premium collected on share allotment	1,20,848.61	268.15
Closing Balance	**2,91,369.61**	**1,71,434.68**
	-	-
Share options outstanding account		
Opening Balance	8,472.33	6,697.71
Movement during the year	(3,097.16)	1,774.62
Closing Balance	**5,375.17**	**8,472.33**
General reserve		
Opening Balance	-	-
Movement during the year	1,970.49	-
Closing Balance	**1,970.49**	**-**
Retained earnings		
Opening Balance	52,705.97	87,623.96
Add: Remeasurement of defined benefit plan/obligations	9.13	52.76
Add: Transferred from the statement of profit and loss	(21,410.49)	(32,462.72)
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	-	-
Less: Transfer to statutory reserves u/s 29C of the National Housing Bank Act, 1987	(559.03)	(283.95)
Less: Appropriation towards dividend and dividend distribution tax	-	(2,224.08)
Add: Transfer from Share options outstanding account	32.01	-
Closing Balance	**30,777.59**	**52,705.97**
Other Comprehensive Income		
Opening Balance	-	-
Add: Debt instruments through other comprehensive income	(5.03)	-
Closing Balance	**(5.03)**	**-**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

21.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Statutory reserves u/s 29C of the National Housing Bank Act, 1987

Statutory reserves fund is required to be created by Housing Finance Company as per Section 29C of the National Housing Bank of India Act, 1987. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents accumulated surplus of the accumulated earnings of the Company and which are available for distribution to shareholders.

General reserve

General reserve represents Transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse/forefeiture of options by employees.

21.3 Dividend

The Board of Directors of the Company at their meeting held on June 17, 2021 declared and approved payment of dividend due on 1,20,68,966 Compulsorily Convertible Preference Shares of face value ₹ 10 each allotted on May 27, 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (₹ 290 per CCPS) amounting to ₹ 3,888.89 lakhs (dividend – ₹ 3,500.00 lakhs and withholding tax - ₹ 388.89 lakhs) for the period from May 27, 2020 to May 26, 2021, pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holders for payment of said dividend as Thursday, June 17, 2021.

Note 22

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,15,018.75	1,45,336.76
Interest on deposits		
- Deposits with banks	2,368.89	1,279.14
	1,17,387.64	**1,46,615.90**
Fees and commission income		
- Management fee	-	2.99
- Syndication, advisory & other fees	3,265.98	5,151.90
	3,265.98	**5,154.89**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	4,895.30	4,732.91
Total fair value changes	**4,895.30**	**4,732.91**
Fair value changes:		
- Realised	2,957.83	4,726.15
- Unrealised	1,937.47	6.76
Total fair value changes	**4,895.30**	**4,732.91**
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment income	2,430.16	3,240.57
	2,430.16	**3,240.57**
	1,27,979.08	**1,59,744.27**

Note 23

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other income		
Miscellaneous income	436.40	146.17
Interest on income tax refund	300.39	
	736.79	**146.17**

Note 24

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	32,872.82	38,854.35
Other borrowings (including Inter Corporate Deposits)	13,570.31	18,794.36
Interest expense on debt securities		
Debentures	22,510.66	26,481.43
Commercial paper	956.60	1,383.46
Other interest expense		
Bank charges & other related costs	950.85	826.03
	70,861.24	**86,339.63**

Note 25

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	17,004.99	31,147.37
Financial assets written off (net of recovery)	29,285.35	49,738.98
Impairment on others		
Undrawn loan commitments	(80.42)	189.78
Provision for corporate guarantee	135.18	3,981.56
Provision on co-lending arrangements	(578.62)	938.75
Others	431.54	20.29
	46,198.02	**86,016.73**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 26

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employee Benefits Expenses		
Salaries, other allowances and bonus	15,634.52	15,919.71
Gratuity expenses	175.52	138.58
Compensated absences	(120.26)	129.84
Contribution to provident and other funds	628.09	759.88
Staff welfare expenses	86.34	147.75
Share based payment expense	963.01	1,768.75
Employee shared service costs recovered	4.03	5.86
	17,371.25	**18,870.37**

Note 27

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation		
Depreciation of property, plant and equipment (PPE)	3,073.70	2,793.95
Amortisation of intangible assets	276.49	216.36
	3,350.19	**3,010.31**

Note 28

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Other Expenses		
Rent	662.05	860.71
Rates & taxes	218.76	97.55
Printing and stationery	102.51	72.73
Travelling & conveyance	541.39	1,083.90
Advertisement	49.85	280.61
Business Promotion	12.21	173.24
Commission & brokerage	9.95	63.78
Office expenses	2,767.70	2,847.29
Directors' fees & commission	23.11	75.16
Insurance	360.80	512.99
Communication expenses	402.64	499.68
Payment to auditors (note below)	87.52	88.39
CSR expenses (note below)	203.32	392.41
Legal & professional charges	6,521.67	1,633.05
Loss on sale of property plant and equipment	623.22	18.63
Membership & subscriptions	48.42	93.05
Other shared service costs recovered	33.78	28.02
Other fees and commission	-	69.76
Impairment allowance on assets held for sale	108.76	430.43
Provision on employee advance	34.37	-
Provision for doubtful advances	12.47	-
	12,824.50	**9,321.38**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Payment to auditors*:		
a) Statutory Audit	62.05	54.56
b) Tax Audit	4.50	5.13
c) Certifications	12.93	22.40
d) Other Services	8.04	6.30
Total	**87.52**	**88.39**
* paid to predecessor auditors ₹ 12.55 lakhs		
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	203.32	715.99
b) Amount spent during the year:	-	-
- Expenses paid	190.28	392.41
- Expenses yet to be paid for	13.04	-
Total	**203.32**	**392.41**
c) Nature of expenditure:		
- Capital expenditure (asset acquisition/creation)	-	-
- Revenue expenditure	203.32	392.41
Total	**203.32**	**392.41**

Note 29
Income taxes
Tax expense
(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax expense		
Current year	380.42	36.12
Tax expense of earlier years	456.50	-
	836.92	**36.12**
Deferred tax expense		
Origination and reversal of temporary differences	(1,315.76)	(11,240.88)
	(1,315.76)	(11,240.88)
Tax expense for the year	**(478.84)**	**(11,204.76)**

(b) Amounts recognised in other comprehensive income

	For the year ended March 31, 2021			For the year ended March 31, 2020		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit liability (asset)	11.42	(2.29)	9.13	70.50	(17.74)	52.76
Tax expense for the year	**11.42**	**(2.29)**	**9.13**	**70.50**	**(17.74)**	**52.76**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(Currency : Indian Rupees in Lakhs)

(c) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit/(loss) before tax	**(21,889.33)**	**(43,667.48)**
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	(5,509.11)	(10,990.23)
Difference in tax rate due to:		
- Effect of non-deductible expenses	57.44	51.07
- Effect of change in tax rate/laws (refer footnote below)	4,958.04	491.13
- Tax expense of earlier years	456.33	
- Effect of b/f loss set off in current year	-	(703.53)
- Effect of previously unrecognised deductible temporary differences now recognised as deferred tax assets	(565.28)	-
- Effect of inter-company transactions	14.04	(15.52)
- Others	109.70	(37.68)
Total tax expense	**(478.84)**	**(11,204.76)**
Current tax	380.42	36.12
Tax expense of earlier years	456.50	-
Deferred tax	(1,315.76)	(11,240.88)
	(478.84)	**(11,204.76)**

Footnote:

The Finance Act, 2021 has introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective April 1, 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Group has recognised one time tax expense amounting to ₹ 4,958 lakhs as the outcome of the difference between Goodwill as per the books of account and its updated tax base of Nil, resulting from the aforementioned amendment in the Income Tax Act. This deferred tax liability is not expected to be a cash outflow in the future.

(d) Movement in deferred tax balances

Particulars	As at March 31, 2021			
	Net balance April 1, 2020	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	10,029.45	5,403.47	-	15,432.92
Provision for gratuity	78.70	48.16	(2.29)	124.57
Provision for leave encashment	76.97	(43.83)	-	33.14
Fair valuation of ESOPs	621.82	(621.82)	-	-
Income amortisation	677.63	(269.34)	-	408.29
Depreciation on PPE and intangible assets	540.55	(0.84)	-	539.71
Impairment loss allowance on assets held for sale	32.89	(0.10)	-	32.79
Carry forward tax losses	6,025.46	1,401.77	-	7,427.23
Debt instruments through OCI	-	-	1.69	1.69
Lease liabilities	(211.86)	251.90	-	40.04
Deferred tax liability				
Borrowing cost amortisation	(1,284.07)	449.14		(834.93)
Fair valuation of security deposits	(0.21)	0.21	-	-
Goodwill amortisation	(2,597.06)	(4,958.04)	-	(7,555.10)
Assignment income amortisation	(1,011.94)	(344.92)	-	(1,356.86)
Deferred tax assets / (Liabilities)	**12,978.33**	**1,315.76**	**(0.60)**	**14,293.49**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

(e) Movement in deferred tax balances

Particulars	As at March 31, 2020			
	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	2,296.73	7,732.72	-	10,029.45
Provision for gratuity	58.59	37.85	(17.74)	78.70
Provision for leave encashment	55.38	21.59	-	76.97
Fair valuation of ESOPs	863.35	(241.53)	-	621.82
Income amortisation	1,367.93	(690.30)	-	677.63
Depreciation on PPE and intangible assets	130.71	409.84	-	540.55
Impairment loss allowance on assets held for sale	-	32.89	-	32.89
Carry forward tax losses	-	6,025.46	-	6,025.46
Deferred tax liability				
Borrowing cost amortisation	(1,068.63)	(215.44)		(1,284.07)
Fair valuation of security deposits	(0.31)	0.10	-	(0.21)
Goodwill amortisation	(1,311.21)	(1,285.85)	-	(2,597.06)
Assignment income amortisation	(637.35)	(374.59)	-	(1,011.94)
Lease liabilities	-	(211.86)	-	(211.86)
Deferred tax assets / (Liabilities)	**1,755.19**	**11,240.88**	**(17.74)**	**12,978.33**

Note 30
Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
i.	**Profit attributable to equity holders (A)**		
	Profit/(loss) for the year	(21,410.49)	(32,462.72)
	Less: Dividend on compulsorily convertible preference shares (CCPS)	(3,292.24)	-
	Profit attributable to equity holders for basic and diluted EPS	(24,702.73)	(32,462.72)
ii.	**Weighted average number of equity shares for calculating Basic EPS (B)**	11,85,72,703	9,22,81,963
iii.	**Weighted average number of equity shares for calculating Diluted EPS (C)**	11,85,72,703	9,22,81,963
iv.	**Basic earnings per share (₹)**	(20.83)	(35.18)
v.	**Diluted earnings per share (₹)**	(20.83)	(35.18)

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 31

Financial instruments – Fair values

A. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. Risk Management Framework:

Company's risk management framework is based on

(a) Clear understanding and identification of various risks;

(b) Disciplined risk assessment by evaluating the probability and impact of each risk;

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks; and

(d) Adequate review mechanism to monitor and control risks.

Group's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The Group has a well established risk reporting and monitoring framework. The Group identifies and monitors risks periodically. This process enables the Group to reassess the all critical risks in a changing environment that need to be focused on.

C. Risk governance structure:

Group's risk governance structure operates with a robust Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the Group directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, reivew and approval o exposures with conflict of interest and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Group's activities

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Group

The risk management committee has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Group about risk management.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level. This is the case for unlisted equity securities included in level 3.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at March 31, 2021							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	1,27,637.20	-	-	1,27,637.20	1,27,637.20	-	-	1,27,637.20
(b) Investments in Security Receipts	-	-	18,768.91	18,768.91	-	-	18,768.91	18,768.91
(c) Treasury Bills	-	12,729.94	-	12,729.94	12,729.94		-	12,729.94
Total	**1,27,637.20**	**12,729.94**	**18,768.91**	**1,59,136.05**	**1,40,367.14**	**-**	**18,768.91**	**1,59,136.05**

*based on NAV statements and other information received from assets reconstruction company and adjusted for Expected credit losses as per Model.

Particulars	As at March 31, 2020							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	23,055.69	-	-	23,055.69	23,055.69	-	-	23,055.69
Total	**23,055.69**	**-**	**-**	**23,055.69**	**23,055.69**	**-**	**-**	**23,055.69**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to investments measured at amortised cost is as follows:

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	-	-	-	-	-	-
Reclassified from Loan Assets*	-	14,450.00	10,710.00	25,160.00	-	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	(2,707.59)	(2,707.59)	-	-	-	-
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	(14,450.00)	14,450.00	-	-	-	-	-
Amounts written off (net of recovery)	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**-**	**-**	**22,452.41**	**22,452.41**	**-**	**-**	**-**	**-**

* net of amount written-off

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	-	-	-	-	-	-
New assets originated or purchased	-	-	3,683.50	3,683.50	-	-	-	-
Impairment loss allowance - closing balance	**-**	**-**	**3,683.50**	**3,683.50**	**-**	**-**	**-**	**-**

Particulars	As at March 31, 2021							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	7,13,933.61	7,13,933.61	-	-	7,13,933.61	7,13,933.61
	-	**-**	**7,13,933.61**	**7,13,933.61**	**-**	**-**	**7,13,933.61**	**7,13,933.61**

*Discounted cash flow approach adopted for fair valuation of level 3 instruments

Particulars	As at March 31, 2020							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	8,29,309.31	8,29,309.31	-	-	8,29,309.31	8,29,309.31
	-	**-**	**8,29,309.31**	**8,29,309.31**	**-**	**-**	**8,29,309.31**	**8,29,309.31**

*Discounted cash flow approach adopted for fair valuation of level 3 instruments

The management has assessed that the carrying amounts of cash and cash equivalents, other financial assets, trade payables, borrowings, bank overdrafts and other current liabilities are a reasonable approximation to their fair value.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

E. Credit risk

Credit risk arises when a borrower is unable to meet his contractual obligations to the lender. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process to identify portfolio-wise credit risk trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Grouping financial assets measured on a collective basis

The Group splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Customer i.e. corporate and retail
- Nature of product i.e. commercial vehicle, SME and housing finance

Significant increase in credit risk

The credit risk on a financial asset of the Group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. The retail loans where the renegotiated terms are not substantially different and involve repayment terms to be extended including interest or the EMI amount readjusted over the tenure are classified as Stage 2. In case of corporate loan the assessment of significant increase in credit risk is performed on a case to case basis. Additionally, accounts identified and reviewed by the credit committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

Write off

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

Restructured financial assets

A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant increase in credit risk of the borrower are classified as stage 2. Such loans continue to be in stage 2 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done.

Overview of the Expected Credit Loss principles

'The Group records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Stage3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 91 days or more are considered as to be stage 3 assets.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group undertakes the classification of exposures within the aforesaid stages at borrower level.

Definition of default
A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

The calculation of ECL
ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Portfolio Segmentation:

For ECL purpose, the loan portfolio is broadly segmented as below :

1) Corporate lending
2) Small and medium enterprises lending ('SME')
3) Commercial vehicle lending
4) Housing finance

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Group is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets. the Group computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. the Group has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Forward looking information

The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- GDP growth
- WPI (Wholesale price index)

For the purpose of determination of impact of forward looking information, the company applies macro economic (ME) variables as stated above to each product and assess the trend of the historical probability of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances and investment debt securities is as follows:

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**7,02,302.18**	**1,45,384.65**	**39,567.74**	**8,87,254.57**	**10,33,569.62**	**99,434.75**	**30,829.30**	**11,63,833.67**
New assets originated or purchased	1,96,875.34	5,332.55	789.24	2,02,997.13	1,26,345.86	10,651.73	1,380.17	1,38,377.75
Assets derecognised or repaid (excluding write offs)	(2,15,035.33)	(32,032.75)	(4,917.78)	(2,51,985.86)	(3,46,937.99)	(13,717.64)	(4,562.25)	(3,65,217.88)
Transfers to stage 1	15,156.41	(12,536.38)	(2,620.03)	-	7,856.02	(5,944.93)	(1,911.09)	-
Transfers to stage 2	(1,23,370.94)	1,25,844.39	(2,473.45)	-	(78,012.73)	78,012.73	-	-
Transfers to stage 3	(12,362.33)	(17,216.48)	29,578.81	-	(9,104.19)	(19,948.94)	29,053.14	-
Amounts written off (net of recovery)	(2,612.08)	(11,496.55)	(15,176.72)	(29,285.35)	(31,414.40)	(3,103.04)	(15,221.53)	(49,738.97)
Presented under Investments in Security Receipts*	-	(14,450.00)	(10,710.00)	(25,160.00)	-	-	-	-
Gross carrying amount closing balance	**5,60,953.25**	**1,88,829.43**	**34,037.81**	**7,83,820.49**	**7,02,302.19**	**1,45,384.66**	**39,567.74**	**8,87,254.57**

* Presented under Investments in Security Receipts (Refer to Note 31(D))

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Reconciliation of ECL balance is given below:

Particulars	2020-21				2019-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**36,292.58**	**14,068.56**	**7,584.12**	**57,945.26**	**10,050.71**	**6,326.46**	**11,307.84**	**27,685.01**
New assets originated or purchased	2,772.84	847.17	587.87	4,207.88	976.65	265.27	372.78	1,614.70
Assets derecognised or repaid (excluding write offs)	(15,053.98)	(1,785.52)	(539.44)	(17,378.94)	(414.29)	(3,129.02)	(4,550.30)	(8,093.61)
Transfers to stage 1	1,197.65	(573.92)	(623.73)	-	1,160.58	(420.69)	(739.89)	-
Transfers to stage 2	(1,676.45)	2,239.16	(562.71)	-	(1,309.79)	1,695.13	(385.33)	-
Transfers to stage 3	(2,992.53)	(1,482.84)	4,475.38	-	(77.89)	(97.44)	175.33	-
Impact on year end ECL of exposures transferred between stages during the year	8,086.00	10,094.42	16,730.34	34,910.76	25,968.01	9,655.15	6,988.13	42,611.29
Amounts written off (net of recovery)	(20.09)	(751.86)	(9,026.13)	(9,798.08)	(61.40)	(226.29)	(5,584.44)	(5,872.13)
ECL allowance - closing balance	**28,606.02**	**22,655.17**	**18,625.70**	**69,886.88**	**36,292.58**	**14,068.57**	**7,584.12**	**57,945.26**

F. Risk Management amidst COVID-19:

Estimation uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables, goodwill and investments, the Group has considered internal and external sources of information, economic forecasts and industry reports upto the date of approval of these financial results. The Group has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The full extent of impact of the pandemic (Wave 2) on the Group's operations and financial performance (including impact on carrying value of Goodwill and impairment allowances for financial asset) will depend on future developments including governmental and regulatory measures and the Group's responses thereto, which are highly uncertain at this time.

Further, in view of the matters mentioned above, the Group is regularly assessing and monitoring the impact of the Novel Coronavirus (COVID-19) pandemic on its liquidity and ability to repay its obligations as and when they are due. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future.

G. Liquidity risk

Liquidity is the Group's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the Group's financial conditions. The Asset Liability Management Policy of the Group stipulates a broad framework for Liquidity risk management to ensure that the Group can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Group tracks the cash flow mismatches for measuring and managing net funding requirement through Maturity Ladder approach and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Dynamic Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the Group is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Group. Basis the liquidity position assessed under various stress scenarios; the Group reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

Maturity profile of undiscounted cash flows for financial liabilities as on balance sheet date have been provided below:

As on March 31, 2021

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	394.41	-	-	-	394.41
Debt securities	56,079.14	71,909.70	73,287.34	-	2,01,276.18
Borrowings (other than debt securities)#	75,309.39	99,730.11	1,95,885.75	28,558.21	3,99,483.46
Other financial liabilities	32,836.04	-	-	-	32,836.04
Total	**1,64,618.98**	**1,71,639.81**	**2,69,173.09**	**28,558.21**	**6,33,990.09**

Footnote:
#The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 59,621.95 lakh scheduled for payment after March 31, 2022 for these facilities have been classified as per prevailing contractual maturity.

As on March 31, 2020

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,109.83	-	-	-	1,109.83
Debt securities	9,271.80	47,633.34	1,52,042.00	-	2,08,947.14
Borrowings (other than debt securities)	55,290.50	1,42,486.91	2,61,308.62	46,159.02	5,05,245.05
Other financial liabilities	25,648.61	-	-	-	25,648.61
Total	**91,320.74**	**1,90,120.25**	**4,13,350.62**	**46,159.02**	**7,40,950.63**

H. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Group's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Group is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework.

I. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Group are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Group has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

To manage fraud risk effectively, the Group has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

Note 32
Disclosure pursuant to Ind AS 108 "Operating Segment"

Business segments

The Group has identified operating segments based on performance assessment and resource allocation by the chief operating decision maker. Revenue and expenses directly attributable to segments are reported under each reportable segment. All other revenue / expenses which are not attributable or allocable to segments have been disclosed as unallocated. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable, which primarily consists of current tax and deferred tax assets / liabilities and investments. As the operations of the Group are carried out within India, there are no geographical segments.

The Group operates in the following segments:

Large Corporate segment provides loans to medium and large-sized corporates, institutional customers and real estate developers.

SME segment provides lending to small and medium enterprises for business financing needs including working capital, business expansion or other requirements.

Commercial vehicle segment primarily consists of financing for used and new vehicles.

Housing Finance segment consists of affordable home financing to self-employed and salaried customers.

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
I	**Gross segment revenue from continuing operations**		
(a)	Large corporate	34,014.71	54,669.88
(b)	SME	18,225.00	21,293.42
(c)	Commercial vehicles	55,564.64	68,153.45
(d)	Housing finance	13,406.75	9,713.90
(e)	Unallocated	7,504.76	6,059.79
	Segment revenue from continuing operations	**1,28,715.86**	**1,59,890.44**
II	**Segment results**		
(a)	Large corporate	4,072.77	(17,222.87)
(b)	SME	2,594.08	2,311.71
(c)	Commercial vehicles	(15,736.44)	9,402.21
(d)	Housing finance	3,867.23	951.62
(e)	Unallocated	(16,687.52)	(39,110.14)
	Profit/(loss) before tax	**(21,889.88)**	**(43,667.47)**
III	**Segment assets**		
(a)	Large corporate	1,92,573.71	2,89,574.01
(b)	SME	1,42,953.36	1,36,912.50
(c)	Commercial vehicles	3,59,907.43	4,21,258.89
(d)	Housing finance	88,811.05	78,664.65
(e)	Unallocated	2,23,912.16	86,445.94
	Total assets	**10,08,157.71**	**10,12,855.99**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
IV Segment liabilities		
(a) Large corporate	1,16,806.11	2,10,110.72
(b) SME	91,462.29	1,00,993.37
(c) Commercial vehicles	2,49,359.94	3,55,957.79
(d) Housing finance	67,279.52	60,704.17
(e) Unallocated	1,13,424.56	17,033.57
Total liabilities	6,38,332.42	7,44,799.62

Note 33
Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

Ultimate Controlling Party

Brookfield Asset Management Inc. (from July 9, 2020)

Holding Company

Indostar Capital (Mauritius) (upto May 27, 2020)

BCP V Multiple Holdings Pte. Ltd. (from July 9, 2020)

Names of other related parties with whom the Group had transactions during the year:

Key Managerial Personnel

R. Sridhar - Executive Vice-Chairman & CEO
Shailesh Shirali - Wholetime Director (upto July 10, 2020)
Bobby Parikh - Non-Executive Independent Chairman
Dinesh Kumar Mehrotra - Non-Executive Independent Director (upto July 10, 2020)
Hemant Kaul - Non-Executive Independent Director
Naina Krishna Murthy - Non-Executive Independent Director

Other related parties - enities in which Key Managerial Personnel has interest/significant influence.

Avasara Leadership Institute

Bobby Parikh & Associate

Krishnamurthy & Co.

Jaipur Advisory Group Private Limited

b) Transactions with Holding Company

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Subscription to Equity Shares of the Company by Holding Company	87,500.00	-
Subscription to Compulsorily Convertible Preference Shares of the Company by Holding Company	35,000.00	-

c) Transactions with Key Managerial Personnel :

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
1) Short-term employee benefits	1,204.12	1,188.16
2) Sitting fees to Non-Executive Independent Directors	23.87	31.56
3) Reimbursement of expenses	6.63	1.44
4) Dividend paid	-	6.74
5) Loan given	2,500.00	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Compensation of the Group's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

The Parent Company has paid managerial remuneration for the year ended March 31, 2021 to Mr. R. Sridhar, Whole-Time Director designated as Executive Vice-Chairman & CEO, in accordance with the requisite approvals obtained from the Members of Parent Company under the provisions of Section 197 read with Schedule V to the Companies Act, 2013 ("Act"). Further, managerial remuneration for the year ended March 31, 2021 paid to Mr. Shailesh Shirali, Whole-Time Director for a period from April 1, 2020 to July 10, 2020, is in excess by ₹ 44.73 lakhs of the limits provided in section 197 read with Schedule V to the Act. The Parent Company proposes to obtain approval of the Members of the parent company in general meeting by way of special resolution for waiver of recovery of excess remuneration paid to Mr. Shirali.

d) Transactions other than those with key management personnel :

	Particulars		Other related parties
1)	Professional fees	2021	35.65
		2020	-
2)	Corporate social responsibility	2021	25.00
		2020	69.02

e) The related party balances outstanding at year end are as follows:

Particulars		Key Managerial Personnel
Loans outstanding	2021	2,500.00
	2020	-

Note 34
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Type of Services or service		
Syndication, advisory & other fees	3,265.98	5,151.90
Management fee	-	2.99
Total revenue from contracts with customers	**3,265.98**	**5,154.89**
Geographical markets		
India	3,265.98	5,154.89
Outside India	-	-
Total revenue from contracts with customers	**3,265.98**	**5,154.89**
Timing of revenue recognition		
Services transferred at a point in time	3,265.98	5,154.89
Services transferred over time	-	-
Total revenue from contracts with customers	**3,265.98**	**5,154.89**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 35
Contingent liabilities and Commitments

Particulars	As at March 31, 2021	As at March 31, 2020
Contingent liabilities:		
Corporate guarantee given by Company to banks	5,652.78	4,625.00
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	50.42	26.51
Other commitments:		
Loans sanctioned not yet disbursed	41,073.37	87,448.98

Note 36
Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	2,390.90	2,983.15
Add : Adjustments/additions during the year	1,471.71	259.44
Add : Interest on lease liability	257.21	272.22
Less : Lease rental payments	(1,235.62)	(1,123.91)
	2,884.20	**2,390.90**

(B) Future lease cashflow for all leased assets

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than one year	1,258.41	1395.86
Later than one year but not later than five years	1,981.20	3081.49
Later than five years	295.74	-
	3,535.35	**4,477.35**

(C) Maturity analysis of lease liability

Particulars	As at March 31, 2021	As at March 31, 2020
Lease liability		
Less than 12 months	1,021.86	861.64
More than 12 months	1,862.34	1529.26
	2,884.20	**2,390.90**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 37
Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED :

	Particulars	As at March 31, 2021	As at March 31, 2020
a.	Principal and interest amount remaining unpaid	8.12	-
b.	Interest due thereon remaining unpaid	-	-
c.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d.	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e.	Interest accrued and remaining unpaid	-	-
f.	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 enterprises	-	-

The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Group during the year to the suppliers registered under this Act.

Note 38
Gratuity and other post-employment benefit plans:

The Group 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 Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

	Particulars	As at March 31, 2021	As at March 31, 2020
A.	**Amount recognised in the balance sheet**		
	Present value of the obligation as at the end of the year	498.76	421.63
	Fair value of plan assets as at the end of the year	3.83	3.59
	Net asset / (liability) to be recognized in the balance sheet	**494.93**	**418.04**
B.	**Change in projected benefit obligation**		
	Projected benefit of obligation at the beginning of the year	421.63	414.04
	Current service cost	143.11	127.44
	Past service cost	-	-
	Interest cost	28.20	13.89
	Benefits paid	(78.85)	(68.85)
	Addition on account of business combination	-	-
	Actuarial (gain) / loss on obligation	(15.33)	(64.90)
	Projected benefit obligation at the end of the year	**498.76**	**421.62**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	3.59	3.34
Return on plan assets	4.15	2.75
Actuarial gain/(loss)	(3.90)	(2.50)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**3.84**	**3.59**
D. Amount recognised in the statement of profit and loss		
Current service cost	143.11	127.44
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	24.06	11.14
Expenses recognised in the statement of profit and loss	**167.17**	**138.58**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	21.32	25.72
- experience variation	(31.42)	(88.45)
Return on plan assets, excluding amount recognised in net interest expense	(1.33)	(7.77)
	(11.43)	**(70.50)**
F. Assumptions used		
Discount rate	6.85%	6.85%
Salary growth rate	6.00%	6.00%
Withdrawal rate	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at March 31, 2021		As at March 31, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	477.44	521.75	404.03	440.56
Salary growth rate (0.5% movement)	518.61	479.93	436.79	406.89
Withdrawal rate (10% movement)	495.83	501.51	420.41	422.60

H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 138.95 Lakhs
3. The average outstanding term of the obligations as at valuation date is 8.88 years.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 39
Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Net assets i.e. total assets minus total liabilities

Particulars	As at March 31, 2021		As at March 31, 2020	
	As % of Consolidated Net assets	Amount	As % of Consolidated Net assets	Amount
Parent				
IndoStar Capital Finance Limited	99.48%	3,67,896.44	100.30%	2,68,865.43
Subsidiaries				
IndoStar Home Finance Private Limited	5.82%	21,529.30	6.96%	18,646.33
IndoStar Asset Advisory Private Limited	0.12%	455.32	0.17%	459.62
Minority Interest	0.00%	-	0.00%	-
Less: Inter-Company eliminations	-5.42%	(20,055.97)	-7.43%	(19,915.01)
Total	**100.00%**	**3,69,825.09**	**100.00%**	**2,68,056.37**

Share of Profit or Loss

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	As % of Consolidated profit or loss	Amount	As % of Consolidated profit or loss	Amount
Parent				
IndoStar Capital Finance Limited	112.8%	(24,146.80)	104.8%	(34,008.68)
Subsidiaries				
IndoStar Home Finance Private Limited	-13.1%	2,795.13	-4.4%	1,419.73
IndoStar Asset Advisory Private Limited	0.0%	(4.30)	-0.2%	63.30
Minority Interest	0.0%	-	0.0%	-
Less: Inter-Company eliminations	0.3%	(54.52)	-0.2%	62.93
Total	**100%**	**(21,410.49)**	**100%**	**(32,462.72)**

Note 40
Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company, Subsidiary Company, the Director, whether a whole time Director or otherwise but excluding Non-Executive Independent Director, including the Director of the 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 March 31, 2021, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at March 31, 2021, the Company has the following share-based payment arrangements:

Share option plans (equity settled)

According to the Schemes, the employee selected by the Nomination and Remuneration Committee ('NRC') 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.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	09-May-16	17-Oct-16	28-Apr-17	15-Dec-17
Total Number of Options approved	15,00,000	27,00,000	30,00,000	20,00,000	60,00,000
Vesting requirements	Vesting criteria will specified for each option holder by the Nomination and Remuneration Committee ('NRC') at the time of grant of options. For valid vesting of options, the concerned option holder is required to be an eligible employee on the respective vesting date and must neither be serving his/her notice period for termination of service nor be subject to any disciplinary proceedings pending against him/her. Unless the NRC provides otherwise, the vesting of options granted hereunder shall be stalled / blocked during any unauthorised and unpaid leave of absence for such period as may prescribed by NRC or for any cause as deemed fit by the NRC.				
The pricing formula	Options can be exercised at any of the following exercise price, as may be determined by the NRC at its sole discretion at the time of grant of options:(i) fair market value rounded to the nearest rupee; or(ii) market price rounded to the nearest rupee; or(iii) such price as may be determined by the NRC. However, the exercise price shall not be less than the fair market value of the shares.				
Maximum term of options granted (years)	Options granted under the ESOP plans would vest not less than 1 (one) year from the date of grant of options. Options shall be capable of being exercised within a period of 4 years from the date of vesting.				
Method of settlement	Equity				
Source of shares	Primary				
Variation in terms of ESOP	ESOP Plan 2012, ESOP Plan 2016, ESOP Plan 2016 - II, ESOP Plan - 2017 and ESOP Plan 2018 were amended pursuant to resolution passed by NRC and the Board of Directors at their respecitve meeting held on 12 August 2020 and members of Company at the Annual General Meeting held on 24 September 2020 by deleting the maximum period within which options should vest with option grantees.				
Method used for accounting of options	Fair Value Method				

II. Option Movement during the year ended Mar 2021

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
	No. of Options	No. of Options	No. of Options	No. of Options	No. of Options
No. of options outstanding at the beginning of the year	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Options granted during the year	-	-	-	-	15,75,000
Options forfeited / lapsed during the year	-	17,35,777	13,84,500	15,000	10,000
Options exercised during the year	64,000	2,55,000	7,88,000	-	-
Total number of shares arising as a result of exercise of options	64,000	2,55,000	7,88,000	-	-
Number of options outstanding at the end of the year	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Number of options exercisable at the end of the year	5,450	3,31,200	3,00,300	90,300	1,13,500
Weighted average market price of options excercised for the year ended March 31, 2021	284.55	331.06	309.72	-	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Option Movement during the year ended Mar 2020

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
	No. of Options	No. of Options	No. of Options	No. of Options	No. of Options
No. of options outstanding at the beginning of the year	2,68,200	25,13,277	25,60,500	18,29,000	14,36,000
Options granted during the year	-	-	-	-	1,05,000
Options forfeited / lapsed during the year	-	10,000	10,000	84,500	83,000
Options exercised during the year	1,93,500	-	-	-	-
Total number of shares arising as a result of exercise of options	1,93,500	-	-	-	-
Number of options outstanding at the end of the year	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Number of options exercisable at the end of the year	67,950	22,43,677	13,63,800	31,600	34,500
Weighted average market price of options excercised for the year ended March 31, 2020	286.32	-	-	-	-

III. Weighted Average remaining contractual life

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of exercise price (₹ per share)	140.00 - 437.00	225.00 - 437.00	255.00 - 437.00	315.00 - 437.00	279.05 - 437.00
No. of options outstanding as on March 31, 2021	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Contractual life (in years)	3.97	2.21	3.50	3.67	4.61

IV. Method and Assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Variables	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
1. Risk Free Interest Rate	NA	NA	NA	NA	5.19%
2. Expected Life (in years)	NA	NA	NA	NA	4.79
3. Expected Volatility	NA	NA	NA	NA	0.42
4. Dividend Yield	NA	NA	NA	NA	0.34%
5. Exercise Price	NA	NA	NA	NA	293.00
6. Price of the underlying share in market at the time of the option grant (₹)	NA	NA	NA	NA	292.25

V. Effect of share-based payment transactions on the Company's Profit or Loss for the period:

Particulars	31-Mar-21	31-Mar-20
Employee share based expense (₹)	878.05	1,714.08
Total ESOP reserve outstanding at the end of the period (₹)	5,375.17	8,472.33

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 41
Grossing up of acquired securitised loans as part of business combination

During the current year, the loan assets and corresponding borrowing, the interest income and interest expense are recognised on a gross basis with respect to the securitised portfolio acquired from India Infoline Finance Limited in March 2019. Accordingly, the figures of the previous year have been re-grouped/re-stated to make them comparable with current year.

Particulars	March 31, 2020		March 31, 2019	
	Gross Basis	Net Basis	Gross Basis	Net Basis
Balance Sheet				
Loans	8,29,309.31	7,80,194.25	11,36,148.66	10,36,366.88
Borrowings	5,05,245.05	4,59,058.31	6,44,081.29	5,44,302.03
Other financial liabilities	25,648.61	22,720.28	20,038.84	20,036.32
Statement of Profit and Loss				
Interest income	1,46,615.90	1,39,659.93	-	-
Interest expense	86,339.63	79,383.67	-	-

Note 42

Maturity pattern of Assets and Liabilities

Financial statements of the Group are disclosed in the format of order of liquidity. An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	Note	As on March 31, 2021			As on March 31, 2020		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
Assets							
Financial assets							
Cash and cash equivalents	3	27,917.57	-	**27,917.57**	16,835.17	-	**16,835.17**
Bank balances other than cash and cash equivalents	4	359.61	23,736.99	**24,096.60**	11,230.46	26,438.76	**37,669.22**
Loans	5	1,67,495.73	5,46,437.88	**7,13,933.61**	2,31,010.60	5,98,298.71	**8,29,309.31**
Investments	6	1,40,367.14	18,768.91	**1,59,136.05**	23,055.69	-	**23,055.69**
Other financial assets	7	3,609.12	10,768.35	**14,377.47**	32,514.27	1,425.01	**33,939.28**
Non-financial assets							
Current tax assets (net)	8	-	12,053.80	**12,053.80**	-	13,386.58	**13,386.58**
Deferred tax assets (net)	9	-	14,293.49	**14,293.49**	-	12,978.33	**12,978.33**
Property, plant and equipment	10	-	6,092.79	**6,092.79**	-	7,861.61	**7,861.61**
Assets held for sale	11	2,087.45	-	**2,087.45**	3,873.85	-	**3,873.85**
Goodwill	12	-	30,018.69	**30,018.69**	-	30,018.69	**30,018.69**
Intangible assets	12	-	452.43	**452.43**	-	383.58	**383.58**
Other non-financial assets	13	3,697.58	-	**3,697.58**	3,545.30	-	**3,545.30**
Total Assets		**3,45,534.20**	**6,62,623.33**	**10,08,157.53**	**3,22,065.34**	**6,90,791.27**	**10,12,856.61**

Particulars	Note	As on March 31, 2021			As on March 31, 2020		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
Liabilities							
Financial liabilities							
Trade payables	14	394.41	-	**394.41**	1,109.83	-	**1,109.83**
Debt securities	15	1,27,988.84	73,287.34	**2,01,276.18**	56,871.66	1,52,075.48	**2,08,947.14**
Borrowings (other than debt securities)*	16	1,76,331.14	2,23,152.32	**3,99,483.46**	1,99,258.22	3,05,986.83	**5,05,245.05**
Other financial liabilities	17	32,836.04	-	**32,836.04**	25,648.61	-	**25,648.61**
Non-financial liabilities							
Provisions	18	181.61	576.34	**757.95**	168.00	738.66	**906.66**
Other non-financial liabilities	19	1,722.06	1,862.34	**3,584.40**	1,396.49	1,546.46	**2,942.95**
Total Liabilities		**3,39,454.10**	**2,98,878.34**	**6,38,332.44**	**2,84,452.81**	**4,60,347.43**	**7,44,800.24**

* also refer note 31(G)

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021
(Currency : Indian Rupees in Lakhs)

Note 43
The comparative financial information for the previous year prepared in accordance with Ind AS included have been audited by the predecessor auditors. The report of the predecessor auditor expressed an unmodified opinion.

Note 44
To provide more reliable and relevant information about certain items of the financial statements, previous year's figures have been regrouped or reclassified, to conform to such current period grouping / classification. There is no impact on equity or net loss due to this regrouping / reclassification.

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

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

(Currency : Indian Rupees in Lakhs)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A: Subsidiaries

	Sl. No.	1	2
1	Name of the subsidiary	IndoStar Asset Advisory Private Limited	IndoStar Home Finance Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	April 1, 2020 to March 31, 2021	April 1, 2020 to March 31, 2021
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable	Not applicable
4	Share capital		
	Authorised capital	10.00	20,000.00
	Paid-up capital	1.00	20,000.00
5	Reserves & surplus	454.32	1,529.30
6	Total Assets	495.96	89,034.54
7	Total Liabilities	495.96	89,034.54
8	Investments	Nil	500.02
9	Turnover	2.35	13,217.82
10	Profit/(loss) before taxation	8.89	3,867.23
11	Provision for taxation	13.19	1,072.10
12	Profit/(loss) after taxation	(4.30)	2,795.13
13	Proposed Dividend	Nil	Nil
14	Extent of shareholding (in percentage)	100%	100%

Notes:

Names of subsidiaries which are yet to commence operations: Not Applicable

Names of subsidiaries which have been liquidated or sold during the year: Not Applicable

Part B: Associates and Joint Ventures - Not applicable

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

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Amol Joshi
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: June 17, 2021

NOTES

INDOSTAR

LIFE KA TAKE-OFF

REGISTERED & CORPORATE OFFICE:
One World Center, 20th Floor, Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg, Mumbai – 400 013.
Tel No.: +91 22 4315 7000 | Fax No.: +91 22 4315 7010
E-mail: investor.relations@indostarcapital.com

www.indostarcapital.com

Concept, Content & Design
WYATT Prism COMMUNICATIONS (info@wyatt.co.in)

INDOSTAR

LIFE KA TAKE-OFF

2021-22 ANNUAL REPORT

INDOSTAR CAPITAL FINANCE LIMITED

CONTENTS

CORPORATE OVERVIEW

About IndoStar Capital Finance	2
Chairman's Message	4
CEO's Review	5
Focussing on the Right Areas	6
Key Performance Indicators	8
Acting to Support and Empower Communities	9
Our Board of Directors	10
Corporate Information	12

STATUTORY REPORTS

Management Discussion and Analysis	13
Board's Report	26
Report on Corporate Governance	62

FINANCIAL STATEMENTS

Standalone Financials

Auditor's Report	87
Balance Sheet	100
Statement of Profit and Loss	101
Cash Flow Statement	102
Statement of Changes in Equity (SOCIE)	104
Notes to Accounts	105

Consolidated Financials

Auditor's Report	172
Balance Sheet	182
Statement of Profit and Loss	183
Cash Flow Statement	184
Statement of Changes in Equity (SOCIE)	186
Notes to Accounts	187

To get this report online and for any other information, log on to:

www.indostarcapital.com

₹9,658 crore
(₹8,247 crore)
AUM

AA-
Credit Rating by CRISIL

25.8%
(29.0%)
Capital Adequacy Ratio

6.4%
(3.6%)
Net Stage 3

404
(413)
Branches

2.1x
(2.0x)
Debt:Equity

53.7%*
Cost to income ratio

₹376 crore**
(₹679 crore)
Cash and cash equivalents

** Excluding one-off costs*
*** At standalone level*

As on March 31, 2022;
figures in brackets are for June 30, 2022

The last two years were challenging. The pandemic, decline in economic activities, and concerns over regulatory changes and stressed assets which necessitated taking corrective actions, significantly impacted operations.

Yet, we remained steadfast and endured it all.

We identified stressed pool in our commercial vehicle portfolio and made credit cost provisioning. With sustained efforts for settlements and sell-offs, we focused on reducing stress book, and it presently stands at ~5%* of total Assets under Management (AUM). As a part of retailisation strategy, we reduced corporate loan book and emphasised on retail portfolio to bring more granularity to business. Further, an incremental funding was raised which places us comfortably in terms of liquidity position, underpinned by high capital adequacy and a solid cash position. We have also improved upon the controls, policies, technologies and systems.

Moving forward, we maintain an unwavering focus on resolving the pressing issues to refresh and rejuvenate ourselves. We are committed to making stronger efforts to further reduce stress book, improve our asset quality and reinforce our balance sheet position.

**As on June 30, 2022*

ABOUT INDOSTAR CAPITAL FINANCE

We are a non-banking finance company (NBFC) registered with the Reserve Bank of India as a systemically important non-deposit taking company. Led by a retail focused business model and having a strong liquidity and capital position, we are competitively placed in the industry.

We are a professionally managed company, with Brookfield and Everstone as the co-promoters.

KEY OBJECTIVE

We wish to become the "go-to" NBFC in retail lending, particularly in vehicle finance, housing finance and SME finance. Our key objective is to become a leading provider of financing and credit solutions and cater to the aspirations of the growing consumer base of India, and deliver greater value to our stakeholders.

VISION

Become a leading provider of financing and credit solutions and cater to the aspirations of the growing consumer base, and deliver greater value to our stakeholders.

MISSION

To support the aspirations and the entrepreneurial spirit of our customers and be the catalyst in their "LIFE KA TAKE-OFF". To create a collaborative environment for the employees and business partners.

AREAS WHERE WE OPERATE

We provide financing for used and new Commercial Vehicles.

CV Finance

Our wholly-owned subsidiary IndoStar Home Finance engages in providing affordable home financing solutions to self-employed and salaried customers.

Housing Finance

We are preferred financiers for small and medium enterprises, enabling them to fulfil business growth plans.

SME Finance

BUSINESS-WISE CONTRIBUTIONS

Assets under Management

₹4,908 crore
CV Finance

₹1,406 crore
Housing Finance

₹1,776 crore
SME Finance

₹1,543 crore
Corporate Lending

Gross Disbursements

₹3,743 crore
CV Finance

₹579 crore
Housing Finance

₹564 crore
SME Finance

₹61 crore
Corporate Lending

Revenue

₹522 crore
CV Finance

₹145 crore
Housing Finance

₹180 crore
SME Finance

₹274 crore
Corporate Lending

₹53 crore
Others

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

The last two years were challenging for the Indian economy due to the pandemic. The automotive industry which was already in a downcycle due to transition towards e-mobility and change in emission norms, took a further hit as discretionary spending declined and supply chain got disrupted. This disproportionately impacted the businesses of our customers in the CV Financing segment as they faced market disruption reducing their ability to repay borrowings. The immediate impact of this was a spike in our stress pool and NPAs, given our significant exposure to commercial vehicle (CV) financing. We have recognised and transparently disclosed the same, alongside making necessary ECL provisions and write-offs.

We have taken concerted efforts to reduce the stress. Proactive engagement was made with customers for settlements and nearly 50% of the stress book have been sold to an ARC. Our CV Stage 3 book now stands lower at ₹ 401 crore, which is ~5% of the total AUM as of June 30, 2022. With strong commitment of the Promoters, your Company raised funding of ₹ 1,850 crore during April 1, 2022 to August 10, 2022. At standalone level, our capital adequacy ratio now stands at 29.0% and cash and cash equivalents at ₹ 679 crore as on June 30, 2022. At consolidated level, the Gross Stage 3 and Net Stage 3 on this date was at 8.2% and 3.6% respectively.

Additionally, we have strengthened controls, reviewed policies and upgraded technology systems right from loan origination, credit appraisal, disbursal, loan management and collection processes.

We have strengthened controls, reviewed policies and upgraded technology systems right from loan origination, credit appraisal, disbursal, loan management and collection processes.

The year as it was

FY 2022, has been a year of recovery. Despite the challenges around second wave of pandemic and micro headwinds, the Indian economy staged a good comeback since Q2 FY 2022.

All sectors of the economy witnessed good momentum, before temporarily slowing down due to the third COVID wave and the onset of the Russia-Ukraine war. The banking and financial services sector, including the NBFC sector, were beneficiaries of greater economic activity, and saw a resurgence in lending activities. The sectors of commercial vehicle (CV) and affordable housing, where we are primarily focused on, also rebounded post few years of slump. This led to a 171% growth in our disbursals during FY 2022.

In the CV finance business, we continued to strengthen our niche in the used CV segment alongside enhancing our national presence by adding 162 new branches. Total disbursals in this business were ₹ 3,743 crore as compared to ₹ 947 crore in FY 2021. The total AUM of the segment stood at ₹ 4,908 crore as on March 31, 2022. The affordable housing finance subsidiary continued its strong performance. With a disbursal of ₹ 579 crore, the total AUM of this business stood at ₹ 1,406 crore as on March 31, 2022, a growth of 41% over the previous year. The Gross Stage 3 for our housing finance business at 1.8% remains one of the lowest in the industry, and it continues to demonstrate strong asset quality. Disbursements in SME in FY 2022 were ₹ 564 crore as compared to ₹ 374 crore in FY 2021.

Moving ahead

The outlook for the Indian economy remains positive amidst global turmoil, and it is expected to grow by 8.2% in FY 2023. While non-banking financial institutions may face some headwinds due to moderately high inflation and interest rate hikes, as per the RBI's assessment, the industry is well-placed with sufficient capital buffers to withstand negative shocks. The revival in CV and affordable housing finance is likely to continue into FY 2023, and augurs well for the industry players.

Internally, we have made strides towards rebuilding the leadership. Deep Jaggi has been promoted as the new CEO and several experienced leaders have joined in critical functions of risk, finance and operations. I heartily welcome the new members and look forward to their sustained support towards rebuilding the Company. Finally, on behalf of the entire Board, I thank all our stakeholders for trusting and supporting us. We have been on a transformation journey, and will continue to work towards strengthening our franchise.

Warm regards,

Bobby Parikh
Chairman

CEO'S REVIEW

DEAR SHAREHOLDERS,

It is a privilege for me to take on the role as the CEO at IndoStar Capital Finance, which I joined two years back. My induction back then was a part of well-thought succession plan, involving a 5-year business strategic and growth plan.

While I am enthused by this new responsibility, it comes at a time when the Company is faced with the challenging circumstance of stressed assets. It has been encouraging to work alongside colleagues and the promoters who showed urgency and extended their full support in overcoming the situation. We have already taken measures to reduce the stress book and raised incremental funding. Our efforts continue to be around further reducing the stress and improving the quality of assets.

Performing amidst challenges

FY 2022 saw the Indian economy continuing to put up resilience amidst multiple challenges, including resurgent pandemic waves, rising input prices and supply chain disruptions. However, accelerated vaccinations along with the country's strong fundamentals and improving consumer sentiments contributed to buoyancy in the economic activities, resulting in a GDP growth of 8.7%.

The NBFC sector too displayed immense resilience and benefited from the broad economic revival, recording growth in disbursements and AUM during CY 2021. This is expected to continue into CY 2022 supported by uptick in the economy and improved balance sheet, provisioning and liquidity position of companies.

In a welcome move, the RBI tightened supervision over the NBFCs by introducing scale-based regulation and revised NPA recognition and upgradation norms during the fiscal. While this resulted in surge in NPAs primarily because of change in accounting metrics, it will help in increasing market discipline.

Given the challenging operating context, your Company has delivered a satisfactory performance. Our net revenue from operations grew by 10% to ₹ 638 crore in FY 2022 from ₹ 581 crore in the previous year. Disbursements during the year were ₹ 4,947 crore in FY 2022 from ₹ 1,827 crore in FY 2021, indicating a growth of 171%. Our AUM as on March 31, 2022 stood at ₹ 9,658 crore, 84% of which was retail AUM as compared to 78% in the previous year. We made Pre-Provision Operating Profit (PPOP) in every quarter of FY 2022, and for the full year this amounted to ₹ 262 crore as compared to ₹ 268 crore in FY 2021. However, ECL provisions and write-offs required on stressed loans resulted in net loss..

At consolidated level, our Cost to Income ratio stood at 59.2% (excluding one-off costs) and debt-equity ratio of 2.0x. At standalone level, we are comfortably placed with a strong liquidity position, as evident in a capital adequacy ratio of 29.0%, debt-equity ratio of 1.7x and cash and cash equivalents of ₹ 679 crore as on June 30, 2022.

Focusing on business quality

Our intent is to be a purely retail finance company, and this underpins our efforts to bring more granularity to business. Additionally, we have narrowed down business development focus to CV and housing financing with more stringent credit appraisal standards. We expect these to reduce chances of defaults.

At the same time, we have strengthened collection mechanism by adding more people and a separate collection centre. It is enabling robust collections, and since the last few months, we are consistently surpassing 120% collection efficiency, indicating clearances of old delinquencies. Besides, 90% of our fresh disbursements are in Stage-1.

Building on competitive edge

In an improving market context, alongside our efforts to strengthen balance sheet, we have focused on building competencies.

The year saw us reinforce our subsidiary IndoStar Home Finance which handles the home loan portfolio. It has been recapitalised and new leadership positions of Non-Executive Independent Chairman and Deputy CEO have been created with highly distinguished and experienced individuals. I am sure with their experience this company can reach newer heights.

People and technology are a key differentiator in this competitive space. And so, we have added many high performing people including in the leadership positions. This includes a Chief Technology Officer to drive our technology ambitions. Our focus is to automate operations to achieve higher productivity and provide digital platforms to elevate experiences.

We further entered into co-lending arrangements with Shrinithi Capital, an NBFC having penetration in tier III and IV cities.

Closing comments

I thank all our stakeholders for standing by us in tough times. We seek your continued support and guidance as we move forward with the right leadership and right strategies to emerge stronger.

Regards,

Deep Jaggi
Chief Executive Officer

FOCUSSING ON THE RIGHT AREAS

We are committed to building an organization for the long term. And so, we are proactively targeting the right business segments which are safe and have strong business potential. Alongside, we are acting to strengthen our business fundamentals.

TARGETING THE RIGHT BUSINESSES

While we have been operating in diverse business areas, we have now sharpened focus on two critical verticals – commercial vehicle (CV) and affordable housing financing. A robust roadmap has been created and business strengthening efforts are being taken to unlock value from them. Besides, these businesses will complement our aspiration of becoming a pure 100% retail finance company.

CV financing

The CV industry after languishing for a long period has started to revive. A good monsoon, infrastructure creation focus of the government and the vehicle scrappage policy are expected to drive the industry's growth. Within the segment, we have a clear focus on pre-owned and retail space.

The pre-owned space has tremendous opportunity and has few operational players to cater demand, majority of whom are unorganized and charge high interest rates. The segment also has higher IRR.

The retail space for us entails individuals with 3-10 vehicles. This will minimize chances of losses, as owners with three vehicles have a repayment history thereby allowing better customer profiling.

Affordable Housing financing

The segment, operated by our wholly-owned subsidiary IndoStar Home Finance, caters to home loan needs of low-income customers who are primarily salaried or self-employed and belong to tier II and III cities. With immense opportunities coming from the Government schemes like Prime Minister's Awas Yojana and increased focus of the industry in this segment, we see good opportunities.

In FY 2022, we have recapitalized this business by ₹ 250 crore. We are taking actions to make this business independent and further improve its robust processes and people capabilities. In line with this, we have appointed Mr. Ravi Narayan as a Non-Executive Independent Chairman. Bringing extensive experience and expertise in retail banking, auto finance and housing finance, he will provide mentoring and guidance towards unlocking value.

REINFORCING CAPITAL POSITION AND BALANCE SHEET INTEGRITY

Our Company raised ₹ 1,850 crore during April 1, 2022 to August 10, 2022. This is an indicator of financiers trusting our business model as well as the commitment of our promoters towards the Company who with their strong banking relations helped raise funding. We are now comfortably placed in terms of liquidity position.

Our improved liquidity position
(as on June 30, 2022)

29.0%
Capital Adequacy Ratio*

320 bps from 25.8% as on March 31, 2022

2.0x
Debt:Equity ratio

2.1x as on March 31, 2022

₹679 crore
Cash and cash equivalents*

81% from ₹ 376 crore as on March 31, 2022

*at standalone level

SCALING TECHNOLOGY CAPABILITIES

Building on technology is key driving our productivity and competitive edge. We are continually investing in automation and smart branches facilitating self-service capabilities. The technology function has been strengthened with the induction of Chief Technology Officer, who comes from a extensive FinTech experience.

We have also developed an app, go-digit app, with the help of KPMG which is in pilot stage.

STRENGTHENING COLLECTIONS

In FY 2022, we added 175 dedicated people in our collections team, taking the total to 407 as on March 31, 2022. Further, we have dedicated 100 people approx. to collect old loan book. We have also bought a separate collection calling centre to regularly follow-up with customers and prevent new slippages. This has enabled us to achieve strongest collections at ₹ 3,642 crore in FY 2022 with an efficiency of 151%.

Achieving strongest collections in FY 2022

₹3,642 crore
Collections

76% from ₹ 2,073 crore in FY 2021

151%
Collection efficiency

82% in FY 2021

SHARPENING FOCUS ON COSTS

Reducing costs is an important focus area. We are achieving the same through higher productivity led by our technology infrastructure. We have also adopted a strategic shift in product line, reducing exposure to risky bus and corporate segments and at the same time increasing focus on pre-owned car financing which has higher IRR.

Further, we look to reduce new branch related capex. We are increasingly targeting to open spoke branches which requires less investments as well as smart branches which can operate with less manpower. We are also leveraging our co-lending tie-ups to tap incremental business opportunity at low costs.

KEY PERFORMANCE INDICATORS

Total Income (₹ crore)

Assets Under Management (₹ crore)

Gross Loan Disbursements (₹ crore)

Net Interest Margin* (%)

* NIM is calculated as Net Interest Income divided by Interest earning assets

ACTING TO SUPPORT AND EMPOWER COMMUNITIES

We are focused on bringing meaningful change in the communities. We contribute towards supporting initiatives around us which drive value creation for the community.

PROMOTING EDUCATION

Education is the basic right of every child. At IndoStar, we are supporting various organisations in their initiatives which are contributing towards education inequity reduction, learning improvement, dropout reduction and psychological support. These include:

Avasara Leadership Institute (Avasara)

We supported Avasara for the seventh year, by contributing towards two of its programs – Avasara Academy and Avasara Leadership Fellows.

Avasara Academy is a first-of-its-kind residential secondary school to enable girls aged 12-18 years emerge as confident leaders. It provides a holistic educational experience that cultivates both academic and leadership potential. Our contribution supported the education of 10 students.

Avasara Leadership Fellows is a selective, intensive after-school enrichment opportunity for able, highly motivated adolescent girls. It focuses on their personal leadership style and academic excellence. We contributed towards supporting the education of students in Grades 9 and 10.

KHUSHII Foundation

KHUSHII (Kinship for Humanitarian, Social and Holistic Interventions) aims to generate maximum impact for the underserved communities through creating a culture of giving to promote equity. Its Adapt Impact Education project focuses on improving teaching, learning experience, counselling children and working on psychological development. Our contribution was utilized for 500 students from classes II to VIII and 100% of the students received counselling.

Rays of Hope Charitable Trust

We supported Priyanj Special School by Rays of Hope Charitable Trust for the fourth year. It provides special education

services to children having autism like remedial teaching, behaviour therapy, computing / social / daily living skills, arts and crafts and occupational therapy services, speech therapy, vocational training and other extra-curricular activities. Our fund was used to educate 10 children.

TASK – Vocation for differently abled

We supported TASK for the third year in its effort to provide vocational training to differently abled adults. They are trained on making block printed sling bags, shoulder bags, handkerchiefs, paper block printed and laminated table mats, hand painted wooden tea coasters and handmade soaps. It also trains them in taking up professional courses in vocational training

WOMEN EMPOWERMENT

We supported Janvikas in their Driverben project for the third year. The project encourages and trains women to become professional commercial drivers alongside enhancing their awareness in legal rights, first aid, self-defence, English language, personal presentation, hygiene and financial literacy. We contributed to support the training of 50 women.

OUR BOARD OF DIRECTORS

MR. BOBBY PARIKH
Chairman and Non-Executive Independent Director

He has nearly three decades of experience in financial services industry/reorganisations. His area of focus is providing tax and regulatory advice in relation to transactions and other forms of business reorganisations. He has founded Bobby Parikh Associates, a boutique firm focussed on providing strategic tax and regulatory advisory services. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India (ICAI) and holds a Bachelor of Commerce degree from the University of Mumbai.

MR. DEEP JAGGI
Chief Executive Officer

He has over 20+ years of experience across Asset Finance and ther retail businesses. He previously worked with HDB, Cholamandalam Finance and Apollo Tyres. He holds Bachelor degree in Commerce, Master degree in Commerce and has completed his post graduate diploma in Business Administration from University of Kanpur.

MR. DHANPAL JHAVERI
Non-Executive Director

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

MR. VIBHOR KUMAR TALREJA
Non-Executive Director

He joined Everstone in 2019 as a Managing Director to lead the financial services sector along with other responsibilities. Prior to this, he was a Director at Temasek India for over 12 years, where he led decision-making on investments and divestments of over US$ 2 billion each across both private and public transactions. He has extensive experience in Financial Services, Industrial/Consumer, Real Estate and Telecom sectors, and has worked with JM, Morgan Stanley and Tata Administrative Services. He is an alumnus of IIT Kanpur and IIM Bangalore.

MR. ADITYA JOSHI
Non-Executive Director

He is a Managing Director in Brookfield's Private Equity Group. He heads Brookfield's private equity business in India where he is responsible for conceptualising strategy, nurturing and developing a high-quality team, building a robust sourcing engine, and leading deal execution and ongoing portfolio monitoring. He joined Brookfield in March 2019. Previously, he was a Principal at Apax Partners in India, and led and participated in deals across healthcare, technology services, and financial services. Prior to this, he worked at The Blackstone Group in India, focussing on investment opportunities primarily across technology services and business services, and at Morgan Stanley in India, engaged in fund raising and M&A across technology services, business services, telecom, amongst other industries.

He holds an MBA degree from The Wharton School, University of Pennsylvania, a bachelor's degree in accounting and finance from the University of Pune, and is a Chartered Accountant and member of the ICAI. He is a member of FICCI's National Committee on Private Equity for India.

MR. MUNISH DAYAL
Non-Executive Director

He is Managing Director - Private Equity & Business Operations at Brookfield Asset Management (BAM), and has over three decades of experience in financial services. Prior to joining BAM, he was Senior Operating Partner at Baring Private Equity Partners India Limited with hands-on engagement with portfolio companies in BFSI, technology and commercial real estate. He has held senior positions in Yes Bank Limited and Citibank and has expertise in risk management, lending to medium and small sector enterprises, cash management, payment services, trade products and banking technology. He is a commerce graduate from Shri Ram College of Commerce, University of Delhi and an MBA from Faculty of Management Studies, University of Delhi.

MR. HEMANT KAUL
Non-Executive Independent Director

He has vast experience as an independent management consultant, having worked with private equity firms to evaluate investments in the financial sector. Earlier, he has also been the MD & CEO of Bajaj Allianz General Insurance Co Ltd. and the Executive Director of Axis Bank. He holds a Bachelor's degree in Science and an MBA degree from Rajasthan University.

MS. NAINA KRISHNA MURTHY
Non-Executive Independent Director

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Independent Chairman
Mr. Bobby Parikh

Executive Directors
Mr. R. Sridhar,
Vice Chairman *(till April 17, 2022)*

Mr. Deep Jaggi,
Chief Executive Officer
(appointed with effect from February 10, 2022)

Non-Executive Directors
Mr. Dhanpal Jhaveri
Mr. Aditya Joshi
Mr. Vibhor Kumar Talreja
Mr. Munish Dayal

Non-Executive Independent Directors
Mr. Hemant Kaul
Ms. Naina Krishna Murthy

CHIEF FINANCIAL OFFICER

Mr. Amol Joshi *(till December 27, 2021)*

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Jitendra Bhati

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP

CIN:

L65100MH2009PLC268160

REGISTERED & CORPORATE OFFICE

One World Center,
20th Floor, Tower 2A,
Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai – 400 013
Tel No.: +91 22 4315 7000
Fax No.: +91 22 4315 7010
E-mail: investor.relations@indostarcapital.com
Website: www.indostarcapital.com

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17, R Kamani Marg,
Ballard Estate, Mumbai – 400 001
Tel No.: +91 22 40807000
Fax No.: +91 22 66311776
E-mail: itsl@idbitrustee.com

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
C - 101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai – 400083
Tel No.: +91 22 49186270
Fax No.: +91 22 49186060
E-mail: rnt.helpdesk@linkintime.co.in

BANKERS / FINANCIAL INSTITUTIONS

Aditya Birla Sun Life Mutual Fund
Axis Mutual Fund
Bandhan Bank
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank PLC
Baroda BNP Paribas Mutual Fund
CSB Bank Limited
Central Bank of India
DCB Bank Limited
DBS Bank Limited
DSP Mutual Fund
Franklin India Mutual Fund
HDFC Bank Ltd
ICICI Bank Ltd
IDFC First Bank Ltd
Indian Bank
Indian Overseas Bank
IndusInd Bank Limited
Industrial Development Bank of India Limited
Karnataka Bank Limited
Kotak Mahindra Bank Limited
Kotak Mutual Fund
Mirae Asset Mutual Fund
National Bank for Agriculture and Rural Development
Nippon Life India Mutual Fund
RBL Bank
SBI Mutual Fund
Small Industries Development Bank of India
South Indian Bank Limited
State Bank of India
Sundaram Mutual Fund
Union Bank of India
Yes Bank Limited

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

GLOBAL ECONOMY

Global growth is projected to moderate from an estimated 6.1% in CY2021 to 3.6% in 2022 and 2023 according to the International Monetary Fund's World Economic Outlook. The global economy had recovered strongly in CY2021 even as new variants of the COVID-19 virus fuelled additional waves of the pandemic. Robust policy support in the advanced economies, availability of vaccines and relaxation of pandemic restrictions helped the economies bounce back, collectively expanding world output. However, the world economy, which had already been battered through 2021 by multiple waves of the pandemic, supply chain and logistics disruptions, elevated inflation and bouts of financial market turbulence, received a brutal blow with the escalation of geopolitical tensions into a war in Europe from February 2022.

The global economic system already weakened by the pandemic, working under tighter financial conditions and a worse-than-anticipated slowdown in China, in now dealing with war induced petroleum and commodity price increases. Broadening price pressures have led to an inflation projection of 5.7% in advanced economies and 8.7% in the emerging markets and developing economies.

The global economy had recovered strongly in CY2021 even as new variants of the COVID-19 virus fuelled additional waves of the pandemic. Robust policy support in the advanced economies, availability of vaccines and relaxation of pandemic restrictions helped the economies bounce back, collectively expanding world output.

Multilateral efforts are essential to respond to the humanitarian crises, prevent further economic fragmentation, maintain global liquidity, manage debt distress and tackle climate change.

INDIAN ECONOMY

India's GDP growth in Financial Year 2021-22 is estimated at 8.9%, compared to a contraction of 7.3% in Financial Year 2020-21. Mobility indicators including collections from GST, toll and e-way bill generations signal the recovery to pre-pandemic levels from February 2022.

The International Monetary Fund (IMF) has lowered the forecast for India's economic growth to 7.4% in 2022-23 and to 6.1% in 2023-24, citing the economy's

Over the past few years, Non-Banking Financial Companies (NBFCs) have played a prominent role in the Indian financial system, as they provide affordable and easy access to credit to the under-served sections of the society, thus enabling financial inclusion.

vulnerability to external shocks and rapid monetary policy tightening. In the World Economic Outlook (WEO) update, the IMF suggests policymakers prioritise taming inflation through further monetary policy tightening. However, despite the downgrade, India still continues to remain one of the fastest growing key economies in the world in 2022-23 and 2023-24. The Reserve Bank of India (RBI) has projected the economy's growth for 2022-23 at 7.2%.

As the Indian economy started witnessing green shoots of recovery after the first wave of COVID-19 pandemic, the second wave struck hard in FY 2022. Nevertheless, unlike the nationwide lockdown during FY 2021, state-level localised lockdowns and a targeted containment strategy led to a less pronounced impact on the Indian economy. Rapid roll-out of vaccination drives and Governmental support led to upticks across a range of economic indicators, including the mobility index, direct tax collections, and the return of electricity demand, indicating positive levels of growth.

Disruptions in global energy markets have led to increased commodity prices, and increased freight costs, hence the pressure on consumer prices is expected to continue in FY 2023. The RBI announced its first-rate hike since August 2018 (a cumulative of three successive hikes in repo rate by 140 basis points since May 2022) taking its repo rate or its short-term lending rate to 5.4%, at the time of this report. The central bank is using its policy levers to preserve macro-economic and financial stability, while enhancing the economy's resilience and progressively absorbing excess liquidity in the system through variable rate reverse repo operations. This has been in conjunction with the selling of Govt Securities (G-Sec) through open market operations.

Key Growth Drivers

Favourable demographics: As of 2020, India has one of the world's largest young populations, with a median age of 28 years. About 90% of the Indians are below the age of 60 years, while 63% of them are between 15 years and 59 years. In comparison, in 2020, the United States (US), China and Brazil had 74%, 62% and 78%, respectively, of their population below the age of 60 years.

Urbanisation: Urbanisation is one of India's most important economic growth drivers as it drives investment in infrastructure development. In turn, this is expected to lead to job creation, development of modern consumer services and an increased ability to mobilise savings. The country's urban population has been rising consistently over the decades. In 1950, 17% of total population were categorized as urban. As per the 2018 revision of World Urbanization prospects, this has been estimated at 34% for India, and is seen further increasing to 37% by 2025.

Increasing per capita GDP: As per IMF estimates, India's per capita income (at constant prices) is expected to grow at 6.7% compound annual growth rate (CAGR) from FY 2020 through to FY 2025. Financial penetration is set to rise with an increase in the awareness of financial products. With increasing financial literacy and awareness, mobile penetration, and the Prime Minister's Jan Dhan Yojana bank accounts (scheme aimed at bringing the unbanked under the formal banking system), India has witnessed a definite rise in the participation of individuals from non-metro cities in availing banking services.

A growing NBFC sector

Over the past few years, Non-Banking Financial Companies (NBFCs) have played a prominent role in the Indian financial system, as they provide affordable and easy access to credit to under-served sections of society, thus enabling financial inclusion. The Government has consistently worked on governance measures to strengthen the systemic importance of NBFCs in India. The range of services provided by NBFCs include vehicle financing, affordable home financing, MSME financing, and financing of other retail segments. NBFCs have revolutionized the Indian lending system and leveraged digitization to drive efficiency and provide customers with a quick and convenient financing experience.

The balance sheet of non-banking financial companies (NBFCs) expanded in FY 2021-22 (up to December 2021), but the sector's asset quality has deteriorated. Nevertheless, capital cushions have showed an improvement. In October 2021, given the growing interconnection of NBFCs with other segments in the financial ecosystem, the Reserve Bank issued guidelines for them on scale-based regulations. In December, it also issued guidelines to extend the prompt corrective action (PCA) framework for NBFCs. This framework is applicable to all non-government NBFCs in the middle, upper and top layers excluding the primary dealers, housing finance companies and the NBFCs which are not accepting public funds. These measures have strengthened their financial health.

This framework is applicable to all non-government NBFCs in the middle, upper and top layers excluding the primary dealers, housing finance companies and the NBFCs which are not accepting public funds. These measures have strengthened their financial health.

India has one of the lowest credit penetrations among the larger economies. And retail credit presents a large growth opportunity driven by long-term trends in democratisation of credit, rising household incomes and increased consumption.

Key highlights of FY2022

- RBI continued to ensure adequate liquidity in the system, with stable interest rates during each quarter, with the fourth quarter witnessing a slight uptick in interest rates.
- In November 2021, RBI issued guidelines on harmonising Non-Performing Assets (NPAs) across the financial system. On February 15, 2022, it clarified that the revised NPA norms will be applicable from September 2022.

COMPANY OVERVIEW

IndoStar Capital's journey

The past two years have been a journey of resilience, determination and persistence for the Company. Despite a challenging macro-economic environment, the Company's determination and hard work helped it overcome the difficult times.

In the first half of the year under review, business was partially disrupted due to the second wave of the COVID-19 pandemic, but this was followed by a sharp recovery in the second half. The third COVID-19 wave in January 2022 witnessed a drastic rise in infections, but these were less severe and caused minimal disruption.

Change of Leadership and Recent Key Developments in IndoStar Capital Finance Limited

The Company announced a succession plan with the appointment of Mr. Deep Jaggi as the Chief Executive Officer of the Company. Prior to this, he was the Chief Business Officer (CBO) of IndoStar, responsible for the overall retail business development and collections. Under his leadership, the retail business managed to establish a pan-India presence by adding resources in the northern and eastern regions in India. Mr. Jaggi brings with him over two decades of rich experience with HDB Financial Services (a wholly-owned subsidiary of HDFC Ltd.), Cholamandalam and Apollo Tyres. He is all set to lead IndoStar through its next phase of retail growth and further value creation.

The Company has also appointed a new CRO.

Review of Commercial Vehicle Loan Portfolio, Additional ECL and Write-offs

The Audit Committee of IndoStar Capital Finance Ltd, in its meeting held on March 31, 2022, was informed by the management that certain observations and control deficiencies were observed during the course of the interim statutory audit of the annual financial statements of the Company. This was specifically in the Commercial Vehicle loan segment, as part of the review of the Company's loan portfolio, including a review of the policies and procedures.

The Audit Committee was informed that the control deficiencies were primarily with respect to sanctioning of loans to the existing customers, loan documentation and policy implementation gaps. It further appears that such aspects were primarily concerned with a part of the Commercial Vehicle Loan Portfolio and may have risen pursuant to liquidity concerns with customers caused by the onset of the COVID-19 pandemic.

Ernst & Young LLP conducted a review of the policies, procedures and practices of the Company related to sanctioning, disbursement and collection of the Commercial Vehicle Loan Portfolio, along with assessing the adequacy of the expected credit loss allowance. It made below observations:

a. Deviations from the credit policy of the Company in approval processes for loans to existing customers and waivers in foreclosures of certain loans;

b. For restructured loans, the Company did not follow the stipulated process as detailed in the control description.

The final findings of the Loan Portfolio Review were submitted to the Audit Committee on August 5, 2022 ("Portfolio Review Findings"), which was appropriately accounted for in Q4 earning.

The Audit Committee appointed an external law firm along with an external agency in this regard ("Conduct Review"), which is expected to be completed by end of September 2022.

Overview of Business Segments

Commercial Vehicle Finance

The automotive industry has grown tremendously in the past decades and is considered to be one of the major drivers of economic growth due to its linkages with multiple industries. The industry is one of the largest in the world and also a major exporter. The Automotive Mission Plan (AMP) 2026 envisions that the Indian automotive industry to become one of the world's top three in terms of engineering, manufacture and export of vehicles.

The growth of the automobile sector benefits the commodity sector significantly, with steel, aluminium, and plastic, among others, being the key raw material in vehicle manufacturing. The sector also holds key importance for NBFC/Banks as they offer credit for automobile financing. Commercial and passenger vehicles registered double-digit growth during FY 2022, following two years of continuous de-growth. This year, growth has been backed by an improvement in economic activity, revival of construction and mining activities and better semi-conductor supplies towards the end of the year.

The domestic Commercial Vehicle industry grew by 26% in FY 2022, supported by a low base and with economic activity picking up. Medium and heavy commercial vehicles (MHCV) recorded a 54% growth, light commercial vehicles (LCV) grew by 15% and small commercial vehicles (SCV) registered 23% growth during the year under review. The Commercial Vehicle segment is expected to deliver double digit growth in FY 2023 driven by freight and replacement demand, which had been postponed over the last two years, structural economic recovery and higher infrastructure spends by the Government. However, inflation in fuel prices and its impact on viability of fleet operators will continue to be a key challenge in the year ahead.

Pre-owned Commercial Vehicle financing continued to be focus area for the Company. It has been well established in the segment and has created a sustainable competitive advantage through its deep understanding of the borrower profile and their credit behaviour. Pre-owned commercial vehicles are affordable to aspiring owner-cum-drivers who are Small Road Transport Operators (SRTOs) with limited banking experience and low credit history for verification of creditworthiness. The market for this segment is fragmented and dominated by private financiers in the unorganised sector.

The Company has been on a journey to corporatise its pre-owned Commercial Vehicle financing business

in India. Its key strengths and domain expertise helps it provide finance to pre-owned Commercial Vehicle operators at favourable interest rates and repayment terms, as compared with private financiers in the unorganised sector. The Company's credit evaluation techniques, relationship-based approach, extensive branch network and strong valuation skills make its business model unique and sustainable, as compared with other financiers. Further, the business model has the advantage of being scalable at the local level throughout India.

Housing Finance

India's Housing Finance market, currently valued at about ₹ 24 lakh crore, is expected to double in the next five years. The share of housing loans in bank credit increased to 14.4% this year – from 13.1% in March 2020, with maximum number of disbursements in Tier 3 & 4 cities. The affordable housing finance grew 20% year-on-year in fiscal year ending March 2022. Affordable housing finance companies are expected to report healthy profitability metrics.

The growth rate of affordable housing finance market is pegged at around 6% to 8%, given that the impact of COVID-19 on this segment (Economically Weaker Sections, Lower Income Group and Middle-Income Group customers) was more severe vis-à-vis the overall housing finance segment. The first quarter of the year under review was significantly impacted by the second wave of the pandemic and its impact was felt through subsequent quarters. In terms of ticket size, the sub-INR 25 lakh segment contributes more than 43% of the total mortgage outstanding in the housing finance industry. The housing sector is projected to grow by 10% to 12% in FY 2023 and affordable housing will grow by 7% to 9% during the same period. With a gradual pick-up in demand for housing credit in the last two quarters of FY 2022, most of housing finance companies touched near pre-COVID level disbursements and are striving to achieve even higher disbursement targets.

The Government's initiatives have prompted developers to explore affordable housing as a new area. Going ahead, about half of the incremental supply being added in urban stock is expected to be through affordable housing. Additionally, the formalisation of this industry is bringing in more transparency and resulting in an increase in consumer demand.

India's typical affordable HFC customer lives in Tier 2&3 cities; is new to the concept of credit; earns a low informal income; doesn't possess income documents; and is usually self-employed. This warrants the use of specialized expertise in addition to that being used in conventional lending.

Key characteristics of Affordable Housing Finance in India:

- Low average ticket size: Nearly 70% of the housing loans are for ₹ 10 lakh or lower.
- Self-employed: Nearly 85% of affordable HFCs cater to the growing needs of self-employed, where yields are typically higher than the salaried segment.
- Housing format: Much of the housing finance is aimed at for single units and self-occupied houses, indicating they are for active use and not for the purpose of investment.
- Low loan-to-value ratio: More than 60% of the housing loans made in Affordable Housing Finance have a Loan-To-Value (LTV) ratio of less than 70%, indicating higher commitment by the borrower and correspondingly lower risk for the lender.
- Undocumented income: The Affordable Housing Finance segment is marked by a distinctive reality where most of the borrowers lack any documented formal income. Affordable loans are mostly sought by "new to credit" customers and the entire process warrants a cash flow-based assessment.

Affordable housing accounts for the biggest share in India's housing finance sector. A major section of this space stays in non-formal Tier 2&3 cities and are freshly introduced to the facility of credit. These customers have a shallow informal income and are mostly self-employed without any formal income documents.

The housing finance segment is expected to witness strong growth in the long term, as more Indians construct or purchase homes. As the Indian economy revives and gains more strength post COVID, the mortgage-to-GDP ratio of 11% (substantially less compared to other nations) could correct itself upwards, growing the sector to US$ 750 billion in the next five years. The sector is seen expanding owing to key growth drivers like continuous population growth, increased non-metro growth, higher per capita

Affordable housing accounts for the biggest share in India's housing finance sector. A major section of this space stays in non-formal Tier 2&3 cities and are freshly introduced to the facility of credit.

income, home ownership preference, affordable home costs, continuous government support and sectorial under-penetration.

SME Finance

The MSME sector in India has given a major boost to the Indian economy. Over 63 million MSMEs spread across the country contributed 30.5% to India's GDP in FY 2019 and 30% in FY 2020, making a crucial contribution to the Indian economy. It is also responsible for more than 50% of the country's total exports. It also contributed one-third of India's manufacturing output, employing more than 11 crore people, aiding in industrialization of rural areas at minimal capital cost. The sector has made significant contribution to the country's socio-economic growth and complemented major industries as well. Moving forward, the Government has set a target of increasing MSME's contribution to the GDP from 30% or US$ 1 trillion to 40% or US$ 2 trillion of the targeted US$ 5 trillion economy by 2025. It has also set a target of increasing its share to exports to 60% and create 5 crore additional jobs.

India's MSME segment is estimated to have 63 million units, employing over 111 million people. it contributes nearly 27% to India's GDP and is crucial to its functioning in terms of employment generation, exports and lending opportunities. With the economy reviving in FY2022, the MSME sector is seen rebounding sharply. This turnaround was primarily on the back of demand recovery following the pick-up in economic activity and ease of restrictions. MSMEs are rapidly adopting digital payments over cash. About 72% of the payments are being processed digitally. The rise in digital adoption indicates further prospects for growth in the housing finance sector.

In the year under review, the Company continued to focus on the MSME sector. The adoption of Goods and Services Tax (GST) has resulted in an increased formalisation/digitalisation of the MSME sector. The pandemic resulted in the sector experiencing substantial stress, prompting the Government to identify it for special support through various schemes like Moratorium, ECLGS, ECLGS Extension and COVID-19 support loans. The Company supported its customers during this period by participating in the Government schemes.

Moving forward, the Government has set a target of increasing MSME's contribution to the GDP from 30% or US$ 1 trillion to 40% or US$ 2 trillion of the targeted US$ 5 trillion economy by 2025. It has also set a target of increasing its share to exports to 60% and create 5 crore additional jobs.

Corporate Lending

Corporate lending implies short-term and long-term funding provided by banks or NBFCs to medium and large-sized corporates, institutional customers and real estate developers. A majority of the industry's loan book comprises of long-term funding. NBFCs offer need-based and customised loans to corporates as per their risk-return appetite. Promoter funding, mezzanine funding, structured and acquisition financing and real estate developer financing are some key products offered in this category. Continued revival in economic activities and the need for capital expenditure to meet the rising demand for goods and services is boosting demand for corporate loans.

COMPANY OVERVIEW

Registered with the Reserve Bank of India (RBI) as a systemically important non-deposit taking company, IndoStar Capital is a non-banking finance company (NBFC). Originally promoted by the Everstone Group and today jointly owned and controlled by Brookfield and Everstone, the Company is a professionally managed and institutionally owned organization. It is engaged in providing used and new commercial vehicle financing; affordable home finance through its wholly-owned subsidiary IndoStar Home Finance Private Limited; loans to small and medium enterprise (SME) borrowers; as well as structured term financing solutions to corporates.

Having started operations as an NBFC focused on corporate financing in 2011, the Company changed course into being a diversified and retail focused NBFC. As on March 31, 2022, our Assets Under Management (AUM) stood at ₹ 9,658 crore. We maintain a continued focus on enhancing our asset quality and improving the collections.

Our retail platform is aimed at delivering strategic and added value to all its stakeholders and building upon this further. A strong platform, a highly experienced management team, and our well-spread and diversified network are some of our key elements that will support our retail operations in the future.

BUSINESS REVIEW

We continue to broaden our overall portfolio and enhance our exposure in each of our key segments and focus areas of Commercial Vehicle Finance and Affordable Housing Finance. Having spread our business network in 404 locations and 22 states across India, we are working on branch, geography and product expansion. We have added 186 number of branches across Commercial Vehicle and Affordable housing finance businesses in FY 2022.

We have also embarked on a digitisation journey to gain further operational efficiency and enhance productivity. As part of our retailisation journey, we are making a conscious effort to gradually reduce our corporate book year-on-year and grow our retail footprint. From 16% of the AUM currently, our aim is to lower the corporate book to less than 10% by the end of Financial Year 2022-23.

As part of product expansion, we are focusing on the used light truck segment in vehicle financing, besides financing passenger vehicles, farm equipment (tractors) and construction equipment. In addition, we are also looking beyond financing vehicle owners with only 2-3 vehicles.

Commercial Vehicle Finance

IndoStar's Commercial Vehicle Finance business encompasses ~80% of disbursements made towards Used and Pre-owned Commercial Vehicles. Only ~20% of our loans are being disbursed for New Vehicles. Our vision is to be known as a lender of choice for Small Road Transport Operators (SRTO) and enhance our market presence through this segment.

Our ultimate aim is to provide relatively affordable credit to our customers, garnering healthy demand and also factoring in the risks. During the COVID-19 period, most businesses were impacted with the pandemic. However, the SRTO segment was a part of the logistics network carrying essentials, and hence, the segment was relatively less impacted. Even during the second wave, these vehicles were being utilised largely for transportation of construction materials and waste, and were not too impacted with the ongoing pandemic.

Overall, the Commercial Vehicle segment has an AUM of ₹ 4,908 crore, as on March 31, 2022. Company added 162 branches in FY 2022 in this segment and total branches stood at 370 as of March 31, 2022.

Certain observations and control deficiencies were observed during the course of the interim statutory audit of the Company's annual financial statements, specifically in the Commercial Vehicle loan portfolio. Ernst & Young LLP was appointed for conducting the review. The Company has undertaken root-cause analysis of the deviations to policies and gaps in its internal financial controls and systems and has appointed an external law firm along with an external agency in this regard. It remains committed to continue to operate at the highest standard of compliance and governance.

Housing Finance

IndoStar's Housing Finance business is operated by IndoStar Home Finance Private Limited, its wholly-owned subsidiary. Good asset quality and one of the lowest interest rates are IndoStar's unique value proposition in this vertical. Akin to other retail businesses, the Company aims to provide access to affordable credit to the self-employed and salaried individuals, and the unserved and under-served segments of the society. It is especially focusing on customers in Tier 2 & 3 cities and those on the outskirts of urban markets. It serves those seeking loans for purchase and self-construction of residential properties.

A typical affordable housing finance customer in India lives in Tier 2 & 3 cities. He/she is new to the concept of credit, earns a low informal income, does not possess adequate income documents and is mostly self-employed. These qualities warrant the use of specialized expertise, added to that being used in conventional lending. IndoStar maintains its key focus on this target segment.

Through the Home Finance business, the Company aims to boost affordable housing for the under-served and also support the Government's vision of providing "Housing for All" and the Pradhan Mantri Awas Yojana (PMAY). At the end of FY 2022, the AUM of this vertical stood at ₹ 1,406 crore with an assigned / securitized portfolio of ₹ 394 crore. Fresh loans assigned during the year amounted to ₹ 71 crore. Company added 35 branches in FY 2022 in this segment and total branches stood at 100 as of March 31, 2022.

SME Finance

Like other businesses, the SME segment was also impacted by the COVID-19 pandemic and was one of the hardest-hit. The scope of the pandemic and the resultant economic fallout led several governments to protect SMEs and provide the foundation for a recovery. However, SMEs are gradually coming back to their pre-pandemic normal. SMEs have the potential to be a critical engine for economic growth and employment post the health crisis.

The Company is well poised to capitalize on this SME opportunity and unlock their potential. We are enhancing our product basket with new products, thus catering to a larger universe of our retail and SME customers. The SME Finance business operates through 11 branches. The AUM stood at ₹ 1,776 crore, which is 18% of the Company's overall loan book.

The SME segment is highly under-penetrated in India, but projected to grow rapidly due to India's changing demographic profile. IndoStar projects healthy opportunities in this space. Its key USP in the segment is a solid book and a strategy to sell the portfolio to banks through its 'Build and Sell' model.

The Company is well poised to capitalize on this SME opportunity and unlock their potential. We are enhancing our product basket with new products, thus catering to a larger universe of our retail and SME customers. The SME Finance business operates through 11 branches. The AUM stood at ₹ 1,776 crore, which is 18% of the Company's overall loan book.

IndoStar's SME Finance business is primarily aimed at lending to small and medium enterprises for their business financing needs, including working capital, business expansion or other requirements. SME loans are predominantly offered against the collateral of a self-occupied residential or a commercial property. Our key customers in this segment are traders, manufacturers, self-employed professionals and service businesses. Nearly 40% of our SME loans are being disbursed to customers qualifying under the Priority Sector lending (PSL) category.

During the year under review, the SME business focused on:

- Improving productivity of employees
- Ensuring quality of credit and supporting customers
- Crafting strong business processes, a robust risk management framework and governance mechanisms that are well-cascaded to the ground level
- Infusing technology into multiple business processes
- Empowering sales and credit teams, while maintaining a strong focus on customer delight
- Establishing customer relationship management practices to improve the understanding of customers' specific needs and designing products suiting specific requirements
- Ensuring robust collections and enabling recovery teams being spread across the country

Corporate Lending

Having commenced operations as a corporate lender in 2011, the Company provides senior secured debt for developer financing and structured lending to mid-level and large corporates across diverse industries. However, having been reputed for providing credit to corporates over the past decade, the Company strategically decided to move out of the corporate lending business. During FY 2021-22, it continued to focus on gradually reducing its corporate book. The Company is working on lowering the corporate book from 16% of AUM currently to less 10% by the end of FY 2022-23.

The Company is working towards reducing the wholesale credit portfolio. And despite a slow start, it experienced encouraging signs in this space. As it built on the momentum in the final quarter of FY 2022, aided by revival of economic activity and a disruption-free industry, the company aims to reduce its wholesale book and becoming a 100% retail company by the end of FY 2024.

At ₹ 1,543 crore, Corporate Lending amounted to 16% of our total AUM by the end of FY 2022.

Corporate Lending AUM (₹ crore)

REBUILDING INDOSTAR – KEY HIGHLIGHTS OF FY 2022

The year under review faced continued challenges with the ongoing pandemic and a tough liquidity scenario. It made the safety and security of its workforce a priority, and also adopted appropriate measures for its employees to work from home and ensure business continuity. The Company has been focusing on building a scalable and sustainable future for itself.

Our strategic highlights of FY 2022 and the key building blocks for future value creation:

Building the retail business in a highly scalable manner

IndoStar had acquired the Commercial Vehicle business of IIFL in FY 2018-19, as part of its retailisation strategy. The franchise and its extended reach have been a right fit to propel scalable and sustainable growth in the business over the next few years. The Company has embarked on a transformation journey into becoming a pure retail lending business, from being a corporate lending business earlier. With a focus on becoming a retail financier of choice, the Company is working on strengthening its retail business and growing it higher.

Lastly, we also worked on reducing our corporate book and becoming a 100% retail-focused company. As mentioned above, we are working on bringing down our wholesale and corporate book to zero and emerging as a 100% retail lending NBFC over the next two fiscal years.

While we are scaling down our wholesale book, we also remain focused on building a digital-led credit portfolio. Going forward, with significant improvement in our asset quality despite the third COVID-19 wave, we have a smaller mid-corporate credit book and are looking at scaling up retail credit.

Our Strategic Focus Areas

a. Maintaining consistent customer communication

IndoStar continues to maintain a consistent and transparent communication with its customers.

b. Expanding geographically

The southern and western regions have been the Company's key focus area. Despite a strong foothold in the southern region in India, the Company plans to construct an all-India network through a 'Hub-and-Spoke' model. However, it has also identified the eastern region as a significant focus. During the year under review, its first branch in the eastern region was set up at Guwahati. It is also setting up independent branches for the Affordable Housing Finance business.

c. Ensuring a robust balance sheet

The Company has one of the highest capital adequacy ratios among listed NBFCs, a strong liquidity position and one of the lowest debt-equity ratio of 2.1 times. Further, the Company has been strengthened by the recent affirmation of AA-rating by CRISIL with a stable asset quality. It has a healthy liquidity pipeline and avenues to raise further liabilities.

d. Maintaining asset quality

The Company's asset quality has been stable. It has a comfortable net capital adequacy of 25.8% and a robust ALM. With a comfortable capital position, control on asset quality and liquidity management will continue to provide comfort.

e. Investing in technology

The Company has been investing in technology to become more agile and process-driven. It is in the process of building smart branches – which are digitally advanced, smaller branches with reduced operational expenses. These branches will enhance productivity, reduce operational expenses and promote the retailisation plan. The Company's digital capabilities helped it adapt nimbly and operate efficiently, empower people, offer seamless business continuity and meet customer expectations.

f. Digitalization

The company has embarked on an ambitious journey to revamp its loan origination system (LOS) and move to a mobile-first, cloud-based architecture stack that drastically reduces paperwork and manual data entry. In the first phase of development, the system is being piloted with the housing finance company and will subsequently be rolled out to the vehicle finance business. The system once implemented, is expected to help improve employee productivity, reduce errors and reduce disbursement turnaround time. In addition, the system will reduce paperwork from current levels, thus contributing to the company's ESG goals

g. Strengthening Risk Policies and Controls

The company initiated an exercise to revaluate its risk policies from March 2022 and has implemented enhanced controls across – its credit assessment, loan disbursement, loan performance monitoring and collections processes. The revised policies coupled with enhanced digital processes, allow the management team to get real-time alerts and dashboards on loan performance, overall asset quality and allow for quicker and more agile decision-making.

h. Being agile and future-ready

The Company has been nimble-footed to adapt to a rapidly changing environment. While it managed its liquidity requirements, it also had a robust balance sheet with high capital adequacy and low leverage. For future-proofing the business, the Company has made effective strategies on optimizing costs, reducing overheads and improving operational efficiencies. This will help IndoStar strengthen its foundation further and build an even more resilient business. Harnessing the power of digital, it has offered a seamless Customer Experience (CX) across products and services and delight the customers.

PERFORMANCE REVIEW

Despite a challenging liquidity scenario during the year, IndoStar's AUM stood at ₹ 9,658 crore by the end of FY 2022, as compared to ₹ 8,990 crore in FY 2021.

Over the past year, the team at IndoStar worked towards establishing the Company well in eastern and northern India. With this move, it has de-risked its portfolio from a geographical perspective and created a pan-India presence. Having established hubs, it is now building a branch network across these hubs. With the above strategies, it is focusing on ensuring that presence across India, and not only remain focused on the country's southern parts, akin to the previous year.

The Company is also not maintaining focus on a single product. Considering the external environment, it has shifted our product lines and discontinued products offering lower returns. In the Commercial Vehicle segment, it discontinued school and travel buses. Heavy Commercial Vehicles was another product which experienced stress in the market environment, and this too has been discontinued.

Further, to continue the upward growth trajectory and to ensure better asset quality, the Company drafted new underwriting policies, set up a new vertical for collections, and focused on better analytics.

BUSINESS OUTLOOK

With consumer demand picking up and the rural economy performing well, there are visible green shoots in the Indian economy, which is set to propel NBFCs. Although the macro-economic and industry

challenges continue, NBFCs with a strong franchise and sound management will continue to witness tremendous opportunities.

Given the Brookfield investment and a focused retailisation strategy, IndoStar is poised to capture new opportunities in the retail business.

India has one of the world's lowest credit penetration rates, which presents a large growth opportunity for retail credit, with rising household incomes and increased consumption. Reflecting a strong recovery in the Indian economy after two years of the pandemic, banks and NBFCs recorded a sharp growth in advances during FY 2022. Several lenders reported a continued demand for loans, particularly from the retail segment, with the third wave not impacting economic activities heavily.

Further, with the easing of COVID restrictions, sectors such as hospitality, travel, and entertainment will be in need of capital funding for re-opening again and for further expansion. Retail loans, which have been the key focus for most lenders, continue to lead credit growth. Demand for credit from the retail segment, small and medium businesses, has been quite strong. And now with the economic recovery in full swing, there is demand emerging from other segments as well.

With the Company's three business segments contributing hugely to the development of a constantly growing Indian economy, there is a huge market potential to grow across each retail segment.

Moving forward, the Company is optimistic about India's long-term growth prospects and the emerging opportunities this will offer to India's financial services ecosystem. At the same time, it continues to move ahead carefully, be prepped for any short-term market disruptions and constantly build on resilience and organizational strength.

HUMAN RESOURCES

In January 2022, IndoStar onboarded Mr. Deep Jaggi as its Chief Executive Officer. His extensive work experience and track record is set to help the Company capitalise on its strengths of a large equity partner, equity capital networth, smart branches and focus on digitisation. Under his leadership, IndoStar looks forward to strengthening its market position and building it profitably in the years ahead. Previously he has worked with HDB Financial Services where he spearheaded the Asset Finance division. He had been instrumental in expanding and strengthening the P&L of Commercial Vehicle, Construction Equipment, PV and Tractor business.

Mr. Karthikeyan Srinivasan also joined the organisation as the Chief Risk Officer of IndoStar during the year under review. He has earlier worked with companies like ICICI Bank, Kotak Mahindra Finance, and Cholamandalam Investment and Finance Company.

INFORMATION TECHNOLOGY

The COVID-19 pandemic led to an inevitable surge in the use of digital technologies due to the social distancing norms and nationwide lockdowns. IndoStar is focusing on the use of digital technologies to differentiate ourselves in the marketplace – from a communication perspective and also for customer outreach. As part of its digital transformation journey, it aims to digitize every aspect of the lending process from lead generation to disbursement. The objective is to leverage analytics and to make the entire processes more transparent and paperless.

The Company has on-boarded fintech and technology partners to carry forward its digital journey, define risk scorecards to ensure automated flows and ensure efficient credit decisions. Digitizing credit processes will help IndoStar leverage its fintech ecosystem to ensure reduced documentation, process checks and underwriting. This will also help the Company utilize a risk analytics framework and facilitate better collection metrics.

The cloud model adopted for its infrastructure will usher in agility and resilience. Following through on our endeavour to become a Digital NBFC, we have also appointed a Chief Technology Officer to head the digital vertical.

RISK MANAGEMENT

At IndoStar Capital, the process of risk identification is guided by the Company's objectives, external environment, stakeholders, among others. The process covers strategic, financial, and operational risks. Once the risks are identified, it devises plans outlining mitigation actions for the assigned risks.

Moving forward, the Company is optimistic about India's long-term growth prospects and the emerging opportunities this will offer to India's financial services ecosystem. At the same time, it continues to move ahead carefully, be prepped for any short-term market disruptions and constantly build on resilience and organizational strength.

Interest Rate Risk
This is the risk that implies the value of an investment will suffer as a result of change in interest rates. Interest rate risk can be reduced by ensuring diversification of investment maturities or can be hedged by using interest rate derivatives.

Mitigation
While deciding on interest rate revisions, IndoStar considers key factors like customer profile, competitive landscape and growth objectives. It maintains close monitoring on interest rate fluctuations and takes appropriate measures to protect its business.

Asset Liability Management Risk
This is the risk faced due to a mismatch between assets and liabilities on account of inadequate liquidity, changes in interest rates and other scenarios.

Mitigation
This risk is reviewed by the Asset Liability Management Committee (ALCO) by monitoring market-related trends. In line with the Company's Risk Management Framework, the Committee adopts various strategies related to assets and liabilities. The ALM support group also meets frequently to review the liquidity position. The Company always maintains adequate liquidity assets and reserves to enable business growth and repayment of obligations. In addition, it ensures access to funds at all times to ensure liquidity is always available in case of unexpected events.

Credit Risk
This is the risk arising on account of non-repayment or loan default by the borrower due to liquidity crisis, economic downturns, bankruptcy or other reasons.

Mitigation
IndoStar's comprehensive and well-defined credit policy encompasses credit approval process and guidelines for mitigating the associated risks. A robust post-sanction monitoring process helps identify the credit portfolio trends and early warning signals to mitigate such risks.

Operational Risk
This risk is about failure of processes and controls in operations, which can also have an adverse impact on business continuity, reputation and profitability of the Company.

Mitigation
A robust control and audit mechanism has been implemented to identify and mitigate operational risks. The Company has a strong operating model and well-documented Standard Operating Processes and a good reporting framework. This ensures that operational risks are minimized at any given point of time.

Regulatory Risk
A complex regulatory framework exists in the financial sector. Any non-compliance with regulations could result in monetary losses and has the capability to damage the Company's reputation.

Mitigation
The Company ensures strict adherence to applicable rules and regulations owing to a strong internal control framework, robust IT systems and an expert team. It closely monitors actions and proactively responds to changes in government policies to keep a tab on regulatory risk.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Financial Controls
The Company has a robust policy framework to ensure adequate controls on business processes. To safeguard all its assets and ensure operational

efficiency, the Company has put in place a strong internal control mechanism. This ensures full compliance with laws and regulations, accuracy in financial reporting and management information. In view of the control deficiencies/gaps noted, the Company has strengthened controls, reviewed policies and upgraded technology systems. The Company is committed to remain compliant with sound corporate governance and risk management practices.

IndoStar's internal controls are commensurate with the business requirements, its scale of operations and applicable statutes to ensure orderly and efficient conduct of the business. These controls have been designed to ensure an assurance on the below:

- maintaining proper accounting controls,
- substantiation of financial statements and adherence to Ind AS requirements,
- safeguarding of resources,
- prevention and detection of frauds and errors,
- ensuring operating effectiveness,
- reliability of financial reporting,
- compliance with applicable regulations and relevant matters covered under section 134 (5) (e) of the Companies Act 2013

The Internal Financial Control framework has been adopted in line with requirement of the Companies Act, 2013 to ensure orderly conduct of the business, including adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of accounting records and timely preparation of financial information. An independent audit firm has been appointed by the Company to ensure effectiveness of internal financial controls which include the following:

- To review entity level controls covering key aspects related to control environment, control activities, risk management, information, communication and monitoring framework.
- To update Risk and Control Metrics for business and support functions for changes in control procedures and coverage of all components of internal financial controls.
- To test the design and operating effectiveness of controls.

KPMG, a leading Chartered Accountants firm, has been engaged for verifying the efficacy and effectiveness of IndoStar's internal financial controls. The Firm also assists in an internal audit covering all business verticals and support functions. Crucial areas based on audit plans are reviewed by the internal audit function, and then examined and approved by the Audit Committee. Audit plans are formulated based on risk assessment to determine the critical areas to be reviewed. The Management Committee and Audit Committee of the Board also review the internal audit findings. Thereafter, corrective actions are suggested and implemented by the process owner across relevant functional areas, with the aim of continuously strengthening the internal control framework.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of IndoStar, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate.

Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management discussion and analysis of IndoStar's Annual Report FY 2021-22.

BOARD'S REPORT

Dear Members,

Your Directors presents the 13th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

The key highlights of the audited standalone financial statements of your Company for the financial year ended March 31, 2022 and comparison with the previous financial year ended March 31, 2021 are summarized below:

(₹ In Crore)

Particulars	As at March 31, 2022	As at March 31, 2021
Total income	1,053.55	1,193.27
Total expenditure	1,994.40	1,450.37
Profit before taxation	(940.85)	(257.10)
Less: Provision for taxation		
- Current tax	-	-
- Deferred tax asset	(171.66)	(20.21)
- Tax of earlier years	-	4.56
Net profit after taxes	(769.19)	(241.47)
Other comprehensive income, net of tax	0.47	0.01
Total comprehensive income	(768.72)	(241.46)
Transfer to statutory reserve fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	-	-
Transfer from share options outstanding account	-	0.32
Appropriation towards dividend and dividend distribution tax*	(58.50)	-
Surplus in the statement of profit and loss	(827.22)	(241.14)
Balance brought forward from previous period	296.94	538.08
Balance carried to balance sheet	(530.28)	296.94
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	(62.06)	(23.14)
Diluted (₹)	(62.06)	(23.14)

**includes dividend and dividend distribution tax aggregating to ₹ 58.49 crore towards interim dividend on compulsorily convertible preference shares ("CCPS") for the period from May 27, 2020 to May 26, 2021 paid on June 17, 2021 and final dividend for the period from May 27, 2021 to November 26, 2021 paid on November 26, 2021.*

FINANCIAL PERFORMANCE AND COMPANY'S STATE OF AFFAIRS

Pursuant to the requirement of the Reserve Bank of India ("RBI") Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the circulars, directions, notifications issued by the RBI from time to time ("RBI Directions") and provisions of the Companies Act, 2013 (the "Act") read with Rules made thereunder, a provision of ₹ 1,116.59 crore (previous year: ₹ 685.11 crore) at the rate of 14.68% of outstanding assets of the Company was made as at March 31, 2022. For details of Reserves and Surplus of the Company, please refer Note No. 21 of the audited standalone financial statements of the Company for the financial year ended March 31, 2022.

Loan Portfolio Review

The Audit Committee, in its meeting held on March 31, 2022, was informed by the management of the Company that certain observations and control deficiencies were observed during the course of the interim statutory audit of the annual financial statement of the Company specifically in the commercial vehicle loan segment ("CV Loan Portfolio") as part of the review of Company's loan portfolio, including a review of the policies and procedures. The Audit Committee was informed that the control deficiencies were primarily with respect to sanctioning of loans to existing customers, loan documentation and policy implementation gaps. These were primarily concerned with a part of the CV Loan Portfolio and may have arisen pursuant to liquidity concerns with customers caused by the onset of the COVID-19 pandemic.

In order to assess such deficiencies and to further understand any potential material gaps in implementation of the adopted policies, the Audit Committee of the Company proposed to appoint an independent external agency for conducting a detailed review of the CV Loan Portfolio. In this regard, the Audit Committee, in the same meeting approved the appointment of Ernst & Young LLP ("E&Y") for conducting a review of the policies, procedures and practices of the Company relating to the sanctioning, disbursement and collection of CV Loan Portfolio along with assessing the adequacy of the expected credit loss allowance ("Loan Portfolio Review").

While the Loan Portfolio Review was still ongoing, the Audit Committee in its meeting held on May 6, 2022, was informed by E&Y of certain preliminary findings of Loan Portfolio Review thus far ("Preliminary Findings"). Based on appropriate deliberation on the Preliminary Findings by the Audit Committee, the Company made a disclosure to the stock exchanges on May 6, 2022 ("May 6 Disclosure") *inter-alia* intimating that the Company may be required to make an additional estimated credit loss provisioning between ₹ 557 crore to ₹ 677 crore.

The final findings of the Loan Portfolio Review were submitted to the Audit Committee on August 5, 2022 ("Portfolio Review Findings"), which was appropriately deliberated and adopted by the Audit Committee. The Portfolio Review Findings primarily pertain to the control deficiencies disclosed in the May 6 Disclosure, i.e.:

1. deviations from credit policy of the Company in approval process for loans to existing customers and waivers in foreclosure cases in case of certain loans;

2. for restructured loans the Company did not follow the steps as detailed in the control description.

The Company's assessment of provisioning for estimated credit loss is disclosed in the audited standalone and consolidated financial statements of the Company. Please refer to Sr. No. 25 and Note 5 of the audited standalone financial statements of the Company and Sr. No. 25 and Note 5 of the audited consolidated financial statement of the Company.

The Audit Committee has initiated corrective measures to strengthen the control deficiencies and ensure improvement in the process and control environment of the Company. The management has been tasked with identification, assessment, development of risk mitigation plans and monitoring of action plans. The Company is in the process of implementing such corrective measures to strengthen these control deficiencies.

Further, as set out in the May 6 Disclosure, the Audit Committee has also initiated a separate review for undertaking root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including of control gap / control override and individuals involved) and has appointed an external law firm along with an external agency in this regard ("Conduct Review"). Your Board is committed to ensuring that there are appropriate redressal and accountability measures undertaken with regard to the Portfolio Review and Conduct Review Findings.

Details on performance of your Company has also been covered in the Management Discussion and Analysis Report which forms part of the Annual Report.

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

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

DIVIDEND AND DIVIDEND DISTRIBUTION POLICY

In terms of the Dividend Distribution Policy of the Company, dividend shall be declared / recommended on the equity shares of the Company, keeping in view the Company's objective of meeting the long-term capital requirement for the business from internal cash accruals and appropriately rewarding shareholders. Details of the Dividend Distribution Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

During the year under review, in accordance with terms of the CCPS as approved by the equity shareholders of the Company, the Company paid interim and final dividend due on 1,20,68,966 CCPS of the Company, at the rate of 10% p.a. calculated on the issue price of CCPS i.e. ₹ 290 per CCPS for the period from May 27, 2020 to May 26, 2021 on June 17, 2021 and for the period from May 27, 2021 to November 26, 2021 on November 26, 2021.

In terms of the Dividend Distribution Policy of the Company and the Guidelines issued by the Reserve Bank of India vide its circular no. RBI/2021-2022/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021 on Declaration of dividends by NBFCs which is effective from financial year ended March 31, 2022 and onwards, your Company is not eligible to declare dividend for financial year 2021-22.

FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

In terms of Section 129 of the Act read with Rules framed thereunder, audited consolidated financial statements of the Company and its subsidiaries shall be laid before the ensuing Annual General Meeting of the Company along with the audited standalone financial statements of the Company for the financial year ended March 31, 2022.

The audited standalone and consolidated financial statements together with Auditor's Report(s) thereon along with the salient features of the financial statements of the subsidiaries of the Company in the prescribed Form AOC-1 forms part of the Annual Report and are also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

SUBSIDIARY COMPANIES & THEIR FINANCIAL PERFORMANCE

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

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

The audited standalone financial statements of each of the subsidiaries are available on the website of the Company at https://www.indostarcapital.com/investors-corner. Members interested in obtaining a copy of the audited standalone financial statements of the subsidiaries may write to the Company Secretary at the Registered & Corporate Office of the Company or at investor.relations@indostarcapital.com.

In terms of Regulation 16(1)(c) of the Listing Regulations and Company's Policy for Determining Material Subsidiary, IHFPL continue to be a material subsidiary of your Company. Further, in terms of explanation to Regulation 24(1) of the Listing Regulations, the requirement of appointing an Independent Director of the Company on the board of directors of IHFPL is currently not applicable.

The Audit Committee reviews the financial statements of subsidiaries of the Company, the investments made by its subsidiaries and the statement of all significant transactions and arrangements entered into by the subsidiaries, if any, in terms of the Listing Regulations. The minutes of board meetings of the unlisted subsidiary companies and detailed presentations on business performance of material subsidiary, are placed before the Board.

IndoStar Home Finance Private Limited

IHFPL is registered with the National Housing Bank to carry on the business as a housing finance institution without accepting public deposits and primarily focuses on providing affordable home finance. IHFPL commenced business operations in mid of 2017 and has built a quality and profitable portfolio of over ₹ 1,406 crore as on March 31, 2022. IHFPL operates in 10 states across India through various branches and has an employee base of over 489 employees as on March 31, 2022.

During the year under review, the total income of IHFPL was ₹ 144.82 crore (previous year: ₹ 134.06 crore). The operations of IHFPL during the year under review has resulted in profit after tax of ₹ 34.31 crore (previous year: ₹ 27.95 crore). The other key performance indicators of IHFPL are: (a) Return on Assets: 3.1%; (b) Capital to Risk Weighted Assets Ratio: 83.2%; (c) Debt-Equity Ratio: 1.48x; (d) Assets Under Management: ₹ 1,406 crore which is 41% YoY growth; (e) Disbursements: ₹ 579 crore which is 101% YoY increase; (f) Gross Stage 3 assets: 1.8%; and (g) Cash & cash equivalent including undrawn lines: ₹ 207.62 crore.

During the year under review, your Company further capitalized IHFPL with INR 250 crore, subsequent to which your Company's investment in the equity share capital of IHFPL stands at INR 450 crore.

IndoStar Asset Advisory Private Limited

IAAPL is enabled under its objects to carry on the business of *inter-alia* advising, managing, providing investment advisory services, financial advisory services, management and facilitation services. IAAPL acted as an investment manager to IndoStar Credit Fund and IndoStar Recurring Return Credit Fund, both, Category II Alternative Investment Funds registered with the Securities and Exchange Board of India ("SEBI") and has applied to SEBI for surrendering the registration of IndoStar Credit Fund and IndoStar Recurring Return Credit Fund and the applications are under process.

During the year under review, the total income of IAAPL was ₹ 0.03 crore (previous year: ₹ 0.04 crore) and the loss after tax was ₹ 0.04 crore (previous year: loss after tax was ₹ 0.04 crore).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the Listing Regulations and the RBI Directions, the Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

SHARE CAPITAL

Issued, Subscribed and Paid-up Share Capital

During the year under review, the Company issued and allotted (i) 1,20,68,966 equity shares of the face value of ₹ 10 each to BCP V Multiple Holdings Pte. Ltd., pursuant to conversion of CCPS into equity shares; and (ii) 2,80,000 equity shares of the face value of ₹ 10 each, pursuant to exercise of stock options under various Employee Stock Options Plans of the Company.

Consequent to the abovementioned allotments, the issued, subscribed and paid-up share capital of the Company as on March 31, 2022 and as on the date of this report stands increased to ₹ 1,36,07,92,950 divided into 13,60,79,295 equity shares of ₹ 10 each.

Your Company has not issued any sweat equity shares or equity shares with differential voting rights. None of the Directors on the Board of the Company as on March 31, 2022, holds any instruments convertible into Equity Shares of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Appointment and Cessation:

All appointments of Directors are made in accordance with the relevant provisions of the Act, the Listing Regulations, the RBI Directions and other laws, rules, guidelines as may be applicable to the Company. The Nomination & Remuneration Committee ("NRC") exercises due diligence *inter-alia* to ascertain the 'fit and proper' person status of person proposed to be appointed on the Board of Directors of the Company, and if deemed fit, recommends their candidature to the Board of Directors for consideration.

The tenure of Mr. R. Sridhar (DIN:00136697), Whole-Time Director on the Board of Directors of the Company designated as Executive Vice-Chairman & CEO was getting completed on April 17, 2022, and in line with succession planning for the Company and considering the knowledge, relevant expertise and experience of Mr. Deep Jaggi in the retail lending segment and on recommendation of the Nomination & Remuneration Committee and the Board of Directors of the Company at their respective meetings held on January 7, 2022 and the Members of the Company by means of special resolution passed on February 10, 2022, vide Postal Ballot conducted through remote voting mode, approved the appointment of Mr. Deep Jaggi (DIN: 09412860) as a Whole Time Director on the Board of Directors of the Company designated as Chief Executive Officer, to hold office for a term of 5 (five) consecutive years commencing from February 10, 2022 to February 9, 2027.

Mr. R. Sridhar continued as Whole-Time Director on the Board of Directors of the Company designated as Vice-Chairman till the expiry of his tenure on April 17, 2022.

Director(s) Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Dhanpal Jhaveri (DIN: 02018124) and Mr. Aditya Joshi (DIN: 08684627), shall retire by rotation and being eligible, have offered themselves for re-appointment at the ensuing Annual General Meeting of the Company. Brief profiles of Mr. Dhanpal Jhaveri and Mr. Aditya Joshi have been included in the notice convening the ensuing Annual General Meeting.

Re-appointment of Independent Directors

None of the Independent Director(s) on the Board of Directors of the Company is due for re-appointment.

Resignation of Independent Director(s)

During the year under review, none of the Independent Director(s) on the Board of Directors of the Company had resigned before the expiry of their respective tenure(s).

Director(s) Declaration and Disclosures

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

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2022 have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any such statutory authority, forms part of the Corporate

Governance Report which is annexed to and forms an integral part of this Board's Report.

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

The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfill their duties as Independent Directors.

Key Managerial Personnel ("KMP")

During the year under review, (i) Mr. Amol Joshi resigned from the office of Chief Financial Officer of the Company with effect from December 27, 2021; (ii) Mr. R Sridhar step down from the office of Chief Executive Officer (CEO) of the Company and re-designated as Vice-Chairman with effect from January 7, 2022, for the remaining tenure; and (iii) Mr. Deep Jaggi was appointed as CEO of the Company with effect from January 7, 2022.

Subsequent to the year under review, (i) the tenure of Mr. R Sridhar as Whole – Time Director expired on April 17, 2022 and (ii) Mr. Kapish Jain was appointed as Group Chief Financial Officer of the Company with effect from May 27, 2022. Mr. Jain resigned with effect from close of business hours on July 19, 2022. The Company is in the process of identifying a suitable candidate for filling the position of the Group Chief Financial Officer of the Company.

Following are the KMPs of the Company as on date of this Board's Report:

1. Mr. Deep Jaggi - CEO
2. Mr. Jitendra Bhati - Company Secretary & Compliance Officer

RBI DIRECTIONS

Your Company endeavor to complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the Reserve Bank of India as applicable to your Company as a systemically important non-deposit taking non-banking financial company ("NBFC").

Your Company has complied with the provisions of the extant circulars, regulations and guidelines related to foreign investment in India, with respect to the downstream investments.

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of provisions of Section 118 of the Act, your Company is in compliance with Secretarial Standards on Meetings of the Board of Directors and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

DEPOSITS

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

RESOURCES AND LIQUIDITY

Your Company has diversified funding sources including public sector banks, private sector banks, mutual funds, insurance companies and financial institutions. Funds were raised through various modes including bank borrowings, issuance of non-convertible debentures on private placement basis, issue of commercial paper and sale / assignment / securitisation of loan assets of the Company.

During the year under review, your Company has raised funds from *inter-alia* following sources (i) ₹ 900 crore as bank borrowings (outstanding as on March 31, 2022: ₹ 2,548.87 crore); (ii) ₹ 745.90 crore through issuance of non-convertible debentures (outstanding as on March 31, 2022: ₹ 1,532.70 crore); (iii) ₹ 680.21 crore by sale / assignment / securitisation of loan assets of the Company; and (iv) ₹ 322.12 crore through issue of commercial paper (outstanding as on March 31, 2022: ₹ 445.24 crore). Funds raised through private placement of debentures were utilised for the purpose mentioned in the respective offer documents.

Your Company continues to be adequately capitalized and is in compliance with capital adequacy norms prescribed by the Reserve Bank of India. Your Company has sufficient liquidity to satisfy its short-term and long-term liabilities.

Credit Rating(s)

Credit Ratings assigned to the Company as on March 31, 2022 is summarised below:

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

Subsequent to the year under review and consequent to the May 6 Disclosure and adoption of annual audited financial statements, CRISIL Ratings Limited re-affirmed long term rating at "CRISIL AA-"; short term rating at "CRISIL A1+" with negative implication outlook and CARE Ratings Limited revised the long term rating to "CARE A+"; re-affirmed short term rating at "CARE A1+" with negative implication outlook.

DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2022 stood at 1.91x.

CAPITAL ADEQUACY RATIO

Your Company is well capitalised to provide adequate capital for its continued growth. As on March 31, 2022, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 25.8%, well above the regulatory limit of 15% as prescribed by the RBI for NBFCs.

NET OWNED FUNDS

The Net Owned Funds of your Company as on March 31, 2022 stood at ₹ 1,732.50 crore.

AUDITORS

Statutory Auditors & their Report

In terms of provisions of the Act, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, having ICAI Firm Registration No. 117366W/W-100018, were appointed as the Statutory Auditors of the Company at the 11th Annual General Meeting of the Company held on September 24, 2020 for a term of five years to hold office till the conclusion of the 16th Annual General Meeting of the Company.

In terms of the guidelines issued by RBI on April 27, 2021 for appointment of statutory auditors for NBFCs which was applicable from second half of financial year 2021-22 *inter-alia* mandates tenure of statutory auditors to be for a continuous period of three years subject to satisfying the eligibility criteria each year, the term of Statutory Auditors stands revised from 5 years to 3 years i.e., to hold office till conclusion of 14th Annual General Meeting of the Company.

M/s. Deloitte Haskins & Sells LLP, Statutory Auditors in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2022, have made the following comments which are self-explanatory and are categorized as 'Emphasis of Matter', hence no comments in this regard have been offered by the Board of Directors:

1. *We draw attention to Note 41.4 to the standalone financial statements, which describes the effects of continuing uncertainty, if any, arising from COVID-19 pandemic on significant assumptions relating to the measurement of financial assets for the year ended 31 March, 2022.*
2. *We draw attention to Note 45(XII) to the standalone financial statements, the Company has exceeded the Single Borrower limit / Group Borrower limit as at the year-end resulting into concentration of credit in terms of the Reserve Bank of India (RBI) Master Direction no. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated 1 September, 2016.*

Our opinion is not modified in respect of these matters.

The Statutory Auditors have, in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2022 submitted following qualifications:

Qualified Opinion

We have audited the accompanying standalone financial statements of IndoStar Capital Finance

Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. *As at 31 March, 2022, the gross loan balances relating to Commercial Vehicle (CV) loans and Small and Medium Enterprises (SME) loans are ₹448,399 lakhs and ₹153,484 lakhs respectively out of total gross loans of ₹760,755 lakhs. The impairment allowance of ₹111,659 lakhs as at 31 March, 2022 includes impairment allowance of ₹88,628 lakhs and ₹8,503 lakhs for CV and SME loans, respectively. Further, the security receipts relating to CV loans and related impairment allowance are ₹41,281 lakhs and ₹18,217 lakhs, respectively and the fair value of the financial guarantee relating to CV loans included within other financial liabilities is ₹2,993 lakhs as at 31 March, 2022.*

   As a result of control deficiencies in the CV and SME loans portfolio identified during the audit for the year ended 31 March, 2022, the Audit Committee of the Company, appointed an external agency to:

   (a) review existence of the borrowers for the CV and SME loans;

   (b) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;

   (c) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans.

   Further, the Audit Committee has also appointed an external law firm to review the transactions pertaining to the CV and SME loans portfolio for (i) identifying the root cause of control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review").

   As at the date of this Report, the external agency provided their report on matters relating to (a) to (c) above which was considered by the Company in recording an impairment allowance (net of recoveries) of ₹115,077 lakhs for the year ended 31 March, 2022 (includes ₹48,075 lakhs for CV loans, ₹782 lakhs for SME loans, ₹14,533 lakhs for investment in Security Receipts and ₹ 1,351 lakhs for changes in fair value of financial guarantee contracts and ₹57,764 lakhs was recorded for loan assets written off during the year).

   As per information and explanations provided to us, the external law firm has not submitted their findings relating to the Conduct review stated above to the Audit Committee of the Company. Further, the Company has concluded that it is impracticable to determine the prior period-specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year ended 31 March, 2022 in respect of account balances identified above and explained by the Company in Notes 41.2 and 41.3 to the standalone financial statements. As a result, we are unable to determine whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the conduct review for:

   i) the impairment allowance and therefore the carrying value of CV and SME loans;

   ii) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;

   iii) the fair value of financial guarantee contracts relating to CV portfolio;

   iv) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;

   v) presentation and disclosures in the standalone financial statements arising due to consequential impact arising from i) to iv) above.

Comments in Annexure B to the Auditors Report

(iii) (b) In our opinion, having regard to the nature of the Company's business, the loans and advances in the nature of loans given, the investments made, guarantees provided and security given, during the year are, prima facie, not prejudicial to the Company's interest. Our reporting under this clause is subject to our observations identified in the Basis for Qualified Opinion section above and should be read in conjunction with our reporting under clause (xi)(a) below.

(iii) (c) In respect of loans and advances in the nature of loans (together referred to as "loan assets"), the schedule of repayment of principal and payment of interest has been stipulated. Note 2.3(f)(i) to the standalone financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets were categorised as credit impaired ("Stage 3") and those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 31(E) to the standalone financial statements. Additionally, out of loans and advances in the nature of loans, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delinquencies in the repayment of principal and payment of interest aggregating ₹26,449 lakhs were also identified, albeit of less than 31 days. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified. Our reporting under this clause is subject to our observations identified in the Basis of Qualified Opinion section above.

(iii) (d) The total amount overdue for more than ninety days (stage 3 loan assets), in respect of loans and advances in the nature of loans, as at the year-end is ₹118,092 lakhs as disclosed in Note 31(E) to the standalone financial statements. Reasonable steps are being taken by the Company for recovery of the principal and interest. Our reporting under this clause is subject to our observations identified in the Basis of Qualified Opinion section above.

(xi) (a) As described in the Basis for Qualified Opinion section above, the Audit Committee of the Company has appointed an external law firm to review the transactions pertaining to CV and SME loans portfolio for: (i) identifying the root cause for control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review"). As at the date of this report, the external law firm has not submitted their findings relating to the Conduct review to the Audit Committee of the Company. In the absence of this information, we are unable to comment as to whether any fraud by the Company or any material fraud on the Company has been noticed or reported during the year.

(xvii) Considering the standalone financial statements of the Company as presented, and the matter of audit qualification as reported by us in Basis for Qualified Opinion section of our Audit Report, the effect of which we have been unable to determine, we are unable to state if the Company has incurred cash losses during the financial year covered by our audit. The Company has not incurred cash losses in the immediately preceding financial year.

Directors' response to qualifications above of the Statutory Auditors in the Audit Report

With respect to the qualifications of the Statutory Auditors, the Company has concluded that it is impracticable to determine the prior period specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year under review in respect of loan assets, investment in security receipts and impairment thereon because significant judgements have been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on March 31, 2022 and the Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

As set out in Company's state of affairs above, the Audit Committee has also initiated a separate Conduct Review which is currently ongoing.

During the year under review, the Statutory Auditors have not reported any instances of fraud in the Company committed by officers or employees of the Company to the Audit Committee under Section 143(12) of the Companies Act, 2013.

The Statutory Auditors have also observed the following in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2022:

As discussed in Note 41.4 to the standalone financial statements, the total liabilities exceed the total assets maturing within 12 months by ₹ 220,604 lakhs and for certain borrowings, the gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios have exceeded thresholds because of additional impairment allowance recorded during the year. These events or conditions, along with other matters as set forth in Note 41.4 to the standalone financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The standalone financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion on the standalone financial statements is not modified in respect of this matter.

Management's Plan to address the Going Concern uncertainty:

Subsequent to the year under review and till the adoption of the financial statements and Board's Report, the Company has raised incremental borrowings of ₹ 1,170 crore from banks and financial institutions. The part of the borrowings have been raised with the support of promoter of the Company. Further ₹ 300 crore have been raised through additional funding line with banks and ₹ 280 crore have been raised from securitisation and ARC sale.

As at March 31, 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating ₹ 71.8 crore, liquid investments aggregating ₹ 294 crore and has pool of loan assets eligible for securitization in the event the lenders recall the borrowing arrangements. As at the date of adoption of these financial results, none of the lenders have recalled their borrowings. Further, after due approvals by the Board of Directors of the Company, Management may also plan to raise additional financing through monetization of a portion of its holding in its 100% subsidiary IndoStar Home Finance Private Limited. Accordingly, the Management considers it appropriate to prepare these financial statements / results on a going concern basis and that the Company will be able to pay its dues as they fall due and realise its assets in the normal course of business.

Secretarial Auditors & their Report

In terms of Section 204 of the Act and Regulation 24A (1) of the Listing Regulations, secretarial audit report from M Siroya and Company, Practicing Company Secretary in the prescribed format for the financial year ended March 31, 2022 is enclosed herewith at Annexure I to this Board's Report.

M Siroya and Company, Practicing Company Secretary, in their report on the secretarial audit of your Company for the financial year ended March 31, 2022 have not submitted any qualifications, reservations, adverse remarks or disclaimers except non-compliance with Minimum Public Shareholding requirement under Regulation 38 of Listing Regulations.

In terms of Regulation 24 A(2) of the Listing Regulations, annual secretarial compliance report with respect to all applicable compliances under regulations and circulars / guidelines issued by the Securities and Exchange Board of India from M Siroya and Company, Practicing Company Secretary in prescribed format for the financial year ended March 31, 2022 has been submitted to the stock exchanges.

Secretarial Audit Report of Material Unlisted Indian Subsidiary

In terms of Section 204 of the Act and Regulation 24A of the Listing Regulations, secretarial audit report for IndoStar Home Finance Private Limited, a material subsidiary of the Company obtained from H Choudhary & Associates, Practicing Company Secretary in the prescribed format for the financial year ended March 31, 2022 is enclosed herewith at Annexure II to this Board's Report.

H Choudhary & Associates, Practicing Company Secretary, in their report on the secretarial audit of IndoStar Home Finance Private Limited for the financial year ended March 31, 2022 have not submitted any qualifications, reservations, adverse remarks or disclaimers.

During the year under review, the secretarial auditor of the Company and IHFPL have not reported any instances of fraud in the Company and IHFPL committed by officers or employees of the Company to the Audit Committee.

MAINTENANCE OF COST RECORDS

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

REPORT ON CORPORATE GOVERNANCE

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

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

MEETINGS

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

BOARD COMMITTEES

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

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

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

PERFORMANCE EVALUATION

In terms of the provisions of the Act and the Listing Regulations, the Board of Directors adopted a Board Performance Evaluation Policy to set out a formal mechanism for evaluating performance of the Board, that of its Committee(s) and individual Directors including the Chairperson. Additionally, in order to outline detailed process and criteria to be considered for performance evaluation, the Nomination & Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

In terms of the requirement of Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 21, 2022 to review the performance of the Non-Independent Directors including the Chairman and the Board, as a collective entity.

Subsequent to the year under review, the Board of Directors evaluated the performance of the Directors including Independent Directors, Committee(s) of the Board and the Board as a collective entity, during the year under review.

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In compliance with the requirements of the Listing Regulations the Company has adopted and put in place a Familiarisation Programme for Independent Directors to familiarize Independent Directors *inter-alia* with the industry in which your Company and its subsidiaries operate, the Company's business model and its operations in order to give them an insight into the Company's business and its functioning. A formal letter of appointment is given to Independent Directors at the time of their appointment which lays down the fiduciary duties, roles and responsibilities of an Independent Director. The terms and conditions of appointment of Independent Directors is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

In terms of Regulation 46 of the Listing Regulations, the details of familiarisation programmes imparted to the Independent Directors during the year under review including details of number of programmes and number of hours spent by each Independent Director are available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In terms of Section 178 (2) of the Act, the Listing Regulations and the RBI Directions, the Board of Directors adopted a 'Policy on Selection Criteria / "Fit & Proper" Person Criteria' *inter-alia* setting out parameters to be considered for appointment of Directors and Senior Management Personnel of the Company.

Details of the Policy on Selection Criteria / "Fit & Proper" Person Criteria have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

Remuneration Policy

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

Details of the Remuneration Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report. The Remuneration Policy is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Employee Remuneration

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

Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered & Corporate Office of the Company during working hours for a period of 21 days before the date of the ensuing Annual General Meeting. A copy of the statement may be obtained by shareholders by writing to the Company Secretary at the Registered & Corporate Office of the Company or at investor.relations@indostarcapital.com.

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of Section 177(9) and Section 177(10) of the Act and the Listing Regulations, the Board of Directors adopted a Whistle Blower Policy / Vigil Mechanism, *inter-alia* to provide a mechanism for Directors and employees of the Company to approach the Audit Committee of the Company and to report genuine concerns related to the Company. The Whistle Blower Policy / Vigil Mechanism provides for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

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

CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and in light of your Company's philosophy of being a responsible corporate citizen, the Board of Directors adopted a CSR Policy which lays down the principles and mechanism for undertaking various projects / programs as part of Company's CSR activities. During the year under review, the CSR Policy of the Company was amended in order to *inter-alia* align the policy with amendments in the Act and the CSR Rules. In terms of the CSR Policy, during the year under review your Company's CSR activities were focused in the fields of education, women empowerment, environment and sanitation.

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

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

RISK MANAGEMENT FRAMEWORK

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business of the Company. Major risks identified by the business and functions, if any, are systematically addressed through mitigating actions on a continuing basis. The Board of Directors have

adopted a Risk Management Framework and Policy which *inter-alia* integrates various elements of risk management into a unified enterprise-wide policy.

The Risk Management Committee of the Company has not identified any elements of risk which in their opinion may threaten the existence of your Company. Details of the risks and concerns relevant to the Company are discussed in detail in the Management Discussion and Analysis Report which forms part of the Annual Report. As part of the Portfolio Review Findings, certain deficiencies have been identified with respect to the Risk Management Framework and Policy. Your Board is in the process of implementing corrective measures for the same.

In terms of the RBI Directions and in order to further strengthen the risk management framework, the Company appointed a Chief Risk Officer ("**CRO**") and adopted a policy on Independence of the CRO. In order to ensure that the Company maintains high standards of risk management practices, the CRO functions independently with no relationship with business verticals of the Company and reports to the Risk Management Committee. The CRO is *inter-alia* entrusted with the responsibility of identifying, measuring and mitigating risks which may affect the Company and putting in place and monitoring the risk management policies and practices of the Company.

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

INTERNAL CONTROL / INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Statutory Auditors have, in their report on Internal Financial Control over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act, have provided an Adverse Opinion as under.

Basis for Adverse Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31 March, 2022. Control deficiencies were noted in:

a) entity level control environment related to governance and risk management policies pertaining to the loan portfolio;

b) credit appraisals, sanctioning and disbursements related to commercial vehicle (CV) loans portfolio and small and medium enterprise (SME) loan portfolio;

c) collection and recoveries related to the CV loan portfolio and SME loan portfolio;

d) identification of modification to terms of loans and consequent staging of the CV and SME loans portfolio in accordance with Ind AS 109 – Financial Instruments;

e) review and approval of assumptions used to estimate the expected credit loss allowance of exposures relating to CV loans portfolio;

f) technical competency to review and record non-routine or complex transactions as noted in points (d) to (e) above;

g) segregation of duties resulting in the deficiencies noted in points (b) to (e) above;

h) monitoring controls related to deficiencies noted in points (a) to (e) above;

i) financial close reporting process related to measurement and presentation of CV and SME loans consequent to the deficiencies noted from points (a) to (f) above.

These control deficiencies could potentially result into inappropriate measurement and presentation related to the impairment allowance relating to CV and SME loan portfolio, security receipts relating to CV loans, fair value of financial-guarantee contract and related account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the possible effects of the material weaknesses described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31 March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Comments in Annexure B to the Auditors Report

(xiv) (a) In our opinion, the Company's internal audit system was deficient as it did not prevent a material weakness in internal controls over financial reporting as fully described in 'Annexure A' of our independent auditor's report.

Directors' response to comments above of the Statutory Auditors in the report on Internal Financial Control over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act:

With respect to the Adverse Opinion above, it is submitted that based on the observations in the Portfolio Review Findings adopted by the Audit Committee on August 5, 2022 and the matters referenced in the Adverse Opinion made by the Statutory Auditors of the Company on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, the Audit Committee and the Board have initiated corrective measures to strengthen these control deficiencies and ensure improvement in the process and control environment of the Company. The management has been directed to (i) redefine the policies for disbursement, credit, collections, and restructuring; (ii) implement internal trigger alerts for restructuring cases; (iii) implement a new risk-based pricing mechanism to decentralize disbursements based on centralized policies; (iv) replace existing loan operating system with new one to ensure better tracking, analytics and productivity; (v) alert for new loans to existing customers and compliance with new policies.

The management has been tasked with identification, assessment, development of risk mitigation plans and monitoring of action plans. A framework for risk mitigation has been developed, institutionalized and an internal control framework has been designed to manage and mitigate the risks faced by the Company. The organizational hierarchy, role, responsibility, authority and accountability structures have been defined to provide an enabling environment for business functions and units to operate as per the designed control environment.

CEO & CFO CERTIFICATE

Compliance Certificate in terms of Regulation 17(8) of the Listing Regulations on the audited financial statements and other matters prescribed therein, submitted to the Board of Directors by the CEO of the Company, for financial year ended March 31, 2022, is enclosed herewith at Annexure V to this Board's Report. Please note that the Group Chief Financial Officer of the Company resigned effective from the close of business hours on July 19, 2022.

BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility Report (BRR) of your Company detailing initiatives undertaken by the Company on environmental, social and governance front during the year under review, forms part of this Annual Report and has been provided at Annexure VI to this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

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

In terms of Section 177 of the Act and Regulation 23 of the Listing Regulations read with the Related Party Transaction Policy of the Company, transactions with related parties were placed before the Audit Committee for its approval and omnibus approval of the Audit Committee was obtained for related party transactions of repetitive nature, within the limits prescribed by the Board of Directors. The Audit Committee is periodically updated with respect to related party transactions executed under omnibus approval.

During the year under review, no material related party transactions as prescribed in Section 188 of the Act read with Companies (Meetings of the Board and its Powers) Rules, 2014, were entered by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act in Form AOC-2 is not applicable to the Company. Further, during the year under review, the Company had not entered into transactions with related parties which could be considered to be 'material'

in accordance with the Related Party Transaction Policy of the Company. All other transactions with related parties, during the year under review, were in compliance with the Related Party Transaction Policy of the Company. Further, the Company has not entered into transactions requiring disclosures in terms of Regulation 53(f) of the Listing Regulations.

Disclosure of the related party transactions as required under IndAS - 24 are reported in Note 32 of the audited standalone financial statements of the Company for the financial year ended March 31, 2022.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

Further, pursuant to the provisions of Section 186(4) of the Act, the details of investments made by the Company are given in the Notes to the financial statements.

ANNUAL RETURN

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the Annual Return as at financial year ended March 31, 2022 in prescribed form No. MGT-7 is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

EMPLOYEE STOCK OPTION PLANS ("ESOP PLANS")

Your Company believes that its success and ability to achieve its objectives is largely determined by the quality of its workforce and recognises that not only good employment opportunities but also additional motivating mechanisms are needed to incentivize employees and aligning their interest with the interest of the Company. In recognition of the said objective, the Company adopted and implemented IndoStar ESOP Plan 2012 ("ESOP 2012"), IndoStar ESOP Plan 2016 ("ESOP 2016"), IndoStar ESOP Plan 2016-II ("ESOP 2016-II"), IndoStar ESOP Plan 2017 ("ESOP 2017") and IndoStar ESOP Plan 2018 ("ESOP 2018") (collectively referred to as "ESOP Plans") to attract, retain, motivate and incentivise employees of the Company and its holding / subsidiary companies.

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

The Board of Directors confirms that the ESOP Plans are in compliance with the provisions of the act and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended ("SBEB & SE Regulations").

Disclosures in terms of Regulation 14 of the SBEB & SE Regulations read with SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015, are available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

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

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

Considering geographic diversification across the country and increase in number of employees, the Board of Directors have constituted Regional Internal Complaints Committees for North, West, East and South regions.

During the year under review, no complaints related to sexual harassment were received by the Internal Complaints Committee and the Regional Internal Complaints Committees.

GENERAL DISCLOSURE

During the year under review, your Company, in the capacity of a financial creditor, has not filed petitions before the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 for recovery of outstanding loans against its customers, being corporate debtors.

During the year under review, there has no instance of one-time settlement with any Bank(s) or Financial Institution(s).

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

Since your Company is engaged in financial services activities, its operations are not energy intensive nor does it require adoption of specific technology and

hence information in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is not provided in this Board's Report. Your Company is vigilant on the need for conservation of energy.

During the year under review, your Company did not have any foreign exchange earnings and incurred foreign currency expenditure of ₹ 0.23 crore (Previous year foreign exchange expenditure: ₹ 0.59 crore).

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the year ended March 31, 2022, the applicable accounting standards have been followed and no material departures have been made from the same;

b) except as set out in Note 41.3 of the audited standalone financial statements of the Company for the financial year ended March 31, 2022 and Note 42.3 of the audited consolidated financial statements of the Company for the financial year ended March 31, 2022, they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) except with respect to the matters pursuant to which estimated credit loss allowance has been subject to the findings of the Conduct Review which is currently ongoing, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) for the reasons set out in the Note 41.4 of the audited standalone financial statements of the Company for the financial year ended March 31, 2022 and Note 42.4 of the audited consolidated financial statements of the Company for the financial year ended March 31, 2022, they have prepared the annual accounts on a going concern basis;

e) except for the deficiencies identified in the Portfolio Review Findings and the matters referenced in the Adverse Opinion made by the statutory auditors of the Company on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, corrective measures in respect of which have been initiated, they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are required to be strengthened.

APPRECIATION AND ACKNOWLEDGEMENT

The Directors take this opportunity to express their appreciation to all stakeholders of the Company including the Reserve Bank of India, the National Housing Bank, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, the Government of India and other Regulatory Authorities, the BSE Limited, the National Stock Exchange of India Limited, the Depositories, Bankers, Financial Institutions, Members, Employees and Customers of the Company for their continued support and trust.

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

Bobby Parikh
Chairman
DIN: 00019437

Place :Mumbai
Date :August 5, 2022

Annexure I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IndoStar Capital Finance Limited
One World Center, 20th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai - 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Capital Finance Limited** (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2022. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to relevant and applicable provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in India;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

a. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended;

b. The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");

d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended;

g. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

h. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and

i. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client.

(vi) Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate system and process in place for compliance with the following laws applicable specifically to the Company:

a. The Reserve Bank of India Act, 1934, as applicable to Non-Banking Financial Companies;

b. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

c. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

d. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

e. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

f. Master Direction - Information Technology Framework for the NBFC Sector;

g. Master Direction on Money Market Instruments: Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (original maturity up to one year);

h. Master Direction - Know Your Customer (KYC) Direction, 2016;

i. Prevention of Money Laundering Act, 2002 and the Rules made thereunder; and

j. Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India from time to time in respect of Systemically Important Non-Deposit taking Non-Banking Financial Company.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, as amended from time to time;

2. The Debt Listing Agreement entered by the Company with the BSE Limited ("BSE"); and

3. The Equity Listing Agreement entered by the Company with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE").

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

1. Non-maintenance of minimum public shareholding ("MPS") of at least 25% as required pursuant to Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations:

1.1 BSE and NSE have levied a penalty of ₹ 13,35,000 each (excluding GST) on the Company for the non-adherence to the MPS for the period upto March 31, 2022. The default continues after March 31, 2022;

1.2 As a consequence of the non-compliance with the MPS obligation, the listing application filed by the Company on 26 November 2021 and 27 November 2021, with the BSE and NSE, respectively, for listing of 1,20,68,966 Equity Shares allotted to BCP V Multiple Holdings Pte. Ltd. ("Brookfield") on 26 November 2021 pursuant to conversion of Compulsory Convertible Preference Shares ("CCPS") of the Company have been kept on hold by the BSE and NSE and informed the Company that they would not process the application until the Company meets its MPS obligations;

1.3 Pursuant to SEBI Circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017, the recognized stock exchanges are mandated to take following actions:

1.3. (a) In cases where the non-compliance continues for a period upto 1 year:

(i) The recognized stock exchange shall impose a fine of ₹5,000/- per day of non-compliance on the listed entity and such fine shall continue to be imposed till the date of compliance by such listed entity.

(ii) The recognized stock exchange shall intimate the depositories to freeze entire shareholding of the promoter and promoter group till the date of compliance by such entity. The above restriction shall not be an impediment for the entity with respect to compliance with the minimum public shareholding norms through the methods specified/approved by SEBI.

(iii) The promoters, promoter group and directors of the listed entity shall not hold any new position as director in any other listed entity till the date of compliance by such entity. An intimation to this effect shall be provided to the listed entity by the recognized stock exchange and the listed entity shall subsequently intimate the same to its promoters, promoter group and directors.

1.3. (b) In cases the non-compliance continues for a period more than 1 year:

(i) The recognized stock exchange shall impose an increased fine of ₹10,000/- per day of non-compliance on the listed entity and such fine shall continue to be imposed till the date of compliance by such listed entity.

(ii) The recognized stock exchange shall intimate the depositories to freeze all the securities held in the Demat account of the promoter and promoter group till the date of compliance by such entity.

The above restriction shall not be an impediment for the entity with respect to compliance with the minimum public shareholding norms through the methods specified/ approved by SEBI.

(iii) The promoters, promoter group and directors of the listed entity shall not hold any new position as director in any other listed entity till the date of compliance by such entity. Intimation to this effect shall be provided to the listed entity by the recognized stock exchange and the listed entity shall subsequently intimate the same to its promoters, promoter group and directors.

2. The Company is advised to improve and/ strengthen its compliance framework, monitoring system, verification of customer KYC, reporting of frauds, its internal controls, systems and process to ensure compliance with all the applicable acts, laws, rules, regulations, guidelines and standards in view of certain gaps reported by an independent compliance review carried out by Ernst & Young LLP, appointed by the Board of Directors.

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

1. Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;

2. Stamp Acts and Registration Acts of respective states;

3. Acts as prescribed under Direct Tax and Indirect Tax;

4. Land Revenue laws of respective states;

5. Labour Welfare Acts of respective states;

6. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and

7. Such other Local laws as applicable to the Company and its offices/ branches.

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

i. Mr. Munish Dayal was appointed as Non-Executive Non-Independent Director of the Company; and

ii. Mr. Deep Jaggi (DIN 09412860) was appointed as a Whole-Time Director on the Board of the Company designated as Chief Executive Officer.

Adequate notices were given to all the Directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in certain cases meetings were held through shorter notice after due compliance with the applicable provisions, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation & deliberations at these Meetings.

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

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

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

1. On July 2, 2021, the Board of Directors at their meeting, *inter-alia*, approved the grant of unsecured convertible loan to IndoStar Home Finance Private Limited (IHFPL),wholly-owned subsidiary of the Company, for an amount not exceeding INR 500 crore, with an option to convert the loan into equity shares of IHFPL.

2. Members at their annual general meeting ("AGM") held on September 28, 2021, *inter-alia*, approved the following(s):

   a. Issue of Non-Convertible Debentures under Private Placement during a period of 1 (one) year commencing from the date of passing of the Special Resolution at the AGM, for aggregate principal amount not exceeding INR 5,000 crore;

   b. Waiver of recovery of excess Managerial Remuneration paid to Mr. Shailesh Shirali, former Whole-Time Director of the Company for the financial year 2020-21;

   c. Sale, lease and disposal of assets of IndoStar Home Finance Private Limited, a material subsidiary of the Company, exceeding 20% of its assets in aggregate, during any financial year;

   d. Alteration of the Object Clause of the Memorandum of Association of the Company pertaining to distribution of financial products including mutual funds and insurance products and to act as insurance brokers and insurance agents as per the provisions of the Insurance Regulatory and Development Authority Act, 1999 and the rules and regulations framed thereunder.

3. The Board of Directors vide their circular resolution dated November 26, 2021, approved the allotment of 1,20,68,966 (One Crore Twenty Lakh Sixty Eight Thousand Nine Hundred and Sixty Six) fully paid-up Equity Shares of the Company to BCP V Multiple Holdings Pte. Ltd. ("Allottee") pursuant to conversion of 1,20,68,966 (One Crore Twenty Lakh Sixty Eight Thousand Nine Hundred and Sixty Six) CCPS of the Company. Listing application for listing of these equity shares have been kept on hold by BSE and NSE pending until the Company meets the MPS criteria.

4. Members through Postal Ballot on February 10, 2022 *inter-alia* approved the Alteration of Articles of Association of the Company.

5. During the period under review, the Company allotted 1,23,48,966 equity shares of face value of INR 10/- each fully paid up, on exercise of employees stock options, in accordance with the IndoStar Employee Stock Option Plan(s).

6. During the period under review, the Company allotted 7459 Non-Convertible Debentures of INR 10 Lakh each on Private Placement basis aggregating to INR 745.90 crore which were listed on the wholesale debt segment of the BSE Limited.

7. During the period under review, the Company redeemed / bought back 6398 Non-Convertible Debentures of face value of INR 10 Lakh each, aggregating to INR 639.8 Crore and 301 Non-Convertible Debentures of face value of INR 1 Crore each, aggregating to INR 301 Crore.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682D000745817

Place: Mumbai
Date: 5 August 2022

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

'Annexure A'

To,
The Members,
IndoStar Capital Finance Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682D000745817

Place: Mumbai
Date: 5 August 2022

Annexure II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IndoStar Home Finance Private Limited
CIN: U65990MH2016PTC271587
One World Center, 20th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai – 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IndoStar Home Finance Private Limited (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2022. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the relevant & applicable provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder (Not Applicable during the Audit Period);
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Indirect Foreign Investment.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not Applicable during the Audit Period);
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (Not Applicable during the Audit Period);
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not Applicable during the Audit Period);
   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended;
   e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not Applicable during the Audit Period);
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable during the Audit Period); and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the Audit Period).
6. Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate systems and process in place for compliance with the following laws applicable specifically to the Company:
   a) The National Housing Bank Act, 1987 as applicable to Housing Finance Companies;
   b) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (effective since 17 February 2021);

c) Master Direction - Know Your Customer (KYC) Direction, 2016;

d) The Prevention of Money Laundering Act, 2002 and the Rules made thereunder;

e) Review of regulatory framework for Housing Finance Companies (HFCs) (effective since 22 October 2020 and repealed w.e.f 17 February 2021)

f) The Housing Finance Companies (NHB) Directions, 2010 (repealed w.e.f 17 February 2021);

g) Guidelines on Fair Practices Code for HFCs (repealed w.e.f 17 February 2021);

h) Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016 (repealed w.e.f 17 February 2021);

i) Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 (repealed w.e.f 17 February 2021);

j) Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies (repealed w.e.f 22 October 2020); and

k) Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India/National Housing Bank from time to time in respect of Non-Deposit taking Housing Finance Company to the extent applicable.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

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

(i) Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;

(ii) Stamp Acts and Registration Acts of respective states;

(iii) Acts as prescribed under Direct Tax and Indirect Tax;

(iv) Labour Welfare Acts of respective states;

(v) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and

(vi) Such other Local laws as applicable to the Company and its offices/ branches

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

Adequate notice were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Act and Rules made thereunder and Secretarial Standards on Board Meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

(i) On September 28, 2021, the members at the Annual General Meeting inter-alia approved the following:

a. Appointment of Mr. Munish Dayal, as Non-Executive Non- Independent Directors of the Company;

b. Increase in Borrowing Limits of the Company;

c. Issue of Non - Convertible Debentures under Private Placement such that the aggregate principal amount of such NCDs does not exceed INR 500,00,00,000 (Rupees Five Hundred crore only) during a period of 1 (one) year from the date of passing Special Resolution;

d. Payment of Remuneration to Mr. Shreejit Menon, Whole-Time Director of the Company;

e. Alteration to Object clause of the Memorandum of Association of the Company.

H Choudhary & Associates
(Practicing Company Secretaries)

CS Harnatharam Choudhary
Proprietor Membership No: F8274
C P No.: 9369
UDIN : F008274D000779352

Place: Mumbai
Date: 11 August 2022

Annexure III

Disclosures in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended March 31, 2022

Sr. No.	Requirement	Disclosure	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	**Name of Director**	**Ratio**
		Mr. R. Sridhar	425.69
		Mr. Deep Jaggi#	76.56
		Mr. Bobby Parikh@	4.26
		Mr. Hemant Kaul@	4.26
		Ms. Naina Krishna Murthy@	4.26
		Mr. Dhanpal Jhaveri	NA
		Mr. Vibhor Talreja	NA
		Mr. Aditya Joshi	NA
		Mr. Munish Dayal	NA
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	**Name of Director / CEO / CFO/ CS**	**Percentage Increase in their remuneration during the financial year under review**
		Mr. R. Sridhar	Nil
		Mr. Deep Jaggi	NA
		Mr. Bobby Parikh	0
		Mr. Hemant Kaul	0
		Ms. Naina Krishna Murthy	0
		Mr. Dhanpal Jhaveri	NA
		Mr. Vibhor Talreja	NA
		Mr. Aditya Joshi	NA
		Mr. Munish Dayal	NA
		Mr. Amol Joshi*	3%
		Mr. Jitendra Bhati (CS)	18%
3.	The percentage increase in the median remuneration of employees in the financial year	-28%	
4.	Number of permanent employees on the rolls of Company at the end of financial year	2613	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Due to increase in number of employees mainly at entry level of the organisational hierarchy, the average salaries of employees other than managerial personnel, has decreased to -25.31% as compared to average salaries paid in financial year 2020-21. The average increase in the Managerial Remuneration for FY 2021-22 is 17.98% mainly due to appointment of Mr. Deep Jaggi as Whole Time Director designated as CEO with effect from February 10, 2022.	
6.	Affirmation that the remuneration is as per Remuneration Policy of the Company	It is affirmed that remuneration paid is as per the Remuneration Policy of the Company.	

Note:

#Appointed as CEO from February 10, 2022, remuneration for FY 2021-22 has been annualised.

@ Remuneration paid to Non-Executive Independent Directors pertains to Financial Year 2020-21 which was paid in Financial Year 2021-22. Further, sitting fees paid to Non-Executive Independent Directors has not been included for calculation of remuneration paid to them.

** Resigned as CFO with effect from December 27, 2021, remuneration for FY 2021-22 has been annualised.*

Annexure IV

Annual Report on Corporate Social Responsibility (CSR) Activities

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

- Areas in which the Company can undertake CSR activities (within the purview of Schedule VII of the Companies Act, 2013);
- Activities which will not be considered as CSR activities;
- The CSR budget of the Company;
- The implementation process;
- Roles and responsibilities of the Board and CSR Committee;
- Monitoring and reporting framework.

Overview of projects / programs undertaken:

Promoting Education

- Avasara Leadership Institute - Avasara Academy & Avasara Leadership Fellows
- Khushii Foundation – Adapt Impact Education Project
- Rays of Hope Charitable Trust – Priyanj Special School
- TASK

Women Empowerment

- Janvikas - Driverben

Promoting Education :

a **Avasara Leadership Institute - Avasara Academy & Avasara Leadership Fellows**

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

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

During the year under review, your Company contributed an amount of ₹ 10 lacs to Avasara Leadership Institute for its program Avasara Academy. Through your Company's support, Avasara Academy supported education of 10 students.

Avasara Leadership Fellows ("ALF"): ALF Program is a selective, intensive after-school enrichment opportunity designed to meet the needs of able, highly motivated adolescent girls from low-income backgrounds. The ALF program will provide a range of opportunities and experiences for selected girls (ALF Fellows) to develop their personal leadership style and achieve academic excellence in the critical years before SSC (Secondary School Certificate) Board Examination. ALF introduces cutting edge pedagogy within established curriculum

During the year under review, your Company contributed an amount of ₹ 10 lacs to Avasara Leadership Institute for its program ALF. Your Company's contribution was utilized for education of 50 students in Grade 9 and Grade 10.

b. **KHUSHII Foundation - Adapt Impact Education Project**

KHUSHII- Kinship for Humanitarian, Social and Holistic Interventions, is a non-governmental organization with a vision to generating maximum impact for the underserved communities through creating a culture of giving to promote equity. Adapt Impact Education Project primarily focuses on improved teaching, learning experience, counselling children and working on psychological development.

During the year under review, your Company has contributed ₹ 15.00 lacs for Adapt Impact Education Project FY 21-22. Your Company's contribution was utilized for 500 students of Class II to VIII.

c. **Rays of Hope Charitable Trust – Priyanj Special School**

Your Company continued its support to Priyanj Special School for the fourth year. Priyanj is a school for children having autism founded by Rays of Hope Charitable Trust. Priyanj provides special education services like remedial teaching, behavior therapy, computing skills, social skills, daily living skills, arts and crafts and also covers occupational therapy services, speech therapy, vocational training and other extra – curricular activities. Priyanj aims to make each child independent by identifying their talent and developing the same.

During the year under review, your Company contributed an amount of ₹ 8.40 Lacs to Priyanj Special School. Your Company's contribution was utilised for education of 10 children with autism.

d. **TASK**

Your Company continued its support to TASK for the third year. TASK is an organization that has been formed to provide vocational facilities to differently abled adults by way of conducting training sessions at regular intervals. Various products like block printed sling bags, shoulder bags, handkerchiefs, paper block printed & laminated table mats, hand painted wooden tea coasters and handmade soaps are made by differently abled adults. TASK also aims at developing students for taking up professional courses in the field of vocational training.

During the year under review, your Company contributed an amount of ₹ 8.00 lacs to TASK for vocational trainings for differently abled persons. 60 differently abled members have been trained on block printing, terracotta jewellery making & painting, stitching, pom pom making etc.

Women Empowerment

Janvikas - Driverben

Your Company continued its support to Janvikas for its project Driverben for the third year. Janvikas is a public charitable trust which became operational in 1987 and today is recognized as a leading development and support institute. Goal of Janvikas is to contribute towards building and strengthening a just, democratic and secular society and to bring about concrete and sustainable changes in the lives of the poor, marginalized and disadvantaged communities so that they can lead a life with dignity and social justice. Through its project 'Driverben', Janvikas encourages and trains women to become professional commercial drivers. Selected women are trained to enhance awareness in areas such as legal rights, first aid, self-defense, English language, personal presentation, hygiene, financial literacy and essential driving skills. Driverben aims at helping women with livelihood opportunities.

During the year under review, your Company contributed an amount of ₹ 17.50 lacs to Janvikas. Through your Company's contribution Janvikas supported training of 50 women to become professional commercial drivers.

2. **Composition of CSR Committee as on date of report:**

Sr. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Naina Krishna Murthy	Non-Executive Independent Director (Chairperson)	1	1
2.	Mr. Bobby Parikh	Non-Executive Independent Director (Member)	1	1
3.	Mr. Dhanpal Jhaveri	Non-Executive Non-Independent Director (Member)	1	1
4.	Mr. Munish Dayal	Non-Executive Non-Independent Director (Member)	1	1
5.	Mr. Deep Jaggi*	CEO (Member)	NA	NA

**Inducted as a Member of the Committee from February 11, 2022.*

3. **Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**
https://www.indostarcapital.com/investors-corner#committee-composition
https://www.indostarcapital.com/investors-corner#investor-services
https://www.indostarcapital.com/about-us#csr-indostar

4. **Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:** Not Applicable

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
		Not Applicable	

6. **Average net profit of the Company as per section 135(5) for the last three financial years prior to financial year ended March 31, 2022 –** ₹ (110.80) crore calculated as per Section 198 of the Companies Act, 2013.

7. (a) **Two percent of average net profit of the company as per section 135(5) –** Nil

   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years –** Nil

   (c) **Amount required to be set off for the financial year, if any –** Nil

   (d) **Total CSR obligation for the financial year (7a+7b-7c) –** Nil

8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
68.90 lacs	NIL	NA	NA	NIL	NA

(b) **Details of CSR amount spent against ongoing projects for the financial year:**

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation Direct (Yes / No)	Mode of Implementation - through Implementing Agency	
				State	District						Name	CSR Registration number
						Not Applicable						

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ lacs)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - through implementing agency	
				State	District			Name	Name CSR registration number
1a.	Avasara Academy	Promoting education among children/ women, empowering women and enhancing women employment	Yes	Maharashtra	Mumbai, Pune	10.00	No	Avasara Leadership Institute	CSR00003007
1b.	Avasara Leadership Fellows			Maharashtra	Mumbai Pune	10.00	No		
2.	Adapt Impact Education Project	Promoting Education	Yes	Karnataka	Bengaluru	15.00	No	KHUSHI Foundation	CSR00001135
3.	Priyanj Special School	Promoting education including special education among children	Yes	Maharashtra	Mumbai	8.40	No	Rays of Hope Charitable Trust	CSR00012105

4.	TASK	Promoting employment enhancing vocation skills and livelihood enhancement projects	Yes	Maharashtra	Mumbai	8.00	No	Task	CSR00010663
5.	Driverben	Empowering women and enhancing women employment	Yes	Gujarat	Ahmedabad	17.50	No	Janvikas	CSR00002913

Note: In case the Company has a branch in State where expenditure is made, it is considered as spend in local area.

(d) Amount spent in Administrative Overheads – Nil

(e) Amount spent on Impact Assessment, if applicable - Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 68.90 Lacs

(g) Excess amount for set off, if any :

Sl. No.	Particular	Amount (in ₹ Lacs)
(i)	Two percent of average net profit of the company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	68.90
(iii)	Excess amount spent for the financial year [(ii)-(i)]	68.90
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	68.90

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Lakhs)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹ Lakhs)	Date of transfer	
1	2018-19			NIL			
2	2019-20			NIL			
3	2020-21	24.00*	Please refer note	PM Cares Fund	12.11	29 September 2021	Nil

**Out of ₹ 24.00 lakhs, amount of ₹ 11.89 lacs was initially marked for on-going projects and ₹ 12.11 lacs towards unspent CSR amount. However, ₹ 11.89 lacs was spent towards the on-going projects within 30 days of end of financial year 2020-21. Therefore, ₹ 11.89 lacs was not transferred to unspent CSR Account and the balance unspent amount of ₹ 12.11 lacs was transferred to PM CARES FUND.*

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year (in ₹)	Status of the project - Completed / Ongoing
1	-	BOSCONET: (Poverty alleviation through women group-based Income Generation in Organic Farming and Other Production Skills)	2020-21	FY 2020-21 FY 2021-22	13.49	13.04	13.49	Completed
2		Habitat for Humanity India	2020-21	FY 2020-21 FY 2021-22	41.06	10.78	41.06	Completed

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)
    - Date of acquisition of the capital asset(s): Nil
    - Amount of CSR spent for creation or acquisition of capital assets: Nil
    - Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.: Nil
    - Provide details of the capital assets(s) created or acquired (including complete address and location of the capital assets): Nil

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) – Not Applicable

Deep Jaggi
(CEO)
DIN: 09412860

Naina Krishna Murthy
(Chairperson – CSR Committee)
DIN: 01216114

Annexure V

CEO Compliance Certificate

To
The Board of Directors
IndoStar Capital Finance Limited

I, Deep Jaggi, Chief Executive Officer of the Company hereby certify that:

a. I have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2022, and to the best of my knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. to the best of my knowledge and belief, no transactions entered into by the Company during the year under review are fraudulent, illegal or violative of the Company's code of conduct.

c. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls, of which I am aware.

d. I have indicated to the Auditors and the Audit Committee:

   i. Significant changes, if any, in internal control over financial reporting during the year;

   ii. Significant changes, if any, in accounting policies during the year requiring disclosures in the notes to the financial statements of the Company; and

   iii. Instances of significant fraud, if any, of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai
Date : 5 August 2022

Deep Jaggi
Chief Executive Officer

Annexure VI

BUSINESS RESPONSIBILITY REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	L65100MH2009PLC268160
2.	Name of the Company	IndoStar Capital Finance Limited
3.	Registered address	One World Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013
4.	Website	www.indostarcapital.com
5.	E-mail id	icf.legal@indostarcapital.com
6.	Financial Year reported	April 01, 2021 to March 31, 2022
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Non-Banking Financial Company engaged in lending and allied activities – NIC Code 649
8.	List three key products / services that the Company manufactures / provides (as in balance sheet)	Vehicle Finance Small and Medium Enterprise Finance Corporate Lending
9.	Total number of locations where business activity is undertaken by the Company	
	a. Number of International Locations (Provide details of major 5)	Not Applicable
	b. Number of National Locations	Apart from operating from Registered Office, your Company has an extended network of 369 branches spread across India
10.	Markets served by the Company – Local / State / National / International	Your Company serves Local, State and National Markets of India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid-up Capital (₹)	136.08 crore
2.	Total Turnover (₹)	1,053.55 crore
3.	Total profit / (loss) after taxes (₹)	(769.19) crore
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Please refer the Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report.
5.	List of activities in which expenditure in 4 above Board's Report has been incurred	

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company / Companies?**
   The Company has two wholly-owned subsidiaries:
   a. IndoStar Home Finance Private Limited
   b. IndoStar Asset Advisory Private Limited

2. **Do the Subsidiary Company / Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)**
   Some of the BR initiatives of the Company are also implemented by the subsidiary companies.

3. **Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]**
   No. However, the Company encourages participation by its business associates and representatives in the BR initiatives of the Company.

SECTION D: BR INFORMATION

1. Details of Director / Directors responsible for BR

(a)	Details of the Director / Directors responsible for implementation of the BR policy / policies	
	1. DIN Number	09412860
	2. Name	Deep Jaggi
	3. Designation	Chief Executive Officer
(b)	Details of the BR head*	
	1. DIN Number	--
	2. Name	--
	3. Designation	Chief Financial Officer
	4. Telephone No.	+91 22 43157000
	5. Email id	icf.legal@indostarcapital.com

**Chief Financial Officer of the Company is the BR Head as per the Company's Internal Policy. However, currently the position is vacant.*

2. Principle-wise (as per NVGs) BR Policy / policies

The 9 Principles outlined in the National Voluntary Guidelines are as follows:

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 Businesses should promote the wellbeing of all employees

P4 Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5 Businesses should respect and promote human rights

P6 Businesses should respect, protect and make efforts to restore the environment

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 Businesses should support inclusive growth and equitable development

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance

No.	Questions	P 1	P 2	P 3	P 4	P 5	@P 6	P 7	P 8	P 9
1.	Do you have a policy / policies for	Y	NA	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	--	Y	Y	Y	Y	--	Y	Y
3.	*Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	--	Y	Y	Y	Y	--	Y	Y
4.	**Has the policy being approved by the Board? If yes, has it been signed by MD / owner / CEO / appropriate Board Director?	Y	--	Y	Y	Y	Y	--	Y	Y
5.	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	--	Y	Y	Y	Y	--	Y	Y
6.	Indicate the link for the policy to be viewed online?	https://www.indostarcapital.com/investors-corner#investor-services								

No.	Questions	P 1	P 2	P 3	P 4	P 5	@P 6	P 7	P 8	P 9
7.	#Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	--	Y	Y	Y	Y	--	Y	Y
8.	^Does the company have in-house structure to implement the policy / policies.	Y	--	Y	Y	Y	Y	--	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	--	Y	Y	Y	Y	--	Y	Y
10.	^Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Y	--	Y	Y	Y	Y	--	Y	Y

@considering the nature of business of the Company, the Principle 6 may not be strictly applicable to the Company.

**the Policies are developed and aligned with applicable legal provisions including circulars, regulations, guidelines, notifications issued by the Securities and Exchange Board of India, the Reserve Bank of India, the Ministry of Corporate Affairs and best governance practices and standards adopted by Company.*

***the Policies have been approved by the Board of Directors of the Company and signed by persons authorized by the Board.*

#the Policies are hosted on the Company's website and on the Company's intranet for communicating to the relevant external / internal stakeholders.

^the Management Committee constituted by the Board of Directors of the Company assesses adequacy and implementation of codes / policies of the Company on an on-going basis. Implementation of codes and policies adopted by the Company is also assessed by an external audit firm.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	The company has not understood the Principles	Not Applicable								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, more than 1 year

Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes. The Company publishes its BRR annually with the Annual Report for each year. The Annual Report is available on the Company's website at https://www.indostarcapital.com/investors-corner#investor-relations.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The Company expressly advocates that commitment to corporate governance is essential for delivery of strategic priorities and enhancement of shareholder value. The Company conducts its business in compliance with applicable laws and regulations, fairness, mutual respect and integrity under a comprehensive Code of Conduct for Directors and Employees.

The Company has also adopted an Anti-Corruption Policy to further affirm Company's zero-tolerance approach towards corruption and to conduct business in an honest and ethical manner by preventing and countering corruption in its business dealings, and covers every person connected with the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Investors Complaints

Complaints at the beginning of the year	:	Nil
Complaints received during the year	:	2
Complaints remaining unresolved at the end of the year	:	Nil
% of Complaints resolved	:	100

Customer Complaints

Complaints at the beginning of the year	:	29
Complaints received during the year	:	407
Complaints remaining unresolved at the end of the year	:	9
% of Complaints resolved	:	97.94%

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

   The Company strives to provide credit solutions for growing corporates, emerging SME businesses, and catering to the aspirations of the growing customer base of Middle-India. Retail lending business focuses on customers currently underserved financially and the growing "Middle India" population, which aspires to improve its lifestyle and financial well-being. Loans given to middle India borrowers enable them to own assets and grow their businesses. The Vehicle Finance business largely focuses on lending against secured assets, while targeting the large underserved customer base across 20 states in India. The key focus customers in the SME Finance space are, traders, manufacturers, self-employed professionals and service businesses, a large portion of the portfolio comprising customers falling under the priority sectors. Also, in line with the Government's initiative on housing for all, the Company, through its subsidiary company IndoStar Home Finance Private Limited, provides affordable housing loans to economically weaker sections of society. While the Company empowers its customers, it also co-creates new opportunities for them to increase business through its products portfolio.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

   (a) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Not Applicable

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Not Applicable

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   Not Applicable. However, considering presence in various states across the Country, the Company endevours to procure goods and services for supporting functioning of branches, from local vendors.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   Not Applicable

Principle 3: Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees: **2,613**
2. Please indicate the Total number of employees hired on temporary / contractual / casual basis: **304**
3. Please indicate the Number of permanent women employees: **115**
4. Please indicate the Number of permanent employees with disabilities: **1**
5. Do you have an employee association that is recognized by management: **No**

6. What percentage of your permanent employees are members of this recognized employee association? – **Not applicable**

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

   (a) Permanent Employees: **89.58%**

   (b) Permanent Women Employees: **4.82%**

   (c) Casual / Temporary / Contractual Employees: **10%**

   (d) Employees with Disabilities: **0.03%**

Creating Awareness:

Employees are being sensitised and educated about COVID-19 through regular emails and SMS.

Changes in Policy & Processes:

- Biometric attendance system has been discontinued due to the risks associated with COVID-19 spread.
- Activated Business Continuity Plan & Work from Home (WFH) policy.

Branch operations:

Branch opening was done in a phased manner depending on local situation and rules set up by the local governing authorities. Each branch was thoroughly sanitized before being opened for employees. Sanitization kits were dispatched to branches being opened, so that adequate care is taken. Standard Operating Process (SOP) in easy to understand PPT format has detailed instructions for employees as well as precautions to be followed.

Employee Wellness

- Vaccination drives for employees were arranged in states having major impact of COVID-19;
- Employees who tested positive of COVID-19 were guided to get admitted and get a bed in network hospitals;
- Sessions on Maintenance of Health & Hygienic at work – Healthy Eating, Staying Hydrated, Virtual open mic sessions – a platform to help employees showcase their talent and Personal wellness were conducted for employees;
- Services of clinical psychologist were provided to extend emotional support to employees.

Care for Employees beyond work (COVID-19 care scheme for bereaved families):

Your Company extended support to families of deceased employees due to COVID-19 through following initiatives:

- Financial assistance with salary payment for 24 months subject to minimum of ₹ 10 lacs and maximum of ₹ 25 lacs;
- Education assistance upto ₹ 2 lacs per child for two children up to graduation or 21 years whichever is higher; mediclaim benefit for the family of deceased employee as per existing coverage for a period of 2 years for the spouse and 2 children;
- Consider spouse / children for suitable job roles based on Company's policy as per requisite qualification skills. Skill training entitlement of ₹ 2 lacs for spouse who don't avail of the employment opportunity or are not eligible;
- Awareness of statutory benefits to such families was made.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders? Yes / No**

   Yes.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

   Yes.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   It is one of the objectives of the Company to enhance value creation in the society and the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and the community. Further, through partnerships with various recognized organisations engaged

in social upliftment activities, the Company has supported various programs broadly in the field of education, women empowerment, health care, sanitation and environment protection. Details of such initiatives supported by the Company are listed at Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**
   The Company has adopted various policies to protect rights of not only its employees but all other stakeholders, some of the relevant policies are also implemented by the subsidiary companies.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**
   None with respect to violation of Human Rights

Principle 6: Business should respect, protect, and make efforts to restore the environment

Considering the nature of business of the Company, Principle 6 may not be strictly applicable to the Company.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors / NGOs / others.**
   The Company's Corporate Social Responsibility Policy lists down various fields which shall be explored by the Company for providing support as a part of its corporate social responsibility initiatives, which includes contributing towards environmental sustainability.

   In its effort of contributing towards environment protection, the Company has supported various organizations working in these fields and shall continue to look for more initiatives in these fields.

2. **Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**
   The Company is engaged in the financial services sector and hence the Company's operations have no direct impact on the environment. However, the Company is vigilant on the need for conservation of the environment.

3. **Does the company identify and assess potential environmental risks? Y / N**
   Not Applicable

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**
   Not Applicable

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y / N. If yes, please give hyperlink for web page etc.**
   Not Applicable

6. **Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?**
   Not Applicable

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**
   None.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with:**
   During the year under review, the Company was a member of the South Indian Hire Purchase Association.

2. **Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**
   The Company endeavors to provide suggestions for development of the financial services sector to various forums.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**
   The Company focuses to serve people who do Not have easy access to the conventional banking system. The Vehicle Finance business largely focuses on lending to underserved customers in

India. The key focus customers in the SME Finance space are traders, manufacturers, self-employed professionals and service businesses, with a large portion of the portfolio comprising customers falling under the priority sectors. Also, in line with the Government's initiative and focus on housing for all, the Company, through its subsidiary company IndoStar Home Finance Private Limited, focuses on providing affordable housing loans to economically weaker sections of society.

Further, the Company has adopted a Corporate Social Responsibility Policy which *inter-alia* lists down various fields which shall be explored by the Company for providing support as a part of its corporate social responsibility initiatives, which includes ensuring environmental sustainability. Please refer Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report for details of various programs supported by the Company and its impact on the society.

2. **Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?**
   During the year under review, the Company extended support through external agencies who have experience and expertise in their respective areas.

3. **Have you done any impact assessment of your initiative?**
   Yes. Update on impact of Corporate Social Responsibility initiatives undertaken by the Company is placed before the Corporate Social Responsibility Committee and Board of Directors of the Company. Please refer Annual Report on Corporate Social Responsibility (CSR) Activities at Annexure IV to the Board's Report for details of various programs supported by the Company and its impact on the society.

4. **What is your company's direct contribution to community development projects - Amount in ₹ and the details of the projects undertaken.**
   Please refer to Annual Report on Corporate Social Responsibility (CSR) activities at Annexure IV to the Board's Report for details of various programs supported by the Company, amount contributed and its impact on the society.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**
   Yes. The Company actively engages itself with its partnered agencies who execute the corporate social responsibility programs supported by the Company. Employees of the Company participate in the programs and assist the agencies in effectively executing their initiatives.

   The Company also closely monitors utilization of the money granted for various programs and impact of each program on the target population. Basis the impact analysis of each program, the Company decides on the requirement of further support.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year.**
   9 customer complaints i.e. 2.06% of aggregate complaints outstanding at the beginning of the year and received during the year in the ordinary course of business, were pending to be resolved as on March 31, 2022.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)**
   Not Applicable

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**
   No

4. **Did your company carry out any consumer survey / consumer satisfaction trends?**
   The Company has during the year under review, not carried out formal customer survey to evaluate customer satisfaction. The Company deals with its customers fairly and with transparency. In the Company's endeavor to ensure complete customer satisfaction, the Company has also established a formal process to ensure customer grievances, if any, are handled with responsibility and resolved satisfactorily.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD COMPOSITION

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

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

As on March 31, 2022, the Board of Directors of your Company comprised 9 Directors of which 3 were Non-Executive Independent Directors, 4 were Non-Executive Non-Independent Directors and 2 were Executive Directors. The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read with Rules framed there under ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the circulars / directions / notifications issued by the Reserve Bank of India ("RBI Directions") and the Articles of Association of the Company. None of the Directors of your Company are related to each other. Non-Executive Directors do not hold any shares / Non-Convertible Debentures Non-Convertible Debentures of the Company, except Mr. Dhanpal Jhaveri, who holds 1,000 equity shares of the Company, jointly with his spouse Ms. Neeru Jhaveri.

Skills / Expertise / Competencies of the Board of Directors

The diverse skills expertise and competencies of Board of Directors ensures that the Company retains its competitive advantage. The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business(es) for it to function effectively:

- Leadership
- Experience in the Financial Services Industry
- Strategic Planning
- Knowledge of Regulatory Environment
- Financial and Accounting Expertise
- Board Service, Corporate Governance and Risk Management
- Knowledge in the field of Information Technology

The Board composition represents an optimal mix of professionalism, knowledge, expertise and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business. Brief profile of the Directors is available on the Company's website at https://www.indostarcapital.com/investors-corner#board-directors and also forms part of this Annual Report.

The composition of the Board of Directors, including details of other directorship(s), committee membership(s) and chairmanship(s) of each Director on the Board of your Company as on March 31, 2022 are given below:

Name of Director	Category	Skills / expertise / competencies	*Number of Directorship(s) in other Companies	#Details of Directorships in other listed entities	@Number of Committee Membership (Chairmanship(s))
Mr. Bobby Parikh	Chairman & Non-Executive Independent Director	Taxation and Advisory to financial services industry and Strategic Transactions	6	-Infosys Limited (Independent Director) - Biocon Limited (Independent Director)	8(4)
Mr. R. Sridhar	Whole-Time Director (Vice-Chairman)	Financial Services and Business Management	1	0	0

Name of Director	Category	Skills / expertise / competencies	*Number of Directorship(s) in other Companies	#Details of Directorships in other listed entities	@Number of Committee Membership (Chairmanship(s))
Mr. Dhanpal Jhaveri	Non-Executive Director	Investment Banking, Corporate Strategy, PE Investments and Mergers / Amalgamations	10	0	1
Mr. Hemant Kaul	Non-Executive Independent Director	Financial Services – Banking and Insurance sector, Business Management	11	-Transcorp International Limited (Independent Director) -Ashiana Housing Limited (Independent Director)	5(3)
Ms. Naina Krishna Murthy	Non-Executive Independent Director	Legal sector - corporate commercial law, specifically in the areas of mergers and acquisitions, joint ventures, collaborations and PE / VC investments	0	0	2
Mr. Vibhor Kumar Talreja	Non-Executive Director	Private Equity, Financial Services and Investment Banking	4	0	1(0)
Mr. Aditya Joshi	Non-Executive Director	Private Equity, Sectors – Financial Services, Healthcare, Technology and Consumer	0	0	1(0)
Mr. Munish Dayal	Non-Executive Director	Private Equity, Business Management, Financial Services, Technology and Commercial Real Estate	1	0	2(0)
Mr. Deep Jaggi	Whole-Time Director (Chief Executive Officer)	Financial Services, Asset Finance segment, Commercial Vehicle, Construction Equipment, Passenger Vehicles and the Tractor finance businesses.	0	0	1(0)

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

#Listed entities includes entities whose equity shares are listed on a recognised stock exchange(s).

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

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

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2022, have been debarred or disqualified from being appointed or continuing as director on the Board of the Company by the Securities and Exchange Board of India ("SEBI"), the Ministry of Corporate Affairs or any such statutory authority, is annexed to this Corporate Governance Report.

BOARD AND COMMITTEE MEETINGS

The schedule of the Board / Committee meetings to be held in a financial year is circulated in advance to enable the Directors / Committee Members to plan their schedule and ensure highest participation at Board / Committee Meetings. Directors are given an option of attending Board / Committee meetings through video conference or other audio-visual means in order to ensure effective decision making through increased participation. The agenda along with detailed notes are circulated to the Directors / Members well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused discussions at meetings of the Board and Committees. With a view to leverage technology and to contribute to environment conservation, your Company has adopted an electronic Board / Committee Meetings application where the agenda and all supporting documents are hosted online.

BOARD

During the year under review, 7 (seven) meetings of the Board of Directors were convened and held on June 3, 2021, June 17, 2021, July 2, 2021, August 12, 2021, November 10, 2021, January 7, 2022 and February 11, 2022. These meetings were held in a manner that not more than 120 days intervene between two consecutive meetings. The required quorum was present at all the above mentioned meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

Attendance of Directors at Board Meetings and Annual General Meeting ("AGM") of the Company held during financial year ended March 31, 2022 is given below:

Name of the Directors	No. of Meetings attended* (No. of Meetings held during tenure of directorship)	Attendance at the previous AGM
Mr. Bobby Parikh	6(7)	Yes
Mr. Dhanpal Jhaveri	5(7)	Yes
Mr. R. Sridhar	7(7)	Yes
Mr. Hemant Kaul	7(7)	Yes
Ms. Naina Krishna Murthy	5(7)	No
Mr. Vibhor Kumar Talreja	7(7)	Yes
Mr. Aditya Joshi	7(7)	Yes
Mr. Munish Dayal	7(7)	No
*Mr. Deep Kumar Jaggi	1(1)	Not Applicable

** Mr. Deep Kumar Jaggi was appointed as Whole-Time Director from February 10, 2022.*

INDEPENDENT DIRECTORS

Independent Directors play a significant role in the governance processes of the Board of Directors. Professional and ethical conduct of Independent Directors promotes confidence of the investment community, particularly minority shareholders and regulators in the institution of independent directors. As on March 31, 2022, the Board of your Company consisted of 3 (three) Independent Directors.

All the Independent Directors have affirmed compliance with the criteria of independence as stipulated in the Act and the Listing Regulations and have also confirmed their enrollment in the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Further, in the opinion of the Board of Directors, all the Independent Directors of the Company satisfy the criteria of independence specified in the Act and the Listing Regulations and are independent of the Company's Management.

INDEPENDENT DIRECTORS MEETING

In terms of the Act and the Listing Regulations, a meeting of the Independent Directors was held on March 21, 2022 without the attendance of the Non-Independent Directors and members of the management of the Company. All the Independent Directors attended the meeting through video conference.

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

BOARD COMMITTEES

In terms of the RBI Directions, the applicable circular(s), regulation(s) and notification(s) issued by the SEBI, the applicable provisions of the Act and the Company's internal corporate governance standards, the Board of Directors has constituted various

Committees mentioned herein below and the role of each Committee has been defined by the Board of Directors for effective functioning and governance within the Company. The Board of Directors has accepted and implemented the mandatory recommendations made by the Committee(s) during the year under review.

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

CREDIT COMMITTEE

Composition, Meetings and Attendance

The Credit Committee comprises Mr. Aditya Joshi, Mr. Dhanpal Jhaveri and Mr. Deep Jaggi.

During the year under review, the Credit Committee met 2 (two) times on June 15, 2021 and August 11, 2021. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Aditya Joshi	Chairman	2(2)
Mr. Dhanpal Jhaveri	Member	2(2)
*Mr. R. Sridhar	Member	2(2)
#Mr. Deep Jaggi	Member	0(0)

**Ceased to be a Member from January 7, 2022.*

#Appointed as a Member from January 7, 2022.

Terms of reference

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

AUDIT COMMITTEE

Composition, Meetings and Attendance

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

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

During the year under review, the Audit Committee met 7 (Seven) times on June 3, 2021, June 17, 2021, July 02, 2021, August 12, 2021, November 10, 2021, February 11, 2022 and March 31, 2022. The required quorum was present at all the above meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 28, 2021.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Bobby Parikh	Chairman	6(7)
Mr. Hemant Kaul	Member	6(7)
Ms. Naina Krishna Murthy	Member	4(7)
Mr. Aditya Joshi	Member	7(7)

Terms of reference

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

system including internal financial controls and risk management system, reviewing utilization of loans / advances / investments made to subisidiary(s).

ASSET-LIABILITY MANAGEMENT COMMITTEE ("ALCO")

Composition, Meetings and Attendance

The ALCO comprises Mr. Deep Jaggi, Mr. Dhanpal Jhaveri and Mr. Munish Dayal.

During the year under review, the ALCO met 4 (four) times on June 15, 2021, August 11, 2021, October 21, 2021 and February 11, 2022. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the ALCO by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
*Mr. R. Sridhar	Chairman	3(3)
#Mr. Deep Kumar Jaggi	Chairman	1(1)
Mr. Dhanpal Jhaveri	Member	3(4)
Mr. Munish Dayal	Member	4(4)
$Mr. Amol Joshi	Member	3(3)

**Ceased to be Chairman and a Member from January 7, 2022*

#Appointed as Member and Chairman from January 7, 2022

$Ceased to be a Member from December 27, 2021

Terms of reference

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

RISK MANAGEMENT COMMITTEE ("RMC")

Composition, Meetings and Attendance

The RMC comprises Mr. Hemant Kaul, Mr. Deep Jaggi, Mr. Vibhor Kumar Talreja, Mr. Munish Dayal and Mr. Mohit Mairal.

During the year under review, the RMC met 4 (four) times on June 15, 2021, August 11, 2021, October 21, 2021 and February 11, 2022. The required quorum was present at all the above meetings.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Hemant Kaul	Chairman	4(4)
*Mr. Aditya Joshi	Member	1(1)
#Mr. Amol Joshi	Member	3(3)
$Mr. R. Sridhar	Member	3(3)
Mr. Vibhor Kumar Talreja	Member	4(4)
Mr. Mohit Mairal	Member	4(4)
@Mr. Munish Dayal	Member	3(3)
^Mr. Deep Jaggi	Member	1(1)

**Ceased to be a Member from June 17, 2021*

#Ceased to be a Member from December 27, 2021

$Ceased to be a Member from January 7, 2022

@Appointed as a Member from June 17, 2021

^Appointed as a Member from January 7, 2022

Subsequent to the year under review, the RMC was reconstituted by appointment of Mr. Karthikeyan Srinivasan and Mr. Kapish Jain as Members and cessation of Mr. Mohit Mairal and Mr. Kapish Jain as Members of the Committee.

Terms of reference

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

NOMINATION & REMUNERATION COMMITTEE ("NRC")

Composition, Meetings and Attendance

The NRC comprises Mr. Bobby Parikh, Mr. Aditya Joshi and Mr. Hemant Kaul. In terms of the Act and the Listing Regulations, two-third of the Members of the NRC are Independent Directors.

During the year under review, the NRC met 4 (four) times on June 15, 2021, August 11, 2021, January 7, 2022 and February 11, 2022. The required quorum was present at all the above Meetings. The Chairman of the NRC was present at the last Annual General Meeting of the Company held on September 28, 2021. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Hemant Kaul	Chairman	4(4)
Mr. Bobby Parikh	Member	3(4)
Mr. Aditya Joshi	Member	4(4)
*Mr. Dhanpal Jhaveri	Member	2(2)

**Ceased to be a Member from November 10, 2021*

Terms of reference

The terms of reference of the NRC *inter-alia* includes: identifying personnel qualified to be appointed as Directors or in the Senior Management of the Company, formulating criteria for determining qualification, positive attributes, 'fit and proper' person status of Directors / senior management personnel and independence of Directors, deciding on specific remuneration packages and recommending policy on remuneration of the Executive Directors, the Non-Executive Directors (including the Independent Directors) and senior level employees, formulate criteria for evaluation of Directors, the Board and its Committee(s) and formulate and administer employee stock options plans of the Company.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

Composition, Meetings and Attendance

The CSR Committee comprises Ms. Naina Krishna Murthy, Mr. Bobby Parikh, Mr. Dhanpal Jhaveri, Mr. Deep Jaggi and Mr. Munish Dayal.

During the year under review, the CSR Committee met once on June 15, 2021. The required quorum was present at the said meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Ms. Naina Krishna Murthy	Chairperson	1(1)
Mr. Dhanpal Jhaveri	Member	1(1)
Mr. Bobby Parikh	Member	1(1)
Mr. Munish Dayal	Member	1(1)
*Mr. R. Sridhar	Member	1(1)
#Mr. Deep Jaggi	Member	0(0)

**Ceased to be a Member from January 7, 2022*

#Appointed as a Member from February 11, 2022

Terms of reference

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

DEBENTURE COMMITTEE

Composition, Meetings and Attendance

The Debenture Committee comprises Mr. Deep Jaggi, Mr. Jayant Gunjal and Ms. Kaumudi Biyani.

During the year under review, the Debenture Committee met once on March 24, 2022. The required quorum was present at the said meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
#Mr. Pankaj Thapar	Member	0(0)
$Mr. Amol Joshi	Member	0(0)
^Mr. R. Sridhar	Member	0(0)
*Mr. Deep Jaggi	Member	1(1)
*Mr. Jayant Gunjal	Member	1(1)
*Ms. Kaumudi Biyani	Member	1(1)

#Ceased to be a Member from April 5, 2021

$Ceased to be a Member from December 27, 2021

^Ceased to be a Member from January 7, 2022

**Appointed as Members from January 7, 2022*

Subsequent to the year under review, the Debenture Committee was reconstituted by appointment of Mr. Karthikeyan Srinivasan and Mr. Kapish Jain as Members and cessation of Mr. Jayant Gunjal, Ms. Kaumudi Biyani and Mr. Kapish Jain as Members of the Committee.

Terms of reference

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprises Mr. Dhanpal Jhaveri, Mr. Deep Jaggi, Ms. Naina Krishna Murthy, Mr. Munish Dayal and Mr. Bobby Parikh. Mr. Jitendra Bhati, Company Secretary acts as a Secretary of the Committee and is also the Compliance Officer of the Company.

During the year under review, the Stakeholders' Relationship Committee met once on June 15, 2021. All the members of the Committee were present at the said meeting. The Chairman of the Stakeholders' Relationship Committee was present at the last Annual General Meeting of the Company held on September 28, 2021.

Composition of the Stakeholders' Relationship Committee and the details of attendance by the Members at the meeting held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Dhanpal Jhaveri	Chairman	1(1)
Mr. Bobby Parikh	Member	1(1)
Ms. Naina Krishna Murthy	Member	1(1)
*Mr. Aditya Joshi	Member	1(1)
#Mr. R. Sridhar	Member	1(1)
$Mr. Munish Dayal	Member	0(0)
^Mr. Deep Jaggi	Member	0(0)

**Ceased to be a Member from June 17, 2021*

#Ceased to be a Member from January 7, 2022

$Appointed as a Member from June 17, 2021

^Appointed as a Member from February 11, 2022

Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee *inter-alia* includes: to oversee, monitor and address grievances of shareholders, debenture holders, investors and other security holders, perform all functions relating to the interests of security holders of the Company, oversee the performance of the registrar and transfer agents of the Company, monitor transfer of transferable amounts to investor education protection fund, reviewing measures taken for effective exercise of voting rights by shareholders, reviewing measures taken for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

During the year under review, 2 complaints were received from investors / shareholders and both the complaints have been resolved to the satisfaction of the shareholders and none were pending as on March 31, 2022.

IT STRATEGY COMMITTEE

Composition, Meetings and Attendance

The IT Strategy Committee comprises Mr. Bobby Parikh, Mr. Deep Jaggi, Mr. Amit Ashwin Kothari, Mr. Rakesh Kumar and Mr. Munish Dayal

During the year under review, the IT Strategy Committee met twice on April 20, 2021 and July 16, 2021. The required quorum was present at both the meeting(s).

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Bobby Parikh	Chairman	2(2)
*Mr. Pradeep Kumar	Member	1(1)
#Mr. Aditya Joshi	Member	1(1)
@Mr. Munish Dayal	Member	1(1)
$Mr. Amol Joshi	Member	2(2)
^Mr. R. Sridhar	Member	1(2)
^Ms. Jaya Janardanan	Member	2(2)
&Mr. Amit Ashwin Kothari	Member	0(0)
&Mr. Rakesh Kumar	Member	0(0)

**Ceased to be a Member from May 25, 2021*

#Ceased to be a Member from June 17, 2021

@Appointed as a Member from June 17, 2021

$Ceased to be a Member from December 27, 2021

^Ceased to be a Member from January 7, 2022

&Appointed as Members from January 7, 2022

Subsequent to the year under review, the IT Strategy Committee was reconstituted by appointment of Mr. Kapish Jain as Member and cessation of Mr. Rakesh Kumar and Mr. Kapish Jain as Members of the Committee.

Terms of Reference

The terms of reference of the IT Strategy Committee are guided by the prescriptions of the Master Direction - Information Technology Framework for the NBFC Sector issued by the Reserve Bank of India which *inter-alia* includes: to approve and monitor information technology ("IT") strategy and policy documents, monitor processes and practices to ensure IT delivers value to business, ensure that IT investments represent a balance of risks and benefits, determine the IT resources required to achieve strategic goals, providing high-level direction for sourcing and use of IT resources and managing IT related risks.

OTHER COMMITTEES

INTERNAL COMPLAINTS COMMITTEE

Composition and Meetings

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

The Internal Complaint Committee comprises Ms. Benaifer Palsetia (Presiding Officer), Ms. Sneha Singh, Mr. Jitendra Bhati, Mr. Jayant Gunjal and Ms. Srividya Sriram (External Member from an association committed to the cause of women). During the year under review, Mr. Amol Joshi and Ms. Jaya Janardanan ceased to be Members and Mr. Jitendra Bhati and Mr. Jayant Gunjal were appointed as Members of the Committee.

No complaints related to sexual harassment were received / were pending during the year under review.

Terms of Reference

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

GRIEVANCES REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee ("GRC") comprises Mr. Deep Jaggi and Mr. Rakesh Kumar.

During the year under review, the Committee met once on June 15, 2021. All the Members were present at the said Meeting.

During the year under review, Mr. R. Sridhar and Ms. Jaya Janardanan ceased to be Members and Mr. Deep Jaggi and Mr. Rakesh Kumar (Grievance Redressal Officer) were appointed as Members of the Committee.

Subsequent to the year under review, the Grievance Redressal Committee was reconstituted by appointment of Mr. Siva Subramanian VP as a Member and cessation of Mr. Rakesh Kumar as a Member of the Committee.

Terms of Reference

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

The status of the customer complaints pending at the beginning of the year, received during the year, redressed during the year and pending at the end of the year, forms part of notes to the standalone audited financial statements of the Company for the financial year ended March 31, 2022.

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

BANKING COMMITTEE

Composition and Meetings

The Banking Committee comprises Mr. Deep Jaggi, Mr. Jayant Gunjal and Ms. Kaumudi Biyani.

During the year under review, the Banking Committee met once on March 24, 2022. All the Members were present at the said Meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

During the year under review, the Banking Committee was reconstituted by appointment of Mr. Deep Jaggi and Ms. Kaumudi Biyani as Members and cessation of Mr. Pankaj Thapar, Mr. Amol Joshi and Mr. R. Sridhar as Members of the Committee.

Subsequent to the year under review, the Banking Committee was reconstituted by appointment of Mr. Kapish Jain and Mr. Karthikeyan Srinivasan as Members and cessation of Mr. Jayant Gunjal, Ms. Kaumudi Biyani and Mr. Kapish Jain as Members of the Committee.

Terms of Reference

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

INVESTMENT COMMITTEE

Composition and Meetings

The Investment Committee comprises the Chief Executive Officer, Chief Financial Officer and Head – Debt Capital Markets / Treasury.

During the year under review, the Investment Committee was reconstituted by inducting Chief Executive Officer as Member of the Committee in place of Head – Corporate Lending.

The Committee meets on multiple occasions as and when required.

Terms of Reference

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

MANAGEMENT COMMITTEE, CORPORATE LENDING COMMITTEE AND RETAIL LENDING COMMITTEE

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

Composition:

The Management Committee comprises Mr. Deep Jaggi, Mr. Jayant Gunjal, Mr. Mohit Mairal and Ms. Benaifer Palsetia.

During the year under review, Mr. R. Sridhar, Mr. Pankaj Thapar, Mr. Amol Joshi and Ms. Jaya Janardanan ceased to be Members of the Committee and Mr. Jayant Gunjal, Mr. Mohit Mairal and Ms. Benaifer Palsetia were appointed as Members of the Committee.

Subsequent to the year under review, the Management Committee was reconstituted by appointment of Mr. Kapish Jain, Mr. Karthikeyan Srinivasan, Mr. Amit Ashwin Kothari, Mr. Kashinath Palekar, Mr. B. Ravi Kumar, Mr. Hansraj Thakur and Mr. Arvind Uppal as Members and cessation of Mr. Jayant Gunjal, Mr. Mohit Mairal, Mr. Kapish Jain and Ms. Benaifer Palsetia as Members of the Committee.

The Corporate Lending Committee comprises Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani.

During the year under review, Mr. R. Sridhar, Mr. Pankaj Thapar and Mr. Amol Joshi ceased to be Members and Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani were appointed as Members of the Committee.

Subsequent to the year under review, the Corporate Lending Committee was reconstituted by appointment of Mr. Kapish Jain and Mr. Karthikeyan Srinivasan as Members and cessation of Mr. Mohit Mairal, Mr. Kapish Jain and Ms. Kaumudi Biyani as Members of the Committee.

The Retail Lending Committee comprises Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani.

During the year under review, Mr. R. Sridhar, Mr. Pankaj Thapar and Mr. Amol Joshi ceased to be Members and Mr. Mohit Mairal and Ms. Kaumudi Biyani were appointed as Members of the Committee.

Subsequent to the year under review, the Retail Lending Committee was reconstituted by appointment of Mr. Kapish Jain and Mr. Karthikeyan Srinivasan as Members and cessation of Mr. Mohit Mairal, Mr. Kapish Jain and Ms. Kaumudi Biyani as Members of the Committee.

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

Terms of Reference:

Management Committee

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

Company, change or appoint nominee shareholders in any subsidiary / associate companies and implement policies adopted by the Board of Directors.

Corporate Lending Committee

The terms of reference of the Corporate Lending Committee *inter-alia* includes the following with respect to the corporate lending business of the Company: examining credit proposals and recommending the same to the Credit Committee for its approval, approve deviations to sanctioned credit proposals, ensure adequate security / encumbrance is created / registered in favour of the Company, approve / recommend amendment(s) to / adoption of various relevant policies / manuals, approve deployment of funds in terms of Treasury Policy, approve proposals under Short Term Loan Programme and Sell Down Mandate of the Company, authorize officials of the Company to do all such acts, deeds, matters and things and exercise all rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, update and report to the Credit Committee and to do all other acts, deeds and things, which do not require specific approval of the Board of Directors / Credit Committee.

Retail Lending Committee

The terms of reference of the Retail Lending Committee *inter-alia* includes the following with respect to the retail lending business segments of the Company: adopting / revising relevant policies, approving appointment of various agencies / vendors, approving or modifying various agreement(s), document(s) & contract(s), undertaking all or any business and / or operational activities, authorize officials of the Company to do all such acts, deeds, matters and things and exercise all rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and updating / reporting to the Credit Committee.

CODES AND POLICIES

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

Internal Guidelines on Corporate Governance

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

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

Fair Practices Code

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

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

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

Investment and Loan Policy

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

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

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

to prescribe a formal framework for management of the Investment Portfolio of the Company.

Policy on Single / Group Exposure Norms

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

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

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

In terms of the circular(s) and direction(s) on KYC Norms and AML Measures issued by the Reserve Bank of India including Know Your Customer (KYC) Direction, 2016, the Prevention of Money Laundering Act, 2002 and rules made thereunder, the Board of Directors adopted a 'KYC & AML Policy' which *inter-alia* incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT").

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

Risk Framework and Policy

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

Internal Control Framework

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

Interest Rate Policy

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

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

Asset Liability Management Policy ("ALCO Policy")

In terms of requirements of the Liquidity Risk Management Framework prescribed vide RBI NDSI Directions and to *inter-alia* strengthen and raise the standard of the Asset Liability Management (ALM) framework of the Company, the Board of Directors adopted an 'ALCO Policy' of the Company.

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

Resource Planning Policy

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

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

Fraud Risk Policy

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

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

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

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

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

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

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

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

The Policy on Selection Criteria / "Fit & Proper" Person Criteria is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Outsourcing Policy

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

Information Technology related Policies and Processes

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

Policy on Co-origination of Loans with Banks

In line with Reserve Bank of India's guidelines on Co-Lending by Banks and NBFCs to Priority Sector, whereby banks could engage with NBFCs for co-origination of loans to priority sectors (Co-origination Guidelines), the Board of Directors adopted a 'Policy on Co-lending with Banks' to enable the Company to explore opportunities of co-financing priority sectors loans with Banks.

Policy on Independence of Chief Risk Officer of the Company

In terms of requirements of the RBI NDSI Directions, the Board of Directors of the Company adopted 'Policy on Independence of Chief Risk Officer (CRO)' *inter-alia* prescribing the norms including reporting channels for CRO, to ensure his independence from the executive management of the Company.

Policy on Staff Accountability with regard to Quick Mortality Loan Accounts

In order to outline a Mechanism for dealing with early mortality loan accounts *inter-alia* including identification, enquiry and investigation and action to be taken with respect to relevant borrower / vendor / employee, the Board of Directors have put in place a Policy on Staff Accountability with regard Quick Mortality Loan Accounts.

MSME Restructuring Policy

In line with various relaxations notified by the Reserve Bank of India to address systemic risk across MSME borrowers that come under stress due to events like demonitisation, implementation of GST and disruption caused due to COVID-19, the Board of Directors have adopted an MSME Restructuring Policy. The Policy is amended / updated from time to time in line with new guidelines, as and when prescribed by RBI.

COVID - 19 Moratorium Policy

In recognition of the fact that it was important to mitigate the burden of debt servicing brought about by disruptions on account of the fall-out of the COVID-19 pandemic and ensure continuity of viable business, in line with RBI circulars issued in this regard, the Board of Directors of the Company adopted a COVID-19 Moratorium Policy – I & II, to provide moratorium to eligible borrowers in payment of Principal and Interest *inter-alia* outlining the eligibility of borrowers, loan products covered, key features, asset classification guidelines and implementation plan for moratorium to be granted to eligible borrowers.

Deferment of Date of Commencement of Commercial Operations and shift in repayment schedule of Loans for projects in Non Infrastructure and Commercial Real Estate (CRE) Sectors

In line with RBI circular permitting NBFCs to defer the Date of Commencement of Commericial Operations (DCCO) for project and commercial real estate loans by one year, the Board of Directors adopted a Policy on Deferment of Date of Commencement of Commercial Operations and shift in repayment schedule of Loans for projects in Non Infrastructure and Commercial Real Estate (CRE) Sectors, in order to pass on the benefit of the relaxations to the borrowers.

Expected Credit Loss Policy

In order to promote high quality and consistent implementation of Accounting Standards as well as to facilitate comparison and better supervision of the financial parameters of the Company, RBI notified guidance on implementation of Indian Accounting Standards by NBFCs. In line with the RBI circular and outline sound methodologies that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures commensurate with the size, complexity and risk profile specific to the NBFC and for computation of Expected Credit Losses, the Board of Directors adopted the Expected Credit Loss Policy.

Policy on Appointment of Auditors

In terms of requirements of the guidelines issued by RBI from time to time, provisions of the Act and NDSI Directions and in order to clearly outline the parameters to be considered for appointment and continuation of Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company including qualification, eligibility and tenor, the Board of Directors adopted a Policy on Appointment of Auditors.

Whistle Blower Policy / Vigil Mechanism

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

The Vigil Mechanism provides a channel including an online platform and telephonic hotline number to report to the management concerns about unethical behavior, actual or suspected fraud or violation of various codes or policies of the Company and provides adequate safeguards against victimization of persons who use such mechanism. The mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee. The Whistle Blower Policy / Vigil Mechanism is available on the website of the Company.

Further, in order to ensure that complaints with respect to any wrong-doing / policy-breach by an employee or any third party, were investigated appropriately and in order to ensure that actions to be taken against convicts were approved by an appropriate authority, the Company implemented a formal investigation protocol document.

Related Party Transaction Policy

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

The Related Party Transaction Policy *inter-alia* sets out criteria for identifying material related party transactions and includes the process and manner of approval of transactions with related parties, identification of related parties and identification of potential related party transactions. In terms of the Related Party Transaction Policy of the Company, any transaction with any related parties shall be considered to be appropriate only if it is in the best interests of the Company and its shareholders.

During the year under review, the Related Party Transaction Policy was amended to align with the amendments in the Listing Regulations, *inter-alia* to specify that only independent directors shall approve the related party transactions at the Audit Committee Meeting, include definition to material related party transaction and material modification. The Related Party Transaction Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Code of Conduct for Directors & Employees

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

All the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for Directors and Employees for the year under review. A declaration to that effect, from Mr. Deep Jaggi, the CEO of the Company, is annexed to this Corporate Governance Report.

Policy for Determining Material Subsidiary

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

Policy for Determination of Materiality of Events and Information

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determination of Materiality of Events and Information', which *inter-alia* sets out guidelines for determining materiality of events / information for the purpose of disclosure to the stock exchanges and identifies officers of the Company who shall be authorized to make necessary disclosures to the stock exchanges. The Policy for Determination of Materiality of Events and Information is available on the website of the Company.

Archival Policy

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

Policy on Diversity of Board of Directors

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

Remuneration Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted the 'Remuneration Policy' covering aspects relating to remuneration to be paid to Directors including criteria for making payment to Executive and Non-Executive Directors, senior management including key managerial personnel and other employees of the Company, details on guaranteed bonus & recovery of annual bonus and modification of salary structure.

The Remuneration Policy is adopted to *inter-alia* ensure that remuneration paid by the Company is in compliance with the requirements of the applicable law(s) and relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Remuneration Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Mentioned below are details of sitting fees and remuneration paid to Non-Executive Independent Directors for attending Board and Committee Meetings held during the year under review:

(₹ In lacs)

Name of the Director	Sitting Fees	Remuneration*	Total
Mr. Bobby Parikh	8.90	10	18.90
Mr. Hemant Kaul	9.90	10	19.90
Ms. Naina Krishna Murthy	6.10	10	16.10

**Remuneration for the financial year 2020-21 paid during the financial year 2021-22*

Non-Executive Directors other than Independent Directors were not paid any remuneration during the year under review. The criteria for making payment to Non-Executive Directors including Independent Directors are prescribed in the Remuneration Policy which is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

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

Remuneration of Executive Director(s)

Mr. R. Sridhar was appointed as Whole-Time Director of the Company for a period of five years with effect from April 18, 2017. Mr. Sridhar is entitled to gross salary of INR 3.20 crore per annum and fixed bonus of INR 6.80 crore per annum in accordance with the Management Contract executed with Mr. R. Sridhar on 31 January 2021 for his remaining tenure. As on March 31, 2022, Mr. Sridhar held 34,11,500 stock options of the Company.

Mr. Deep Jaggi was appointed as a Whole-Time Director designated as CEO of the Company, with effect from February 10, 2022 and in accordance with the Management Agreement dated January 7, 2022 is entitled to gross salary of INR 1.52 crore per annum for financial year 2021-22 along with perquisites, club membership etc. as per the Company's Policy(s) and at the Company's discretion is eligible to receive annual performance appraisal including incentive / variable bonus commencing from financial year 2021-22. As on March 31, 2022, Mr. Jaggi held 4,00,000 stock options of the Company.

Subsequent to the year under review, Mr. R. Sridhar ceased to be a Whole-Time Director designated as Vice-Chairman of the Company with effect from close of business hours on April 17, 2022, pursuant to expiry of his term of office as a Whole-Time Director designated as Vice-Chairman of the Company.

Employee Loan Policy

In order to strengthen Company's ability to attract and retaining high quality talent, the Board of Directors of the Company adopted a Policy on Loans to Employees ("EL Policy") of the Company and its majority owned subsidiaries. All employees including executive Directors, of the Company and its majority owned subsidiaries are covered under the EL Policy.

Record Retention Policy

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

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

Dividend Distribution Policy

In terms of the Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organisation, the Board of Directors adopted a 'Dividend Distribution Policy' in line with Company's idea of meeting the long term capital requirement from internal cash accruals and appropriately rewarding shareholders. The Dividend Distribution Policy prescribes parameters to be considered for declaring / recommending dividend and sets out indicative range and frequency of dividend pay-out.

During the year under review, the Dividend Distribution Policy was amended to align with the requirements of the Reserve Bank of India's circular on Declaration of dividends by NBFCs to *inter-alia* incorporate eligibility criteria for payment of dividend along with maximum dividend payout ratio, effective from April 1, 2022.

The Dividend Distribution Policy of the Company is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Familiarisation Programme for Independent Directors

The Independent Directors of your Company were familiarised *inter-alia* with the industry in which your Company and its subsidiaries operate, the Company's business model and its operations in order to give them an insight into the Company's business and its functioning. The Independent Directors were also familiarised with their functioning roles rights and responsibilities as Independent Directors. Details of the familiarisation programmes imparted to Independent Directors during the year under review is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Business Responsibility Policy

In terms of the provisions of the Listing Regulations and National Voluntary Guidelines on Social, Environmental and Economic responsibilities of a Business published by the Ministry of Corporate Affairs governing conduct of companies, the Board of Directors adopted a 'Business Responsibility Policy' to set out a unified and common approach to the dimensions of business responsibility across the organisation.

Business Continuity Plan

In terms of the provisions of the Listing Regulations and in order to create a prevention and recovery system from potential threats including due to natural disasters or cyber-attacks, the Board of Directors adopted a Business Continuity Plan. The Business Continuity Plan is designed to protect personnel and assets of the Company and to make sure they can function quickly when adverse unavoidable circumstances or disasters strike.

Corporate Social Responsibility ("CSR") Policy

In terms of the provisions of the Act, the Board of Directors adopted a 'CSR Policy' which helps towards contribution and furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate citizen.

The CSR Policy of the Company *inter-alia* indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company.

The CSR Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Board Performance Evaluation Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted a Board Performance Evaluation Policy to set out a formal mechanism for evaluating performance of the Board, that of its Committee(s) and individual Directors including the Chairman. Additionally, in order to outline detailed process and criteria for performance evaluation, the Nomination and Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

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

- A structured questionnaire prepared in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process, *inter-alia* setting out criteria for evaluation of performance of the Board collectively, individual non-independent directors and the Chairperson, was circulated to the Independent Directors. Performance ratings were given by the Independent Directors on the questionnaire circulated for each category to be evaluated by them at their separate meeting held.
- Based on Independent Directors feedback on the questionnaires, the Independent Directors, at their separate meeting, evaluated the performance of Non-Independent Directors, the Board as a whole and the Chairman;
- Further, based on evaluation by Independent Directors and in light of the criteria prescribed in the Performance Evaluation Process, the Board analysed and evaluated its own performance, that of its Committees and each Director including the chairman.

Performance Evaluation Criteria for Independent Directors

The Performance Evaluation Process adopted by the Nomination & Remuneration Committee *inter-alia* prescribe criteria for performance evaluation of Independent Directors.

In terms of the performance evaluation process, performance of Independent Directors is to be evaluated broadly on parameters such as contribution towards strengthening corporate governance, financial reporting, development of strategy and risk management; relationship with other Board members; attendance and participation at the meetings of the Board, Committees and shareholders; understanding of the sector in which the Company operates, keeping up-to-date information about the Company and external environment in which it operates, latest developments in areas such as corporate governance, financial reporting and applicable regulatory aspects; level of integrity and confidentiality maintained by them, compliance with the Code of Conduct for Independent Directors, fulfillment of the prescribed Independence criteria and independence from the Management.

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

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and in order to maintain highest standards whilst dealing

with confidential and unpublished price sensitive information of the Company and in order to ensure uniform dissemination of unpublished price sensitive information, the Board of Directors adopted (i) a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'; and (ii) a self-regulated 'Code of Conduct for Prohibition of Insider Trading and Internal Procedures'.

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

Code for Independent Directors

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

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

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

Anti-Corruption Policy

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

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

Compliance Process

Your Company believes that an effective compliance process is an important element of the corporate governance structure in any organisation. In order to promote a culture of valuing compliance, the Board of Directors adopted a 'Compliance Process' which demonstrates in clear terms the commitment of the Company to the high standards of ethics and approach towards compliance with the laws, industry practices and internal policies / processes / codes of the Company, which impact its functioning.

Media Communication Policy

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

Care and Dignity Policy

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

GENERAL BODY MEETINGS

For Financial Year	Date	Time	Special Resolutions passed	Venue
2018-19	August 30, 2019	3:00 p.m.	• Re-appointment of Mr. Bobby Parikh as a Non-Executive Independent Director of the Company • Increase in Borrowing Limits of the Company • Issue of non-convertible debentures under private placement • Increase in aggregate limit of investment and holding by Foreign Portfolio Investors in the Equity Share Capital of the Company • Sale / Assignment / Securitisation of loan receivables of the Company upto ₹ 5,000 crore in a Financial Year	Hall of Culture, Nehru Centre Conference Hall, Dr. Annie Besant Road, Worli, Mumbai – 400 018

For Financial Year	Date	Time	Special Resolutions passed	Venue
2019-20	September 24, 2020	11:30 a.m.	• Issue of Non-Convertible Debentures under Private Placement for aggregate principal amount not exceeding INR 10,000 crore, during a year • Policy on loans to employees of the Company and its Subsidiaries • Waiver of recovery of excess managerial remuneration paid to Mr. R. Sridhar, Executive Vice-Chairman & Chief Executive Officer of the Company • Waiver of recovery of excess managerial remuneration paid to Mr. Shailesh Shirali, former Whole-Time Director of the Company • Approval of Contract executed with Mr. R. Sridhar, Whole-Time Director of the Company. • Amendment of IndoStar ESOP Plan 2012 • Amendment of IndoStar ESOP Plan 2016 • Amendment of IndoStar ESOP Plan 2016 — II • Amendment of IndoStar ESOP Plan 2017 • Amendment of IndoStar ESOP Plan 2018 • Amended IndoStar ESOP Plan(s) - Grant of options to the eligible employees of subsidiary companies / holding company • Adoption of Restated Articles of Association of the Company	Held through Video Conferencing / Other Audio Visual Means
2020-21	September 28, 2021	11:00 a.m.	• Appointment of Mr. Munish Dayal (DIN: 01683836) as Non-Executive Non-Independent Director • Issue of Non-Convertible Debentures under Private Placement • Payment of remuneration to Non-Executive Independent Directors of the Company for the financial year 2020-21 • Waiver of recovery of excess managerial remuneration paid to Mr. Shailesh Shirali, former Whole-Time Director of the Company • Approval for Selling, Leasing and Disposing Assets of IndoStar Home Finance Private Limited, a material subsidiary of the Company, exceeding 20% of its assets in aggregate, during any financial year • Alteration of the object clause of the Memorandum of Association of the Company	Held through Video Conferencing / Other Audio Visual Means

Postal Ballot

During the year under review, the Company sought the approval of the Members on the Special Resolutions by way of Postal Ballot Notice dated January 7, 2022 which were passed with requisite majority on February 10, 2022, details of same are mentioned below:

Matters	Voting percentage of shareholders participated
• Alteration of the Articles of Association of the Company	% of vote in Favour: 99.9997% % of vote in Against: 0.0003%
• Appointment of Mr. Deep Jaggi (DIN 09412860) as a Whole-Time Director on the Board of Directors of the Company designated as Chief Executive Officer	% of vote in Favour: 99.9928% % of vote in Against: 0.0072%

Ms. Mukesh Siroya (ICSI Membership No. F5682), Proprietor, M/s M Siroya & Company, Practicing Company Secretaries, acted as the Scrutinizer, for conducting the Postal Ballot process, in a fair and transparent manner.

Procedure for postal ballot

The postal ballot was carried out as per the provisions of Sections 108 and 110 and other applicable provisions of the Act, read with the Rules framed thereunder and read with the General Circular nos. 14/2020, 17/2020, 02/2021 and 21/2021 dated April 8, 2020, April 13, 2020, January 13, 2021 and December 14, 2021 respectively issued by the Ministry of Corporate Affairs.

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

MEANS OF COMMUNICATION

- Quarterly and annual financial results of the Company are disseminated to stock exchanges and hosted on Company's website;
- Quarterly, half-yearly and annual results are published in Free Press Journal and Navshakti, as required under applicable law;
- Presentations and media releases on financial position and important events / material developments of the Company are issued by the Company for information of investors;
- The Company arranges for investors calls / conferences for discussing financial position of the Company from time to time;
- The shareholders can also access the details of corporate governance policies, Board committees, financial information, shareholding information, details of unclaimed dividends, etc. on the Company's website;
- Institutional investors / analysts presentations and media releases are submitted to the stock exchanges and are also hosted on the Company's website.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting - Date, Time and Venue	13th Annual General Meeting Date: September 29, 2022 Time: 11 a.m. (IST) Mode of conducting the meeting: Video conferencing / other audio-visual means
Financial Year	April 1 to March 31
Dividend Payment Date	Not Applicable
Date of Book Closure	Friday, September 23, 2022 to Thursday, September 29, 2022 (both days inclusive)
Listing on Stock Exchanges	The BSE Limited ('BSE") (Equity Shares and Non-Convertible Debentures) Phiroze Jeejeeboy Towers, Dalal Street, Fort, Mumbai - 400 001 The National Stock Exchange of India Limited ("NSE") (Equity Shares) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Payment of Annual Listing Fees	Requisite Annual Listing Fees has been paid to both the Stock Exchanges.

Stock Code	BSE: 541336 NSE: INDOSTAR	
In case the Securities are Suspended from Trading, the Directors Report shall explain the Reason thereof	Not applicable	
Registrar and Transfer Agents	Link Intime India Private Limited Address: C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Telephone: +91 22 49186270 Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in	
Share Transfer System	In terms of the Listing Regulations w.e.f April 1, 2019, the Equity Shares of the Company can be transferred only in dematerialised form, except in case of request received for transmission or transposition of securities, which shall be approved by the Stakeholders Relationship Committee.	
Dematerialisation of Shares and Liquidity	Equity shares of the Company are available for trading only in dematerialised form under both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited.	
	The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE896L01010. As on March 31, 2022, out of 13,60,79,295 Equity Shares, 12,40,10,329 Equity Shares of the Company (91.13% of the Equity Shares of the Company) were held in dematerialized form. The remaining 8.86% of Equity Shares are shown as held in physical form as listing of the same is in process.	
Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity	The Company has not issued any global depository receipts or American depository receipts or warrants or any other convertible instruments.	
Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	Not applicable	
Utilisation of Funds raised through Preferential Allotment/Qualified Institutions Placement	During the year under review, the Company has not raised any funds by way of Preferential Allotment/ Qualified Institutions Placement	
Plant Locations	Since the Company is engaged in the business of providing financial services, the Company does not have any manufacturing plant. It operates from its Registered & Corporate Office and branches located at different places throughout India.	
Address for Correspondence	Mr. Jitendra Bhati Company Secretary & Compliance Officer One World Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013. Telephone: +91 22 43157000; Fax: +91 22 43157010; Email id: investor.relations@indostarcapital.com	
List of Credit Ratings along with any revisions during the financial year	**LONG TERM**	
	Debt Programme	
	CARE Ratings Limited	CARE AA-
	CRISIL Limited	CRISIL AA-
	Market Linked Debentures	
	CARE Ratings Limited	CARE PP-MLD AA-
	SHORT TERM DEBT PROGRAMME/COMMERCIAL PAPER:	
	CARE Ratings Limited	CARE A1+
	ICRA Limited	ICRA A1+
	CRISIL Limited	CRISIL A1+

Distribution of Shareholding as on March 31, 2022:

Sr. No.	No. of Equity Shares – Range	Shareholders		Shareholding	
		No. of equity shareholders	% of total equity shareholders	No. of equity shares held	% of total equity shares
1	1 - 500	79,843	97.89	32,76,531	2.41
2	501 - 1000	776	0.95	6,14,617	0.45
3	1001 - 2000	444	0.55	6,71,571	0.49
4	2001 - 3000	142	0.17	3,60,702	0.27
5	3001 - 4000	75	0.09	2,76,302	0.20
6	4001 - 5000	68	0.08	3,23,903	0.24
7	5001 - 10000	101	0.12	7,43,345	0.55
8	10001 & above	118	0.15	12,98,12,324	95.39
Total		**81,567**	**100.00**	**13,60,79,295**	**100.00**

Shareholding Pattern as on March 31, 2022:

Sr. No.	Category of Shareholder	No. of equity shares	% of total equity shares
A	**Promoter & Promoter Group**		
1	Promoter	11,79,50,221	86.68
2	Promoter Group	34,48,005	2.53
	Total (A)	**12,13,98,226**	**89.21**
B			
1	Mutual Funds	97,055	0.07
2	Alternative Investment Fund	-	-
3	Foreign Portfolio Investors	17,12,901	1.26
4	Financial Institutions / Banks	-	-
4	Insurance Companies	20,62,365	1.52
5	Individuals	79,04,196	5.80
6	Non-Resident Indians	2,81,870	0.21
7	Foreign Nationals	300	Negligible
8	Bodies Corporate	17,54,351	1.29
9	Others	8,68,031	0.64
	Total (B)	**1,46,81,069**	**10.79**
Total (A+B)		**13,60,79,295**	**100.00**

Monthly high and low prices of equity shares of the Company during the financial year ended March 31, 2022:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (INR₹)	Low (INR₹)	High (INR₹)	Low (INR)
April 2021	330.35	295.55	330.30	300.00
May 2021	329.00	295.05	330.00	298.50
June 2021	416.95	316.10	416.70	317.10
July 2021	362.95	335.05	362.45	335.35
August 2021	389.00	282.70	389.00	282.15
September 2021	306.60	275.00	309.40	274.90
October 2021	296.00	265.00	294.00	265.00
November 2021	300.70	239.80	301.40	240.10
December 2021	275.00	228.25	276.00	228.45
January 2022	295.30	234.70	296.40	233.00
February 2022	276.70	201.90	277.00	201.35
March 2022	246.50	205.80	249.00	205.50

Performance of Company's equity shares as compared with S&P BSE SENSEX during Financial Year ended March 31, 2022:

Performance of Company's equity shares as compared with NSE NIFTY 50 during Financial Year ended March 31, 2022:

OTHER DISCLOSURES

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

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

For Financial Year	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc. for financial year 2021-22
FY 2021-22	BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")	Non-maintenance of minimum public shareholding of at least 25% as required under Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations	Total penalty of INR 17,70,000 excluding applicable GST had been levied by NSE and BSE Limited as detailed below: 1. BSE and NSE levied penalty of ₹ 4,25,000 each excluding applicable GST for the period July 08, 2021 to September 30, 2021. 2. BSE and NSE levied penalty of ₹ 4,60,000 each excluding applicable GST for the period October 01, 2021 to December 31, 2021. Subsequent to the year under review, BSE and NSE levied penalty of ₹ 4,50,000 each excluding applicable GST for the period January 1, 2022 to March 31, 2022.

Compliance with Mandatory Requirements and adoption of the Non-Mandatory Requirements of Corporate Governance:

The Company has complied with the mandatory requirements including requirements of corporate governance norms as specified in Regulation 17 to Regulation 27 and clauses (b) to clause (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of schedule V of the Listing Regulations, as applicable to the Company for financial year ended March 31, 2022. A certificate from H Choudhary & Associates, Practicing Company Secretary, to that effect is annexed to this Corporate Governance Report. The Company has adopted the following non-mandatory requirements of the Listing Regulations:

- The Board of Directors of the Company has resolved not to pay any remuneration to the Chairman to act in the capacity of the Chairman;
- The positions of Chairperson and that of Chief Executive Officer, respectively, are held by two different persons.
- The Head - Internal Audit of the Company report directly to the Audit Committee of the Board.

Payment made to Statutory Auditor of the Company

Total fees for all services by the Company and its subsidiaries paid to statutory auditors during the year under review:

₹ in lacs

Services / Particulars	Amount
Statutory and Tax Audit	296.00
Certification	5.10
Reimbursement of Expenses	4.74

Disclosure with respect to demat suspense account/ unclaimed suspense account:

No equity shares of the Company were lying in demat suspense account/unclaimed suspense account as on March 31, 2022.

DECLARATION BY THE CEO OF THE COMPANY UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE LISTING REGULATIONS

I, Deep Jaggi, CEO of IndoStar Capital Finance Limited hereby declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for Directors and Senior Management for the financial year ended March 31, 2022.

Place: Mumbai
Date : 5 August 2022

Deep Jaggi
Chief Executive Officer

Certificate of Non-Disqualification of Directors pursuant to point 10(i) of paragraph C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records maintained by IndoStar Capital Finance Limited ("the Company") and disclosures, notices and confirmations submitted by Directors of the Company, for the purpose of issuing a certificate under Regulation 34 (3) read with point 10(i) of paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for financial year ended March 31, 2022.

In our opinion and to the best of our knowledge, based on the information furnished to us by the Company and the Directors of the Company and based on necessary verification by us, we certify that none of the following Directors, who were on the Board of Directors of the Company as on March 31, 2022, have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	Director Identification Number
1.	Mr. Bobby Parikh	00019437
2.	Mr. R. Sridhar	00136697
3.	Mr. Dhanpal Jhaveri	02018124
4.	Mr. Vibhor Kumar Talreja	08768297
5.	Mr. Aditya Joshi	08684627
6.	Mr. Munish Dayal	01683836
7.	Mr. Hemant Kaul	00551588
8.	Ms. Naina Krishna Murthy	01216114
9.	Mr. Deep Kumar Jaggi	09412860

For **H Choudhary & Associates**
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN number:F008274D000746231

Place: Mumbai
Date: August 05, 2022

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records of IndoStar Capital Finance Limited ("the Company") for the purpose of certifying compliance of conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") as applicable, for financial year ended March 31, 2022.

Compliance of conditions of Corporate Governance under the Listing Regulations as mentioned above is the responsibility of the management of the Company. Our examination was limited to procedures adopted by the Company and implementation thereof for ensuring compliance of the conditions of Corporate Governance under the Listing Regulations. This certificate is neither an audit nor an expression of opinion on financial statements of the Company for the year ended March 31, 2022.

In our opinion based on the information and the explanations furnished to us by the Company, its officers, agents and authorized representative, we certify that the Company has during the financial year ended March 31, 2022 complied with the conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Listing Regulations.

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

For **H Choudhary & Associates**
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN number:F008274D000746211

Place: Mumbai
Date: August 05, 2022

INDEPENDENT AUDITOR'S REPORT

To
The Members of
IndoStar Capital Finance Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of IndoStar Capital Finance Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. As at 31 March, 2022, the gross loan balances relating to Commercial Vehicle (CV) loans and Small and Medium Enterprises (SME) loans are ₹448,399 lakhs and ₹153,484 lakhs respectively out of total gross loans of ₹760,755 lakhs. The impairment allowance of ₹111,659 lakhs as at 31 March, 2022 includes impairment allowance of ₹88,628 lakhs and ₹8,503 lakhs for CV and SME loans, respectively. Further, the security receipts relating to CV loans and related impairment allowance are ₹41,281 lakhs and ₹18,217 lakhs, respectively and the fair value of the financial guarantee relating to CV loans included within other financial liabilities is ₹2,993 lakhs as at 31 March, 2022.

   As a result of control deficiencies in the CV and SME loans portfolio identified during the audit for the year ended 31 March, 2022, the Audit Committee of the Company, appointed an external agency to:

   (a) review existence of the borrowers for the CV and SME loans;

   (b) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;

   (c) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans.

   Further, the Audit Committee has also appointed an external law firm to review the transactions pertaining to the CV and SME loans portfolio for (i) identifying the root cause of control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review").

   As at the date of this Report, the external agency provided their report on matters relating to (a) to (c) above which was considered by the Company in recording an impairment allowance (net of recoveries) of ₹115,077 lakhs for the year ended 31 March, 2022 (includes ₹48,075 lakhs for CV loans, ₹782 lakhs for SME loans, ₹14,533 lakhs for investment in Security Receipts and ₹1,351 lakhs for changes in fair value of financial guarantee contracts and ₹57,764 lakhs was recorded for loan assets written off during the year).

   As per information and explanations provided to us, the external law firm has not submitted their findings relating to the Conduct review stated above to the Audit Committee of the Company. Further, the Company has concluded that it is impracticable to determine the prior period-specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year ended 31 March, 2022 in respect of account balances identified above and explained by the Company in Notes 41.2 and 41.3 to the standalone financial statements. As a result, we are unable to determine whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the Conduct review for:

i) the impairment allowance and therefore the carrying value of CV and SME loans;

ii) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;

iii) the fair value of financial guarantee contracts relating to CV portfolio;

iv) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;

v) presentation and disclosures in the standalone financial statements arising due to consequential impact arising from i) to iv) above.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

Material uncertainty related to Going Concern

As discussed in Note 41.4 to the standalone financial statements, the total liabilities exceed the total assets maturing within 12 months by ₹220,604 lakhs and for certain borrowings, the gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios have exceeded thresholds because of additional impairment allowance recorded during the year. These events or conditions, along with other matters as set forth in Note 41.4 to the standalone financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. The standalone financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion on the standalone financial statements is not modified in respect of this matter.

Emphasis of Matters

1. We draw attention to Note 41.1 to the standalone financial statements, which describes the effects of continuing uncertainty, if any, arising from COVID-19 pandemic on significant assumptions relating to the measurement of financial assets for the year ended 31 March, 2022.

2. We draw attention to Note 45(XII) to the standalone financial statements, the Company has exceeded the Single Borrower limit / Group Borrower limit as at the year-end resulting into concentration of credit in terms of the Reserve Bank of India (RBI) Master Direction no. RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated 1 September, 2016.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to communicate in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Allowances for Expected Credit Losses (ECL) on Corporate loans:** (Refer Notes 5 and 2.3(f)(i) to the standalone financial statements) As at 31 March, 2022, Corporate loan assets aggregated ₹142,301 lakhs (net of ECL ₹14,547 lakhs), which are measured at amortised cost, constituting 16% of theCompany's total assets.	Principal audit procedures performed: We have read and assessed the accounting policies and the governance framework approved by the Board of Directors of the Company. We have verified the methodology adopted for computation of ECL ("ECL Model") on corporate loans that complies with policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on the Corporate loan assets measured at amortised cost.

	As part of our risk assessment, we determined that significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for ECL on corporate loans has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Staging the loan assets i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories • Basis used for estimating Probabilities of Default ("PD"); • Basis used for estimating Loss Given Default ("LGD"); Adjustments to model driven ECL results, to address emerging trends including the impact of COVID19 pandemic.	Our audit procedures related to the allowance for ECL on Corporate loans for the samples tested included the following, among others: • testing the completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors applied by the Management for staging of loans as SICR or default categories in view of Company's policy on restructuring; • appropriateness of information used in the estimation of the PD and LGD; and • mathematical accuracy of the computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model including the impact of COVID19 pandemic.
2	**Impairment of Goodwill relating to Commercial Vehicle (CV) Business** (Refer Note 12 to the standalone financial statements) The Company has recognised Goodwill of ₹30,018 lakhs as at 31 March, 2022 (representing 3% of total assets) pertaining to CV business. The Company's evaluation of goodwill for impairment involves the comparison of the recoverable value of CV business to its carrying value. The Company determines the recoverable value based on value in use calculation, which requires management to make significant estimates and assumptions related to net income margin ("spread") and discount rate. Changes in these assumptions could have a significant impact on either the recoverable value, the amount of goodwill impairment charge, or both. As part of our risk assessment, we determined that the impairment of Goodwill has a high degree of estimation uncertainty which involved increased level of audit focus in view of losses incurred by the CV business and the Company during the year.	Principal audit procedures performed: Our audit procedures related to management's judgments regarding spread and discount rate assumptions used in determining the recoverable value of the CV business included the following, among others: • evaluating management's ability to accurately forecast future profits derived based on forecast spread by comparing actual results to management's historical forecasts. • We evaluated the reasonableness of management's forecast of spread assumptions by comparing the forecasts to: o Historical spread; o information included in Company press releases, analyst and industry reports for the Company and certain of its peer companies; o internal communications to management and the Board of Directors, including consideration of COVID19 impacting the forecast. • We evaluated the reasonableness of discount rate by testing the underlying information used in determination of the discount rate and the mathematical accuracy of the calculation.

3. **Deferred Tax Asset:**
(Refer Notes 9 and 29 to the standalone financial statements)

The Company has recognised Deferred tax assets (net) of ₹31,669 lakhs as at 31 March, 2022 (representing 4% of total assets).

The Company recognises Deferred tax assets for all deductible temporary differences including carry forward of unused tax credits and any unused tax losses. Management applies judgement to evaluate whether sufficient future taxable profit will be available against which the deductible temporary differences, and unused tax losses can be utilised within the timelines permissible by the applicable tax laws, to allow utilisation of the deferred tax asset so recognised. Further, the Company reviews the carrying amount of deferred tax assets at each reporting date and reduces to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Given the Company has a history of recent losses and unused tax losses, we identified management's estimation of availability of sufficient taxable profit in future against which the unused tax losses can be utilised within the timelines permissible under the applicable tax laws as a key audit matter because of the significant judgments and estimates management makes related to estimation of taxable profits.

Principal audit procedures performed:

Our audit procedures related to the estimation of availability of sufficient taxable profit in the future against which the unused tax losses can be utilised, included the following, among others:

- Evaluation of management's ability to estimate taxable profit with reasonable accuracy by comparing actual results to management's historical estimates and evaluating whether there have been any changes that would affect management's ability to continue accurately estimating taxable profits.
- Evaluation of sources of management's estimated taxable profit were of the appropriate nature and sufficient to utilize the deferred tax assets within the timelines permissible under the relevant tax law.
- Evaluation of future taxable profit with evidence obtained in other areas of the audit.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the management discussion and analysis and Board's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to conclude whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) whether any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the Conduct review. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 including other comprehensive income, cash flows and changes

in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and

to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a. We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, 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, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d. Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid standalone financial statements comply with the Ind AS prescribed under section 133 of the Act.

   e. The matter described in the Basis for Qualified Opinion section above and Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.

   f. On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

   h. 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 A". Our report expresses an adverse opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.

   i. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid and provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   j. 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, as amended 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 standalone 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. (a) The Management has represented that, to the best of it's knowledge and belief and on a best effort basis, other than as disclosed in Note 41.5 to the standalone financial statements no funds have been advanced or

loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief and on a best effort basis, other than as disclosed in Note 41.5 to the standalone financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances and subject to our modification in Basis of Qualified Opinion section above and the Company's inability to disclose all the required information specified in the schedule III to the Act as disclosed in Note 41.5 to the standalone financial statements, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The dividend on compulsorily convertible preference shares declared and paid by the Company during the year is in accordance with section 123 of the Companies Act 2013. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year on its equity shares.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order which is subject to the possible effect of the matters described in the Basis for Qualified Opinion section above.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Neville M. Daruwalla
Partner
Membership No. 118784
(UDIN: 22118784AOKAEC2016)

Place: Mumbai
Date: August 5, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited ("the Company") as of 31 March, 2022 in conjunction with our audit of the standalone Ind AS 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 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's 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.

Basis for Adverse opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31 March, 2022. Control deficiencies were noted in:

a) entity level control environment related to governance and risk management policies pertaining to the loan portfolio;

b) credit appraisals, sanctioning and disbursements related to commercial vehicle (CV) loan portfolio and small and medium enterprise (SME) loan portfolio;

c) collection and recoveries related to the CV loan portfolio and SME loan portfolio;

d) identification of modification to terms of loans and consequent staging of the CV and SME loans portfolio in accordance with Ind AS 109 – Financial Instruments;

e) review and approval of assumptions used to estimate the expected credit loss allowance of exposures relating to CV loan portfolio;

f) technical competency to review and record non-routine or complex transactions as noted in points (d) to (e) above;

g) segregation of duties resulting in the deficiencies noted in points (b) to (e) above;

h) monitoring controls related to deficiencies noted in points (a) to (e) above;

i) financial close reporting process related to measurement and presentation of CV and SME loans consequent to the deficiencies noted from points (a) to (f) above.

These control deficiencies could potentially result into inappropriate measurement and presentation related to the impairment allowance relating to CV and SME loan portfolio, security receipts relating to CV loans, fair value of financial-guarantee contract and related account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the possible effects of the material weaknesses described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of 31 March, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company as at and for the year ended 31 March, 2022, and these material weaknesses affect our opinion on the said standalone Ind AS financial statements of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Neville M. Daruwalla
Partner
Membership No. 118784
(UDIN: 22118784AOKAEC2016)

Place: Mumbai
Date: August 5, 2022

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date and to be read subject to the possible effects of matters described in the Basis for Qualified Opinion section above)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) In respect of the Company's Property, Plant and Equipment:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment, and the relevant details of Right-of-Use assets.

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment, were physically verified during the year by the Management in accordance with a regular programme of verification which in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. No material discrepancies were noticed on such verification.

(c) Based on our examination of the registered conveyance deed provided to us, we report that, the title deed of the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, paragraph 3(i)(d), of the Order is not applicable.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company is engaged primarily in lending activities and consequently does not hold any physical inventories. Accordingly, paragraph 3(ii)(a) of the Order is not applicable.

(b) As stated in Note 16 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at points of time during the year, by banks or financial institutions on the basis of security of loans (assets). In our opinion and according to the information and explanations given to us and read with Note 16(b) to the standalone financial statements, the quarterly statements (asset cover statements as certified by another Chartered Accountant) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

(iii) As explained in Note 1 to the standalone financial statements, the Company is a non-deposit taking non-banking financial company ("NBFC") registered with the Reserve Bank of India ("RBI") and as part of its business activities, the Company is engaged in the business of lending across various types of loans.

During the year, in the ordinary course of its business, the Company has made investments in, provided guarantee / security to and granted loans and advances in the nature of loans, secured and unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such investments, guarantees / security and loans and advances:

(a) The Company's principal business is to give loans, and hence reporting under paragraph 3(iii)(a) of the Order is not applicable;

(b) In our opinion, having regard to the nature of the Company's business, the loans and advances in the nature of loans given, the investments made, guarantees provided and security given, during the year are, prima facie, not prejudicial to the Company's interest. Our reporting under this clause is subject to our observations identified in the Basis for Qualified Opinion section above and should be read in conjunction with our reporting under clause (xi)(a) below.

(c) In respect of loans and advances in the nature of loans (together referred to as "loan assets"), the schedule of repayment of principal and payment of interest has been stipulated. Note 2.3(f)(i) to the standalone financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets were categorised as credit impaired ("Stage 3") and those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 31(E) to the standalone financial statements. Additionally, out of loans and advances in the nature of loans, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delinquencies in the repayment of principal and payment of interest aggregating ₹26,449 lakhs were also identified, albeit of less than 31 days. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified. Our reporting under this clause is subject to our observations identified in the Basis for Qualified Opinion section above.

(d) The total amount overdue for more than ninety days (stage 3 loan assets), in respect of loans and advances in the nature of loans, as at the year-end is ₹118,092 lakhs as disclosed in Note 31(E) to the standalone financial statements. Reasonable steps are being taken by the Company for recovery of the principal and interest. Our reporting under this clause is subject to our observations identified in the Basis for Qualified Opinion section above.

(e) The Company's principal business is to give loans, and hence reporting under paragraph 3(iii)(e) of the Order is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under paragraph 3(iii)(f) is not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 (the "Act") in respect of loans granted, investments made and guarantees provided, as applicable. The Company has not provided any security to any parties covered under Section 185 and 186 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company being Non-Banking Financial Company registered with RBI, provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) Having regard to the nature of the Company's business/activities, reporting under paragraph 3 (vi) of the Order is not applicable.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities. We have been informed that the Company did not have any dues payable on account of Sales Tax, Service Tax, duty of Customs, duty of Excise and Value Added Tax.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, cess and any other material statutory dues in arrears as at 31 March, 2022, for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on 31 March, 2022.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) Based on an overall examination of the disbursements and terms loans availed during the year, in our opinion, term loans availed by the Company during the year, were applied by the Company for the purposes for which the loans were obtained, other than temporary deployment pending application.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. As informed to us, the Company did not have any associate company or joint venture during the year.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable.

(x) (a) In our opinion, moneys raised by way of initial public offer/ further public offer (including debt instruments) during the year have been, prima facie, applied by the Company for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally) during the year under review and hence reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) As described in the Basis for Qualified Opinion section above, the Audit Committee of the Company has appointed an external law firm to review the transactions pertaining to CV and SME loans portfolio for: (i) identifying the root cause for control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review"). As at the date of this report, the external law firm has not submitted their findings relating to the Conduct review to the Audit Committee of the Company. In the absence of this information, we are unable to comment as to whether any fraud by the Company or any material fraud on the Company has been noticed or reported during the year.

(b) No report under section 143(12) of the Companies Act, 2013, has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year (and up to the date of this report) and provided to us, while determining the nature, timing and extent of our audit procedures.

(xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion, the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc., as required by the applicable accounting standards.

(xiv)(a) In our opinion, the Company's internal audit system was deficient as it did not prevent a material weakness in internal controls over financial reporting as fully described in 'Annexure A' of our independent auditor's report.

(b) We have considered, the internal audit reports, issued to the Company during the year covering the period upto 31 March, 2022.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of its holding company or subsidiary companies or persons connected with such director and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)(a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 ("RBI Act") and it has obtained the registration.

(b) During the year, the Company has conducted non-banking financial activities with a valid Certificate of Registration ('CoR') from the RBI as per the RBI Act. The Company has not conducted any housing finance activities and is not required to obtain CoR for such activities from the RBI.

(c) The Company is not a Core Investment Company ("CIC") and hence reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group does not have any CIC as part of the group and accordingly reporting under paragraph 3(xvi)(d) of the Order is not applicable.

(xvii) Considering the standalone financial statements of the Company as presented, and the matter of audit qualification as reported by us in Basis for Qualified Opinion section of our Audit Report, the effect of which we have been unable to determine, we are unable to state if the Company has incurred cash losses during the financial year covered by our audit. The Company has not incurred cash losses in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, Asset Liability Maturity (ALM) pattern, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report which is not mitigated (refer Note 40 to the standalone financial statements) indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not required to spend any amount towards Corporate Social Responsibility (CSR) and accordingly there are no unspent CSR amount for the year requiring a transfer to a fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under paragraph 3(xx) of the Order is not applicable for the year.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Neville M. Daruwalla
Partner
Membership No. 118784
(UDIN: 22118784AOKAEC2016)

Place: Mumbai
Date: August 5, 2022

BALANCE SHEET

as at March 31, 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	7,180.23	26,862.05
Bank balances other than cash and cash equivalents	4	38,867.95	23,836.32
Loans	5	6,49,096.68	6,69,245.71
Investments	6	97,713.42	1,78,848.94
Other financial assets	7	8,956.43	12,223.71
		8,01,814.71	**9,11,016.73**
Non-financial assets			
Current tax assets (net)	8	6,636.87	11,824.56
Deferred tax assets (net)	9	31,669.41	14,519.20
Property, plant and equipment	10	6,938.06	5,920.90
Assets held for sale	11	1,300.00	1,609.37
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	1,103.75	348.45
Other non-financial assets	13	2,945.40	3,472.15
		80,612.18	**67,713.32**
TOTAL ASSETS		**8,82,426.89**	**9,78,730.05**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		30.15	7.80
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		238.88	420.45
Debt securities	15	1,97,793.62	2,01,276.18
Borrowings (other than debt securities)	16	3,50,504.82	3,74,790.64
Other financial liabilities	17	44,874.67	33,032.42
		5,93,442.14	**6,09,527.49**
Non-financial liabilities			
Provisions	18	612.03	697.83
Other non-financial liabilities	19	571.06	608.29
		1,183.09	**1,306.12**
TOTAL LIABILITIES		**5,94,625.23**	**6,10,833.61**
EQUITY			
Equity share capital	20	13,607.93	12,373.03
Preference share capital	20	-	1,206.90
Other equity	21	2,74,193.73	3,54,316.51
TOTAL EQUITY		**2,87,801.66**	**3,67,896.44**
TOTAL LIABILITIES AND EQUITY		**8,82,426.89**	**9,78,730.05**

See accompanying notes forming part of the financial statements 1 to 51

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Neville M. Daruwalla
Partner

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

Place: Mumbai
Date: 5 August 2022

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	22		
Interest income		95,574.81	1,10,560.38
Fees and commission income		3,846.81	3,142.70
Net gain on fair value changes		2,310.14	4,803.20
Net gain on derecognition of financial instruments measured at amortised cost category		2,486.64	273.88
Total revenue from operations		**1,04,218.40**	**1,18,780.16**
Other income	23	1,135.87	546.56
Total income		**1,05,354.27**	**1,19,326.72**
Expenses			
Finance costs	24	51,430.77	69,224.61
Impairment on financial instruments	25	1,15,076.93	45,240.80
Employee benefit expenses	26	17,627.03	15,563.01
Depreciation and amortisation expenses	27	3,381.93	3,149.38
Other expenses	28	11,923.30	11,859.72
Total expenses		**1,99,439.96**	**1,45,037.52**
Profit/(loss) before tax		**(94,085.69)**	**(25,710.80)**
Tax expense:	29		
1. Current tax		-	-
2. Tax of earlier years		-	456.55
3. Deferred tax expenses		(17,165.90)	(2,020.55)
Total tax expenses		**(17,165.90)**	**(1,564.00)**
Profit/(loss) after tax		**(76,919.79)**	**(24,146.80)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		55.66	8.36
- Income tax relating to items that will not be reclassified to profit or loss		(14.00)	(2.11)
		41.66	**6.25**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		6.72	(6.72)
- Income tax relating to items that will be reclassified to profit or loss		(1.69)	1.69
		5.03	**(5.03)**
Other comprehensive income for the year, net of tax		**46.69**	**1.22**
Total comprehensive income for the year		**(76,873.10)**	**(24,145.58)**
Earnings per equity share	30		
Basic earnings per share (₹)		(62.06)	(23.14)
Diluted earnings per share (₹)		(62.06)	(23.14)
(Equity Share of face value of ₹10 each)			

See accompanying notes forming part of the financial statements 1 to 51

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Neville M. Daruwalla
Partner

Place: Mumbai
Date: 5 August 2022

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A	**Cash Flow from Operating Activities**		
	Profit / (loss) before tax	(94,085.69)	(25,710.80)
	Adjustments for :		
	Interest income on financial assets	(95,574.81)	(1,10,560.38)
	Finance costs	51,430.77	69,224.91
	Depreciation and amortisation expense	3,381.93	3,149.38
	Loss on sale of property plant and equipment	31.81	614.23
	Impairment on financial instruments	1,15,076.93	45,240.80
	Impairment allowance on assets held for sale	-	108.76
	Provision for gratuity and compensated absences	193.09	49.76
	Employee share based payment expense	1,955.84	878.05
	Net gain on fair value changes	(2,310.14)	(4,803.20)
	Net gain on derecognition of financial instruments measured at amortised cost category	(2,486.64)	(273.88)
		(22,386.91)	**(22,082.37)**
	Interest income realised on financial assets	91,044.29	1,13,137.67
	Finance costs paid	(56,183.85)	(65,112.64)
	Cash generated from operating activities before working capital changes	**12,473.53**	**25,942.66**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(1,37,882.93)	72,805.72
	(Increase)/Decrease in other financial assets	3,476.25	21,154.39
	(Increase)/Decrease in other non-financial assets	850.05	679.44
	Increase/(Decrease) in trade payable	(159.22)	(528.78)
	Increase/(Decrease) in other financial liabilities	6,047.01	5,300.22
	Increase/(Decrease) in other non-financial liabilities	(37.26)	147.31
	Cash (used in)/generated from operating activities	**(1,15,232.57)**	**1,25,500.96**
	Taxes (paid) / refund	5,187.69	882.03
	Net cash (used in)/generated from operating activities (A)	**(1,10,044.88)**	**1,26,382.99**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(2,225.72)	(680.93)
	Sale of property, plant and equipment	9.70	644.72
	Purchase of intangible assets	(1,154.78)	(242.66)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(15,031.63)	13,832.90
	(Acquisition)/redemption of investments measured at FVTPL (net)	1,00,108.25	(99,459.54)
	(Acquisition)/redemption of investments measured at FVOCI (net)	12,672.72	(12,640.36)
	(Acquisition)/redemption of investments measured at amortised cost (net)	25,273.03	-
	Net cash (used in)/generated from investing activities (B)	**1,19,651.57**	**(98,545.87)**

STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C	**Cash Flow from financing activities**		
	Proceeds from issue of equity shares (including securities premium and net off share issue expenses)	639.00	1,22,212.77
	Proceeds from bank borrowings	1,50,625.81	82,939.33
	Repayments towards bank borrowings	(1,75,551.88)	(2,08,267.03)
	Proceeds from issuance of Non-Convertible Debentures	74,590.00	55,000.00
	Repayments towards Non-Convertible Debentures	(1,04,579.99)	(78,500.00)
	Proceeds from/(repayments towards) Commercial Papers (net)	32,211.77	12,312.20
	Payment of lease liabilities	(1,373.90)	(1,375.86)
	Dividend paid on Compulsorily Convertible Preference Shares	(5,849.32)	-
	Net cash (used in)/generated from financing activities (C)	**(29,288.51)**	**(15,678.59)**
	Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**(19,681.82)**	**12,158.52**
	Cash and Cash Equivalents at the beginning of the year	**26,862.05**	**14,703.53**
	Cash and Cash Equivalents at the end of the year	**7,180.23**	**26,862.05**
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	389.54	460.19
	Balances with banks		
	- in current accounts	6,786.64	10,325.06
	Deposits with original maturity of less than three months	4.05	16,076.80
	Total	**7,180.23**	**26,862.05**

See accompanying notes forming part of the financial statements 1 to 51

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Neville M. Daruwalla
Partner

Place: Mumbai
Date: 5 August 2022

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹10/- each

	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2022	12,373.03	-	12,373.03	1,234.90	13,607.93
As at 31 March 2021	9,245.09	-	9,245.09	3,127.94	12,373.03

(b) Preference share capital of face value of ₹10/- each

	Balance at the beginning of the current reporting period	Changes in Preference Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Preference Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2022	1,206.90	-	1,206.90	(1,206.90)	-
As at 31 March 2021	-	-	-	1,206.90	1,206.90

(c) Other equity

Particulars	Reserves and surplus						Other comprehensive income	Total
	Securities Premium Account	Statutory Reserves U/s 45(IC)	Capital Reserve	Share options outstanding account	General reserves	Retained earnings		
(i) Balance at 1 April 2021	**2,91,370.27**	**25,905.39**	**0.43**	**5,375.17**	**1,971.29**	**29,698.99**	**(5.03)**	**3,54,316.51**
Loss after tax for the year	-	-	-	-	-	(76,919.79)	-	(76,919.79)
Debt instruments through other comprehensive income	-	-	-	-	-	-	5.03	5.03
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	41.66	-	41.66
	-	**-**	**-**	**-**	**-**	**(76,878.13)**	**5.03**	**(76,873.10)**
Proceeds from issue of shares	611.00	-	-	-	-	-	-	611.00
Dividend and Dividend Distribution Tax	-	-	-	-	-	(5,849.32)	-	(5,849.32)
Share based payment expense	-	-	-	1,988.64	-	-	-	1,988.64
Transfer from ESOP reserves	226.36	-	-	(281.85)	55.49	-	-	-
Balance at 31 March 2022	**2,92,207.63**	**25,905.39**	**0.43**	**7,081.96**	**2,026.78**	**(53,028.46)**	**-**	**2,74,193.73**
(ii) Balance at 1 April 2020	**1,71,434.68**	**25,905.39**	**0.43**	**8,472.33**	**-**	**53,807.53**	**-**	**2,59,620.36**
Loss after tax for the year	-	-	-	-	-	(24,146.80)	-	(24,146.80)
Debt instruments through other comprehensive income	-	-	-	-	-	-	(5.03)	(5.03)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	6.25	-	6.25
	-	**-**	**-**	**-**	**-**	**(24,140.55)**	**(5.03)**	**(24,145.58)**
Proceeds from issue of shares	1,17,877.92	-	-	-	-	-	-	1,17,877.92
Share based payment expense	-	-	-	963.81	-	-	-	963.81
Transfer from ESOP reserves	2,057.67	-	-	(4,060.97)	1,971.29	32.01	-	-
Balance at 31 March 2021	**2,91,370.27**	**25,905.39**	**0.43**	**5,375.17**	**1,971.29**	**29,698.99**	**(5.03)**	**3,54,316.51**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Neville M. Daruwalla
Partner

Place: Mumbai
Date: 5 August 2022

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

1 Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21 July 2009 and is domiciled in India. The Company is registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) vide certificate No. N-13.02109. The Company is primarily engaged in lending business.

2 Basis of Preparation and Significant accounting policies

2.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III to Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business
- the event of default
- the event of insolvency of bankruptcy of the Company/ or its counterparties.

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

Financial instruments are recognised when the Company becomes a party to the contractual terms of the instruments.

(i) Classification of Financial Instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss (FVTPL) such as derivative liabilities. Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Transaction costs directly pertaining to the acquisition or issue of financial instruments are added to or deducted from the initial measurement amount of the instrument except where the instrument is initially measured as fair value through profit or loss.

(ii) Assessment of business model and contractual cash flow characteristics for financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model determines whether the cash flows will be generated by collecting contractual cash flows, selling financial assets or by both.

The Company's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed;

(iii) The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Company assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans and Debt instruments at amortised cost

A 'loan or debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those that are either held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met (such designation is determined on an instrument-by-instrument basis):

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

(d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

(e) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'Provisions') at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of (i) the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss and (ii) the amount of loss allowance. The premium/deemed premium is recognised in the Statement of Profit and Loss on a straight line basis over the life of the guarantee.

(f) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(v) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

(vi) Derecognition of financial assets in the following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially it becomes a new loan with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

c) Property plant and equipment

Recognition and measurement

Property, plant and equipment (PPE) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably.

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance expenses are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

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

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act 2013
Computers	3 years	3 years
Office Equipment	5 years	5 years
Office Equipment - mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Property, plant and equipment items individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

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

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

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

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.

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) Intangible assets

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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

e) Business Combination and goodwill thereon

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital reserve. When the transaction is of nature other than bargain purchase, then the gain is recognised in OCI and accumulated in equity as capital reserve.

f) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles

The Company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Company categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk

since initial recognition but are not credit impaired are classified under this stage.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 91 days or more are considered as to be stage 3 assets.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

(c) Calculation of ECL:

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments.

Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

ECL on Trade Receivables:
The Company applies the simplified approach for computation of ECL on trade receivables as allowed as per Ind AS 109. Thus, the Company is recognising lifetime ECL for trade receivables.

Significant increase in Credit Risk
The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loan becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets.

For the purpose of counting of days past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID-19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

Modification and derecognition of financial assets
A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of new covenants or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment),

reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If this does not clearly indicate a substantial modification, then:

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Presentation of ECL allowance in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

(ii) Financial Liabilities

(a) Loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(b) Financial guarantee contracts

The Company liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Company estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Company has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

(iii) Non-financial assets

(a) Intangible 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 when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Company is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated from the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Company. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer;

Step 2: Identify performance obligations in the contract(s);

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract(s);

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(a) Recognition of interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Company revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised as interest income in the statement of profit or loss.

(b) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(c) Syndication, advisory & other fees

Syndication, advisory & other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) Origination fees

Origination fees, which the Company has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) Management Fees:

Management fees and other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(f) Assignment income

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(g) Securitisation transactions :
In accordance with Ind AS 109, in case of securitisation transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Net gain/(loss) on Fair value changes
Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

(i) Sourcing and servicing fee
The revenue from the contract as a service provider (sourcing and collection agent) on behalf of customer, is recognised upfront for services rendered as sourcing agent and on straight line basis over the loan tenure for services in the nature of collection and performance agent. The financial guarantee provided under the service contract is recognised at fair value on sourcing and is amortised over the period of contract with subsequent measurement at higher of the unamortised value as per Ind AS 115 or expected credit losses as per Ind AS 109.

h) Finance Costs
The Company recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

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

(ii) Defined Benefit 33
(a) 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.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Compensated absences
Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on estimates. Compensated absences which are

not expected to occur within twelve months after the end of the period in which the employee renders the related services 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.

j) **Share based employee payments**

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) **Ind AS 116 Leases**

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. ***Determination of lease term***

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. ***Discount Rate***

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) **Foreign currency translation**

Functional and presentational currency

The financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

m) **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.

n) **Taxes**

(i) **Current tax**

Current tax assets and liabilities for the current and prior years are measured at

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

p) 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

recognised 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 recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

i) Segment revenue includes operational revenue directly identifiable with/ allocable to the segment.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income / (expenditure) (net)".

iv) Segment result includes the finance costs incurred on interest bearing advances with corresponding credit included in "unallocable corporate income/(expenditure)(net)".

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit losses, fair value measurement, business projections for impairment assessment of goodwill etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 Securities premium account

a) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued;
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

b) The issue expenses of securities which qualify as equity instruments are written off against securities premium account/ retained earning in accordance with Ind AS.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents		
Cash on hand	389.54	460.19
Balances with banks		
- in current accounts	6,786.64	10,325.06
Deposits with original maturity of less than three months	4.05	16,076.80
	7,180.23	**26,862.05**

Note 4

Particulars	As at 31 March 2022	As at 31 March 2021
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	985.01	99.32
Earmarked deposits with banks	37,882.94	23,737.00
	38,867.95	**23,836.32**

Note 5

Particulars	As at 31 March 2022	As at 31 March 2021
Loans		
At amortised cost		
Business Loans		
Corporate lending	1,56,847.87	1,91,751.96
Small and medium enterprises lending (SME)	1,53,484.44	1,46,318.61
Commercial vehicle lending	4,48,398.97	3,58,655.68
Loan to subsidiary company	-	39,291.64
Other loans	2,024.13	1,738.50
Total - Gross	**7,60,755.41**	**7,37,756.39**
Less: Impairment allowance	(1,11,658.73)	(68,510.68)
Total - Net	**6,49,096.68**	**6,69,245.71**
(a) Secured by tangible assets	7,18,173.66	6,82,615.11
(b) Unsecured	42,581.75	55,141.28
Total - Gross	**7,60,755.41**	**7,37,756.39**
Less: Impairment allowance	(1,11,658.73)	(68,510.68)
Total - Net	**6,49,096.68**	**6,69,245.71**
Loans in India		
(a) Public sector	-	-
(b) Others	7,60,755.41	7,37,756.39
Total - Gross	**7,60,755.41**	**7,37,756.39**
Less: Impairment allowance	(1,11,658.73)	(68,510.68)
Total - Net (a)	**6,49,096.68**	**6,69,245.71**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**6,49,096.68**	**6,69,245.71**

Footnotes:

i) Stage classification of loans, investments and its impairment allowance is disclosed in Note 31(D) and Note 31(E)

ii) Loans covered under security receipts are presented as part of "Note 6 - Investment"

iii) Secured indicates loans secured, wholly or partly, by way of hypothecation of vehicle and / or equitable mortgage of porperty and or equipment.

iv) Also refer Note 32.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 6

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
Investments					
Investments as at 31 March 2022					
Mutual funds	-	-	29,403.01	-	29,403.01
Security Receipts*	41,280.54	-	-	-	41,280.54
Subsidiaries	-	-	-	45,246.51	45,246.51
Total - Gross	41,280.54	-	29,403.01	45,246.51	1,15,930.06
Investments in India	41,280.54	-	29,403.01	45,246.51	1,15,930.06
Investments outside India	-	-	-	-	-
Total - Gross	41,280.54	-	29,403.01	45,246.51	1,15,930.06
Less: Impairment loss allowance	(18,216.64)	-	-	-	(18,216.64)
Total - Net	23,063.90	-	29,403.01	45,246.51	97,713.42

(net of amount written off ₹ 17,609.05 lakhs)*

1. Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	45,245.51	100%
Total	**45,246.51**	

** includes cross charge of ₹ 245.51 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.*

Investments as at 31 March 2021

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
Mutual funds	-	-	1,27,137.18	-	1,27,137.18
Security Receipts*	22,452.41	-	-	-	22,452.41
Treasury Bills	-	12,729.94	-	-	12,729.94
Subsidiaries	-	-	-	20,212.91	20,212.91
Total - Gross	**22,452.41**	**12,729.94**	**1,27,137.18**	**20,212.91**	**1,82,532.44**
Investments in India	22,452.41	12,729.94	1,27,137.18	20,212.91	1,82,532.44
Investments outside India	-	-	-	-	-
Total - Gross	**22,452.41**	**12,729.94**	**1,27,137.18**	**20,212.91**	**1,82,532.44**
Less: Impairment loss allowance	(3,683.50)	-	-	-	(3,683.50)
Total - Net	**18,768.91**	**12,729.94**	**1,27,137.18**	**20,212.91**	**1,78,848.94**

(net of amount written off ₹ 9,315.85 lakhs)*

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	20,211.91	100%
Total	**20,212.91**	

** includes cross charge of ₹ 211.91 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.*

Note 7

Particulars	As at 31 March 2022	As at 31 March 2021
Other financial assets		
Security deposit	4,494.52	945.24
Assignment receivables	2,430.82	2,691.43
Other receivables	2,297.07	10,487.56
	9,222.41	**14,124.23**
Less: Impairment loss allowance	(265.98)	(1,900.52)
	8,956.43	**12,223.71**

Footnote: Other receivable includes receivable from subsidiaries (refer note 32)

Note 8

Particulars	As at 31 March 2022	As at 31 March 2021
Current tax assets (net)		
Advance tax (net of provision)	6,636.87	11,824.56
	6,636.87	**11,824.56**

Note 9

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	32,731.69	15,066.92
Provision for gratuity	113.66	114.08
Provision for compensated absences	32.79	29.71
Debt instruments through OCI	-	1.69
Lease liabilities	43.37	38.98
Income amortisation	128.27	354.78
Other items of disallowance	581.14	-
Depreciation on PPE and intangible assets	682.80	515.38
Carried forward book losses	6,005.75	7,427.23
Total (A)	**40,319.47**	**23,548.77**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(611.79)	(677.38)
Borrowing cost amortisation	(483.17)	(797.09)
Total (B)	**(8,650.06)**	**(9,029.57)**
Net deferred tax asset (A-B) (also refer Note 29)	**31,669.41**	**14,519.20**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

Note 10

DESCRIPTION	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Property, plant and equipment								
Cost as at 1 April 2020	**15.05**	**1,050.30**	**753.82**	**4,474.12**	**605.65**	**1,992.62**	**3,199.65**	**12,091.21**
Additions	-	-	7.43	241.58	23.34	408.58	1,523.55	2,204.48
Disposals	-	(1,050.30)	(0.92)	(28.70)	(4.00)	-	(332.99)	(1,416.91)
Cost as at 31 March 2021	**15.05**	**-**	**760.33**	**4,687.00**	**624.99**	**2,401.20**	**4,390.21**	**12,878.78**
Additions	-	-	52.89	913.53	89.80	1,169.50	2,704.12	4,929.84
Disposals	-	-	(0.28)	(280.08)	(1.88)	(22.35)	(1,208.41)	(1,513.00)
Cost as at 31 March 2022 (A)	**15.05**	**-**	**812.94**	**5,320.45**	**712.91**	**3,548.35**	**5,885.92**	**16,295.62**
Accumulated depreciation as at 1 April 2020	**-**	**38.25**	**167.43**	**1,904.31**	**182.35**	**1,127.07**	**988.14**	**4,407.55**
Depreciation for the year	-	7.69	157.58	929.60	147.38	589.36	1,118.81	2,950.42
Disposals	-	(45.94)	(0.56)	(18.54)	(2.06)	-	(332.99)	(400.09)
Accumulated depreciation as at 31 March 2021	**-**	**-**	**324.45**	**2,815.37**	**327.67**	**1,716.43**	**1,773.96**	**6,957.88**
Depreciation for the year	-	-	189.95	999.85	131.54	499.02	1,162.09	2,982.45
Disposals	-	-	(0.22)	(214.34)	(1.52)	(21.37)	(345.32)	(582.77)
Accumulated depreciation as at 31 March 2022 (B)	**-**	**-**	**514.18**	**3,600.88**	**457.69**	**2,194.08**	**2,590.73**	**9,357.56**
Net carrying amount as at 31 March 2022 (A) - (B)	**15.05**	**-**	**298.76**	**1,719.57**	**255.22**	**1,354.27**	**3,295.19**	**6,938.06**
Net carrying amount as at 31 March 2021	**15.05**	**-**	**435.88**	**1,871.63**	**297.32**	**684.77**	**2,616.25**	**5,920.90**

** Mortgaged as security against Secured Non-convertible Debentures*

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2022	As at 31 March 2021
Assets held for sale	1,708.88	2,018.25
Less: Provision	(408.88)	(408.88)
	1,300.00	**1,609.37**

Note 12

DESCRIPTION	Total
Goodwill	
Cost as at 1 April 2020	30,018.69
Acquisition of business	-
Cost as at 31 March 2021	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2022 (A)	**30,018.69**
Accumulated impairment as at 1 April 2020	-
Addition	-
Accumulated impairment as at 31 March 2021	**-**
Addition	-
Accumulated impairment as at 31 March 2022 (B)	**-**
Net carrying amount as at 31 March 2022 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2021	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2022. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections of commercial vehicle business based on financial budgets covering a five-year period and a discount rate of 16%. The Company has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of yield/spread during the budget period and the discounting rate. The management believes that any reasonably possible change in the key assumptions, on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

DESCRIPTION	Computer Software	Total
Intangible assets		
Cost as at 1 April 2020	**758.99**	**758.99**
Additions	242.66	242.66
Disposals	-	-
Cost as at 31 March 2021	**1,001.65**	**1,001.65**
Additions	1,154.78	1,154.78
Disposals	-	-
Cost as at 31 March 2022 (A)	**2,156.43**	**2,156.43**
Accumulated amortisation as at 1 April 2020	**454.24**	**454.24**
Amortisation recognised for the year	198.96	198.96
Disposals	-	-
Accumulated amortisation as at 31 March 2021	**653.20**	**653.20**
Amortisation recognised for the year	399.48	399.48
Disposals	-	-
Adjustment	-	-
Accumulated amortisation as at 31 March 2022 (B)	**1,052.68**	**1,052.68**
Net carrying amount as at 31 March 2022 (A)- (B)	**1,103.75**	**1,103.75**
Net carrying amount as at 31 March 2021	**348.45**	**348.45**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at 31 March 2022	As at 31 March 2021
Other non-financial assets		
Prepaid expenses	1,121.28	1,071.36
Advances recoverable in cash or in kind or for value to be received (refer footnote below)	1,824.12	2,400.79
	2,945.40	**3,472.15**

Footnote: Advances recoverable in cash or in kind or for value to be received includes ₹ Nil (Previous year ₹ 844.40 lakhs) as claim receivable towards ex-gratia under GOI Scheme.

Note 14

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
Dues to Micro, small and medium enterprises	30.15	7.80
Dues to Others	238.88	420.45
	269.03	**428.25**

Footnote : Also refer Note 36

Note 15

Particulars	As at 31 March 2022	As at 31 March 2021
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	1,53,269.65	1,88,963.98
Commercial paper (net of unamortised discount) (Refer note (b) below)	44,523.97	12,312.20
	1,97,793.62	**2,01,276.18**
Debt securities in India	1,97,793.62	2,01,276.18
Debt securities outside India	-	-
Total	**1,97,793.62**	**2,01,276.18**
Secured	95,769.65	1,88,963.98
Unsecured	1,02,023.97	12,312.20
Total	**1,97,793.62**	**2,01,276.18**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest >= 6.77% <= 11.40%	Rate of interest >= 8.08% <= 11.40%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	-
36-48 Months	-	2,492.77
24-36 Months	2,495.61	18,945.03
12-24 Months	36,704.48	51,849.55
0-12 Months	1,14,069.56	1,15,676.63
Total	**1,53,269.65**	**1,88,963.98**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Nature of Security:

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

   (i) First pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation of standard asset portfolio of receivables (Net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset, as may be identified by the Company of ₹ 96,932 lakhs (March 2021: ₹ 1,99,479 lakhs); 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.

(b) Commercial papers
Terms of repayment (based on contractual maturity):

Redeemable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest >=6.30% <= 7.00%	Rate of interest =8.50%
	Amount	Amount
0-12 Months	44,523.97	12,312.20
Total	**44,523.97**	**12,312.20**

Note 16

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings		
At amortised cost		
Term loans		
Term loans from Banks (Refer note (a) below)*	1,91,966.39	2,07,888.89
Term loans from Financial Institutions (Refer note (a) below)*	35,957.50	51,625.00
Loans repayable on demand		
Working capital demand loans from banks **	25,600.00	18,100.00
Bank overdrafts **	1,363.40	-
Other borrowings (including Inter Corporate Deposits)	95,617.53	97,176.75
Total	**3,50,504.82**	**3,74,790.64**
Borrowings in India	3,50,504.82	3,74,790.64
Borrowings outside India	-	-
Total	**3,50,504.82**	**3,74,790.64**
Secured borrowings	3,49,386.71	3,72,441.28
Unsecured borrowings	1,118.11	2,349.36
Total	**3,50,504.82**	**3,74,790.64**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(a) Term loan from banks/FI (TL):
Terms of repayment (based on contractual maturity):

Repayable within #	As at 31 March 2022	As at 31 March 2021
	Rate of interest >=7.25% <= 11.00%	Rate of interest >= 6.21% <= 11.00%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	6,079.89
36-48 Months	10,647.81	19,275.98
24-36 Months	33,609.28	53,524.53
12-24 Months	82,888.78	67,903.96
0-12 Months	1,00,778.02	1,12,729.53
Total	**2,27,923.89**	**2,59,513.89**

** first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset*

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

 # also refer 31(G)

(b) Working capital demand loans:
Terms of repayment (based on contractual maturity):

Repayable within #	As at 31 March 2022	As at 31 March 2021
	Rate of interest >=6.75% <= 7.60%	Rate of interest >= 6.50% <= 7.35%
	Amount	Amount
0-12 Months	25,600.00	18,100.00
Total	**25,600.00**	**18,100.00**

Footnote: Quarterly returns/statements filed by the Company with Banks or Financial Institutions are in agreement with the unaudited books of accounts as on the respective submission dates and certified by Independent Chartered Accountants / Management, as relevant and relied upon by the Auditors.

Note 17

Particulars	As at 31 March 2022	As at 31 March 2021
Other financial liabilities		
Book overdraft	14,326.14	7,764.51
Employee benefits payable	908.58	2,351.82
Unamortised lease liabilities	3,467.38	2,771.14
Others	26,172.57	20,144.95
	44,874.67	**33,032.42**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 18

Particulars	As at 31 March 2022	As at 31 March 2021
Provisions		
Provision for employee benefits:		
- Gratuity	451.61	453.27
- Compensated absences	130.30	118.05
Others :		
- Expected credit loss on undrawn loan commitments	30.12	126.51
	612.03	**697.83**

Note 19

Particulars	As at 31 March 2022	As at 31 March 2021
Non-financial liabilities		
Statutory dues payable	571.06	608.29
	571.06	**608.29**

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹ 10/- each	15,25,00,000	15,250.00	15,25,00,000	15,250.00
Compulsorily Convertible Preference Shares of Face Value of ₹ 10/- each	1,25,00,000	1,250.00	1,25,00,000	1,250.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each fully paid	13,60,79,295	13,607.93	12,37,30,329	12,373.03
Compulsorily Convertible Preference Shares of Face Value of ₹10/- each fully paid	-	-	1,20,68,966	1,206.90
Total	**13,60,79,295**	**13,607.93**	**13,57,99,295**	**13,579.93**

(b) Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	12,37,30,329	12,373.03	9,24,50,915	9,245.09
Add: Shares issued during the year	1,23,48,966	1,234.90	3,12,79,414	3,127.94
Shares outstanding at the end of the year	**13,60,79,295**	**13,607.93**	**12,37,30,329**	**12,373.03**

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	7,64,82,638	56.20%	6,44,13,672	52.06%

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

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(d) Particulars of shareholders holding more than 5% of the equity share capital

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	7,64,82,638	56.20%	6,44,13,672	52.06%
Indostar Capital (Mauritius)	Promoter	4,14,67,583	30.47%	4,75,94,228	38.47%

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

(ii) As at 31 March 2022, the Company has not complied with Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) to maintain minimum public shareholding in accordance with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.

(e) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the proportionate amount of contribution made by the equity shareholder to the total equity share capital.

(f) Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,20,68,966	1,206.90	-	-
Add: Shares issued during the year	-	-	1,20,68,966	1,206.90
Less: Shares converted into equity	1,20,68,966	1,206.90	-	-
Shares outstanding at the end of the year	**-**	**-**	**1,20,68,966**	**1,206.90**

Footnote: During the year 1,20,68,966 Equity Shares were alloted to BCP V Multiple Holdings Pte. Ltd., pursuant to conversion of 1,20,68,966 CCPS into equity shares of the Company in the agreed conversion ratio of 1:1.

(g) Particulars of CCPS held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%
Shares outstanding at the end of the year		**-**	**-**	**1,20,68,966**	**100%**

(h) Particulars of shareholders holding more than 5% of CCPS

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%

(i) Terms/rights attached to Compulsorily Convertible Preference Shares ("CCPS"):

CCPS are convertible into equity shares of the Company within a period of 18 months and carry a dividend rate of 10% p.a., payable annually, calculated on issue price, net of any taxes. Upon winding up or liquidation of the Company, the CCPS holder shall be entitled to distribution in accordance with applicable law.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(j) Objective of Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Company has adopted a dividend distribution policy and the Board reviews the capital position on a regular basis.

(k) Equity Shares held by promoters/holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	7,64,82,638	56.20%	4.14%
Indostar Capital (Mauritius)	4,14,67,583	30.47%	(8.00%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	6,44,13,672	52.06%	52.06%
Indostar Capital (Mauritius)	4,75,94,228	38.47%	(18.42%)

(l) CCPS held by promoters/holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	1,20,68,966	100%	100%

Note 21

Particulars	As at 31 March 2022	As at 31 March 2021
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	25,905.39
Securities premium	2,92,207.63	2,91,370.27
Share options outstanding account	7,081.96	5,375.17
General reserve	2,026.78	1,971.29
Retained earnings	(53,028.46)	29,698.99
Debt instruments through other comprehensive income	-	(5.03)
	2,74,193.73	**3,54,316.51**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

21.1 Other equity movement

Particulars	As at 31 March 2022	As at 31 March 2021
Capital Reserve		
Opening Balance	0.43	0.43
Add : Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	25,905.39
Add : Transferred from surplus	-	-
Closing Balance	**25,905.39**	**25,905.39**
Securities premium		
Opening Balance	2,91,370.27	1,71,434.68
Less : Share issue expenses	-	(2,970.70)
Add: Tranfer from ESOP reserves	226.36	2,057.67
Add : Premium collected on share allotment	611.00	1,20,848.62
Closing Balance	**2,92,207.63**	**2,91,370.27**
	-	
Share options outstanding account		
Opening Balance	5,375.17	8,472.33
Movement during the year	1,706.79	(3,097.16)
Closing Balance	**7,081.96**	**5,375.17**
General reserve		
Opening Balance	1,971.29	-
Movement during the year	55.49	1,971.29
Closing Balance	**2,026.78**	**1,971.29**
Retained earnings		
Opening Balance	29,698.99	53,807.53
Add: Remeasurement of defined benefit obligations	41.66	6.25
Add: Transferred from the statement of profit and loss	(76,919.79)	(24,146.80)
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	-	-
Add: Transfer from Share options outstanding account	-	32.01
Less: Payment of dividend on CCPS	(5,849.32)	-
Closing Balance	**(53,028.46)**	**29,698.99**
Other Comprehensive Income		
Opening balance	(5.03)	-
Add: Debt instruments through other comprehensive income	5.03	(5.03)
Closing balance	**-**	**(5.03)**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

21.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised in accordance with the provision of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

General reserve

General reserve represents transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse/forefeiture of options by employees.

21.3 Dividend paid and proposed

The Board of Directors of the Company at their meeting held on 17 June 2021 approved payment of dividend to BCP V Multiple Holdings Pte. Ltd. (Holding Company) due on 1,20,68,966 Compulsorily Convertible Preference Shares of face value ₹ 10 each allotted on 27 May 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (₹ 290 per CCPS) amounting to ₹ 3,888.89 lakhs (dividend – ₹ 3,500.00 lakhs and withholding tax - ₹ 388.89 lakhs) for the period from 27 May 2020 to 26 May 2021, pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holders for payment of said dividend as Thursday, 17 June 2021.

The Board of Directors of the Company vide resolution dated 26 November 2021 approved Payment of dividend due on 1,20,68,966 Compulsorily Convertible Preference Shares (CCPS), at rate of 10% p.a. calculated on the issue price of ₹ 290 per CCPS amounting to ₹ 1,960.42 lakhs (dividend – ₹ 1,764.38 lakhs and withholding tax - ₹ 196.04 lakhs), for the period 27 May 2021 to 26 November 2021 (i.e. till the date of conversion), pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holder(s) for payment of said dividend as Friday, 26 November 2021.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 22

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	93,823.06	1,08,201.77
Interest on deposits		
- Deposits with banks	1,188.02	2,262.31
Interest income on financial assets measured at FVOCI:		
- Investments in debt instruments	563.73	96.30
	95,574.81	**1,10,560.38**
Fees and commission income		
- Syndication, advisory & other fees	3,846.81	3,142.70
	3,846.81	**3,142.70**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,374.08	4,803.20
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	(63.94)	-
Total fair value changes	**2,310.14**	**4,803.20**
Fair value changes:		
- Realised	2,305.66	2,865.78
- Unrealised	4.48	1,937.42
Total fair value changes	**2,310.14**	**4,803.20**
Net gain on derecognition of financial instruments under amortised cost category		
- Investments	2,196.16	-
- Assignment Income	290.48	273.88
	2,486.64	**273.88**
Total	**1,04,218.40**	**1,18,780.16**

Note 23

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Other income		
Miscellaneous income	156.63	248.66
Interest on income tax refund	979.24	297.90
	1,135.87	**546.56**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 24

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from Banks/FI	24,622.33	31,429.51
Other borrowings (including Inter Corporate Deposits)	8,923.22	13,570.31
Interest expense on debt securities		
Debentures	16,228.69	22,510.66
Commercial paper	920.27	791.46
Other interest expense		
Bank charges & other related costs	736.26	922.67
	51,430.77	**69,224.61**

Note 25

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	56,181.20	16,118.18
Financial assets written off (net of recovery)	57,763.70	29,285.35
Impairment on others		
Undrawn loan commitments	(96.39)	(85.27)
Provision for corporate guarantee	-	135.18
Provision on co-lending arrangements	1,351.25	(578.62)
Others	(122.83)	365.98
	1,15,076.93	**45,240.80**

Note 26

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Employee Benefits Expenses		
Salaries, other allowances and bonus	15,109.41	14,053.09
Gratuity expenses	163.24	158.01
Compensated absences	29.85	(108.25)
Contribution to provident and other funds	631.87	556.81
Staff welfare expenses	109.78	79.35
Share based payment expense	1,955.84	878.05
Employee shared service costs recovered	(372.96)	(54.05)
	17,627.03	**15,563.01**

Note 27

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation		
Depreciation of property, plant and equipment (PPE)	2,982.45	2,950.42
Amortisation of intangible assets	399.48	198.96
	3,381.93	**3,149.38**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 28

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Other Expenses		
Rent	805.84	632.36
Rates & taxes	120.04	208.58
Printing and stationery	184.83	93.74
Travelling & conveyance	716.97	473.38
Advertisement	64.39	49.85
Business Promotion	14.05	12.21
Commission & brokerage	16.04	9.38
Office expenses	1,496.93	1,101.46
Directors' fees & commission	58.97	23.11
Insurance	441.05	360.80
Communication expenses	527.45	385.09
Payment to auditors (note below)	305.84	65.60
CSR expenses (note below)	81.01	203.32
IT Support charges	2,178.08	1,549.11
Legal & professional charges	5,261.92	6,261.27
Loss on sale of property plant and equipment	31.81	614.23
Membership & subscriptions	102.35	48.42
Other shared service costs recovered	(651.41)	(369.00)
Other fees and commission	167.14	-
Impairment allowance on assets held for sale	-	108.76
Provision on employee advance	-	28.05
	11,923.30	**11,859.72**
Payment to auditor includes:		
a) Statutory Audit	293.00	50.09
b) Tax Audit	3.00	3.00
c) Certifications	8.61	6.18
d) Others	13.84	6.33
Total	**305.84**	**65.60**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	-	203.32
b) Amount of expenditure incurred	81.01	190.28
c) Shortfall at the end of the year	-	13.04
d) Total of previous years shortfall	-	13.04
e) Reason for short fall	NA	refer footnote below
f) Nature of CSR activities	Education, Women empowerment	Education, Women empowerment
g) Details of related party transactions (refer note 32)	-	25.00

Foot note:

Two projects supported by the Company namely BOSCONET and Habitat for Humanity were spanning over two years i.e. FY 2020-21 and FY 2021-22, and hence some portion of funds allocated to these projects was spent in FY 2021-22. The Company exercises prudence in selecting projects and implementation partners for its CSR activities. In many cases since the funding requirement of evaluated projects was tied-up, the Company could not spend entire amount as prescribed under the Act.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 29
Income Taxes

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current year	-	-
Tax expenses of earlier years	-	456.55
	-	**456.55**
Deferred tax expense		
Origination and reversal of temporary differences	(17,165.90)	(2,020.55)
	(17,165.90)	**(2,020.55)**
Tax expense for the year	**(17,165.90)**	**(1,564.00)**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2022			For the year ended 31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
- Remeasurements of the defined benefit plans	55.66	(14.00)	41.66	8.36	(2.11)	6.25
- Debt instruments through other comprehensive income	6.72	(1.69)	5.03	(6.72)	1.69	(5.03)
	62.38	(15.69)	46.69	**1.64**	**(0.42)**	**1.22**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit/(loss) before tax	**(94,085.69)**	**(25,710.80)**
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	(23,679.49)	(6,470.89)
Difference in tax rate due to:		
- Effect of non-deductible expenses	925.75	57.44
- Effect of change in tax rate (refer footnote below)	-	4,958.04
- Tax expense of earlier years	-	456.55
- Others	5,587.84	(565.14)
Total tax expense	**(17,165.90)**	**(1,564.00)**
Effective tax rate	**18.24%**	**6.08%**
Current tax	-	-
Tax of earlier years	-	456.55
Deferred tax	(17,165.90)	(2,020.55)
Tax expense for the year	**(17,165.90)**	**(1,564.00)**

Footnote:

During the previous year, the Finance Act, 2021 introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective 1 April 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Company recognised one time tax expense amounting to ₹ 4,958.04 lakhs as the outcome of the difference between Goodwill as per the books of account and its updated tax base of Nil, resulting from the aforementioned amendment in the Income Tax Act. This deferred tax liability is not expected to be a cash outflow in the future.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(d) Movement in deferred tax balances

Particulars	As at 31 March 2022			
	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	15,066.92	17,664.77	-	32,731.69
Provision for gratuity	114.08	13.58	(14.00)	113.66
Provision for leave encashment	29.71	3.08	-	32.79
Debt instruments through OCI	1.69	-	(1.69)	-
Income amortisation	354.78	(226.51)	-	128.27
Depreciation on PPE and intangible assets	515.38	167.42	-	682.80
Lease liabilities	38.98	4.39	-	43.37
Carried forward losses	7,427.23	(1,421.48)	-	6,005.75
Other items of disallowance	-	581.14	-	581.14
Deferred tax liability				
Fair valuation of security deposits	-	-	-	-
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(677.38)	65.59	-	(611.79)
Borrowing cost amortisation	(797.09)	313.92	-	(483.17)
Deferred tax assets / (Liabilities)	**14,519.20**	**17,165.90**	**(15.69)**	**31,669.41**

(e) Movement in deferred tax balances

Particulars	As at 31 March 2021			
	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	9,950.13	5,116.79	-	15,066.92
Provision for gratuity	72.11	44.08	(2.11)	114.08
Provision for leave encashment	73.64	(43.93)	-	29.71
Debt instruments through OCI	-	-	1.69	1.69
Fair valuation of ESOPs	621.82	(621.82)	-	-
Income amortisation	638.85	(284.07)	-	354.78
Depreciation on PPE and intangible assets	507.98	7.40	-	515.38
Lease liabilities	(206.09)	245.07	-	38.98
Carried forward losses	5,570.84	1,856.39	-	7,427.23
Deferred tax liability				
Fair valuation of security deposits	(0.21)	0.21	-	-
Goodwill amortisation	(2,597.07)	(4,958.03)	-	(7,555.10)
Assignment income amortisation	(881.30)	203.92	-	(677.38)
Borrowing cost amortisation	(1,251.63)	(454.54)	-	(797.09)
Deferred tax assets / (Liabilities)	12,499.07	2,020.55	(0.42)	14,519.20

The Management considers the deferred tax assets recognised on carried forward losses to be fully set-off against future available profits considering the expected net interest income (NIM) from the existing loan book over the tenure of the loan. Deferred tax asset of ₹ 5,335.63 lakhs on Unused Carried forward losses is yet to be recognized.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 30
Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i. Profit attributable to equity holders (A)		
Profit/(loss) for the year	(76,919.79)	(24,146.80)
Less: Dividend on compulsorily convertible preference shares (CCPS)	(2,557.08)	(3,292.24)
Profit/(loss) attributable to equity holders for basic and diluted EPS	**(79,476.87)**	**(27,439.04)**
ii. Weighted average number of equity shares for calculating Basic EPS (B)	12,80,64,878	11,85,72,703
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	12,80,64,878	11,85,72,703
iv. Basic earnings per share (₹) (A/B)	(62.06)	(23.14)
v. Diluted earnings per share (₹) (A/C)	(62.06)	(23.14)

Note 31
Financial instruments – Fair values and Risk management

A. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique. The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. Risk Management Framework:

The Company's risk management framework is based on

(a) Clear understanding and identification of various risks

(b) Disciplined risk assessment by evaluating the probability and impact of each risk

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and

(d) Adequate review mechanism to monitor and control risks.

The Company's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the Company are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The company has a well established risk reporting and monitoring framework. The company identifies and monitors risks periodically. This process enables the company to reassess all the critical risks in a changing environment that need to be focused on.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

C. Risk governance structure:

The Company's risk governance structure operates with a well-defined Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the company directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, review and approval of exposures with conflict of interest and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Company's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Company.

The risk management committee has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Company about risk management.

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	29,403.01	-	-	29,403.01	29,403.01	-	-	29,403.01
(b) Investments in Security Receipts	-	-	23,063.90	23,063.90	-	-	23,063.90	23,063.90
Total	**29,403.01**	**-**	**23,063.90**	**52,466.91**	**29,403.01**	**-**	**23,063.90**	**52,466.91**

** based on NAV statements and other information received from ARC and adjusted for Expected credit losses as per Model.*

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2021							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	1,27,137.18	-	-	1,27,137.18	1,27,137.18	-	-	1,27,137.18
(b) Investments in Security Receipts	-	-	18,768.91	18,768.91	-	-	18,768.91	18,768.91
(c) Treasury Bills	-	12,729.94	-	12,729.94	12,729.94	-	-	12,729.94
Total	**1,27,137.18**	**12,729.94**	**18,768.91**	**1,58,636.03**	**1,39,867.12**	**-**	**18,768.91**	**1,58,636.03**

An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to investments measured at amortised cost is as follows:

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	22,452.41	22,452.41	-	-	-	-
New assets originated or purchased	-	-	41,905.00	41,905.00	-	14,450.00	10,710.00	25,160.00
Assets derecognised or repaid (excluding write offs)	-	-	(23,076.87)	(23,076.87)	-	-	(2,707.59)	(2,707.59)
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	(14,450.00)	14,450.00	-
Amounts written off (net of recovery)	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**-**	**-**	**41,280.54**	**41,280.54**	**-**	**-**	**22,452.41**	**22,452.41**

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	3,683.50	3,683.50	-	-	-	-
Incremental provisions	-	-	14,533.14	14,533.14	-	-	3,683.50	3,683.50
Impairment loss allowance - closing balance	**-**	**-**	**18,216.64**	**18,216.64**	**-**	**-**	**3,683.50**	**3,683.50**

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	6,49,096.68	6,49,096.68	-	-	6,49,096.68	6,49,096.68
Total	-	-	6,49,096.68	6,49,096.68	-	-	6,49,096.68	6,49,096.68

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2021							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	6,69,245.71	6,69,245.71	-	-	6,69,245.71	6,69,245.71
Total	-	-	6,69,245.71	6,69,245.71	-	-	6,69,245.71	6,69,245.71

** Discounted cash flow approach adopted for fair valuation of level 3 instruments*

E. Credit risk

Credit risk arises when a borrower is unable to meet his contractual obligations to the lender. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a well-defined post sanction monitoring process to identify portfolio-wise credit risk trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Grouping financial assets measured on a collective basis

The company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Customer i.e. corporate and retail

- Nature of product i.e. commercial vehicle and SME

Significant increase in credit risk

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. The retail loans where the renegotiated terms are not substantially different and involve repayment terms to be extended including interest or the EMI amount readjusted over the tenure are classified as Stage 2. In case of corporate loan the assessment of significant increase in credit risk is performed on a case to case basis. Additionally, accounts identified and reviewed by the credit committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

Restructured financial assets

A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant increase in credit risk of the borrower are classified as stage 2. Such loans continue to be in stage 2 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done.

Overview of the Expected Credit Loss principles

The Company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

For the computation of ECL on the financial instruments, the Company categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 91 days or more are considered as to be stage 3 assets.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company undertakes the classification of exposures within the aforesaid stages at borrower level.

Definition of default
A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

The calculation of ECL
ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Portfolio Segmentation:
For ECL purpose, the loan portfolio is broadly segmented as below :

1) Corporate lending
2) Small and medium enterprises lending ('SME')
3) Commercial vehicle lending

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets. The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

Forward looking information

The company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- GDP growth
- WPI (Wholesale price index)

For the purpose of determination of impact of forward looking information, the company applies macro economic (ME) variables as stated above to each product and assess the trend of the historical probability of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3$	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**5,19,657.58**	**1,85,611.90**	**32,486.91**	**7,37,756.39**	**6,80,890.20**	**1,45,053.19**	**38,933.76**	**8,64,877.15**
New assets originated or purchased	2,65,517.66	45,218.59	65,901.08	3,76,637.33	1,70,156.60	5,257.07	662.11	1,76,075.78
Assets derecognised or repaid (excluding write offs)	(1,42,760.23)	(67,497.13)	(48,965.25)	(2,59,222.61)	(2,12,040.62)	(31,875.85)	(4,834.72)	(2,48,751.19)
Transfers to stage 1	5,300.36	(5,001.58)	(298.78)	-	15,122.29	(12,502.26)	(2,620.03)	-
Transfers to stage 2	(98,365.44)	98,417.37	(51.93)	-	(1,20,286.60)	1,22,719.49	(2,432.89)	-
Transfers to stage 3	(71,513.48)	(40,619.22)	1,12,132.70	-	(11,572.21)	(17,093.19)	28,665.40	-
Amounts written off (net of recovery)	(6,088.67)	(12,677.08)	(33,744.95)	(52,510.70)	(2,612.08)	(11,496.55)	(15,176.72)	(29,285.35)
Presented under Investment as Security Receipts*	-	(32,537.15)	(9,367.85)	(41,905.00)	-	(14,450.00)	(10,710.00)	(25,160.00)
Gross carrying amount closing balance	**4,71,747.78**	**1,70,915.70**	**1,18,091.93**	**7,60,755.41**	**5,19,657.58**	**1,85,611.90**	**32,486.91**	**7,37,756.39**

** Presented under Investment as Security Receipts (Refer to note 31(D))*

$ Reasonable steps are being taken by the Management for recovery of the principal and interest.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Reconciliation of Impairment loss allowance is given below:

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**28,167.84**	**22,067.83**	**18,275.01**	**68,510.68**	**35,986.42**	**14,067.20**	**7,454.61**	**57,508.23**
New assets originated or purchased	4,316.49	10,124.09	35,115.17	49,555.75	2,393.05	431.91	587.87	3,412.83
Assets derecognised or repaid (excluding write offs)	(21,596.82)	(5,546.86)	285.09	(26,858.59)	(15,060.31)	(1,784.87)	(530.23)	(17,375.41)
Transfers to stage 1	843.28	(718.93)	(124.35)	-	1,197.56	(573.83)	(623.73)	-
Transfers to stage 2	(1,742.35)	1,780.39	(38.04)	-	(1,657.78)	2,212.38	(554.59)	0.01
Transfers to stage 3	(951.62)	(5,190.99)	6,142.61	-	(2,983.91)	(1,480.96)	4,464.87	-
"Impact on year end ECL of exposures transferred between stages during the year*"	44.83	19,507.13	21,085.33	40,637.29	8,312.91	9,947.86	16,502.34	34,763.11
Amounts written off (net of recovery)	(308.37)	(6,694.15)	(13,183.88)	(20,186.40)	(20.10)	(751.86)	(9,026.13)	(9,798.09)
Impairment loss allowance - closing balance	**8,773.28**	**35,328.51**	**67,556.94**	**1,11,658.73**	**28,167.84**	**22,067.83**	**18,275.01**	**68,510.68**

F. Risk Management amidst COVID-19:

Estimation of uncertainty relating to COVID-19 global health pandemic:
In assessing the recoverability of loans, receivables, goodwill and investments, the Company has considered internal and external sources of information upto the date of approval of these financial statements. The Company has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The financial statements, includes the potential impact of the COVID-19 pandemic on the Company's financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Company's assets.

The Company has, based on current available information and based on the policy approved by the Board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

G. Liquidity risk

Liquidity is the Company's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the company's financial conditions. The Asset Liability Management Policy of the Company stipulates a broad framework for Liquidity risk management to ensure that the Company can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Company tracks the cash flow mismatches for measuring and managing net funding requirement and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Dynamic Liquidity analysis. The ALCO also reviews

the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the company is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Company. Basis the liquidity position assessed under various stress scenarios; the Company reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

Maturity profile of cash flows for financial liabilites as on balance sheet date have been provided below:
As on 31 March 2022

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	269.03	-	-	-	269.03
Debt securities	67,534.81	91,058.72	39,200.09	-	1,97,793.62
Borrowings (other than debt securities)	47,231.97	1,07,303.50	1,64,747.78	31,221.57	3,50,504.82
Other financial liabilities	41,687.86	690.52	1,983.56	512.73	44,874.67
Total	**1,56,723.67**	**1,99,052.74**	**2,05,931.43**	**31,734.30**	**5,93,442.14**

Footnote:

Notes:

- The above inflows and outflows is based on scheduled maturity of the financial instruments.

- The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 29,736.11 lakhs scheduled for payment after 31 March 2023 for these facilities have been classified as per prevailing contractual maturity.

- in addition to above ₹198,599.36 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenenants.

- Also refer note 42

As on 31 March 2021

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	428.25	-	-	-	428.25
Debt securities	56,079.14	71,909.70	73,287.34	-	2,01,276.18
Borrowings (other than debt securities)	72,234.16	96,247.88	1,80,766.01	25,542.59	3,74,790.64
Other financial liabilities	30,517.66	750.93	1,564.77	199.06	33,032.42
Total	**1,59,259.21**	**1,68,908.51**	**2,55,618.12**	**25,741.65**	**6,09,527.49**

H. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

I. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Company are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Company has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Company has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

J. Capital Disclosure

The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our regulator, Reserve Bank of India ('RBI'). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Company has adopted a dividend distribution policy and the Board reviews the capital position on a regular basis.

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR – Tier I capital (%)	25.8%	34.6%
CRAR – Tier II capital (%)	0.0%	0.0%
CRAR (%)	**25.8%**	**34.6%**

The reduction in CRAR as compared to previous year is primarily due to reduction in Owned funds on account of losses incurred during the year.

Note 32

Related Party disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

I. **Ultimate Controlling Party**
Brookfield Asset Management Inc.

II. **Holding Company**
BCP V Multiple Holdings Pte. Ltd.

III. **Subsidiary Company**
IndoStar Asset Advisory Private Limited
IndoStar Home Finance Private Limited

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

IV. **Names of other related parties with whom the Company had transactions during the year:**
Key Managerial Personnel
R. Sridhar - Vice-Chairman; (CEO upto 7 January 2022)
Deep Jaggi - CEO (from 7 January 2022)
Bobby Parikh - Non-Executive Independent Director
Hemant Kaul - Non-Executive Independent Director
Naina Krishna Murthy - Non-Executive Independent Director

Other related parties - enities in which Key Managerial Personnel has interest/significant influence *
Avasara Leadership Institute

** as defined in Para 9 of Ind AS 24 identified based on representation received from Key Managerial Personnel and information available with the Company.*

b) Transactions with Holding Company

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Subscription to Equity Shares of the Company by Holding Company	-	87,500.00
Subscription to Compulsorily Convertible Preference Shares (CCPS) of the Company by Holding Company	-	35,000.00
Conversion of CCPS held by Holding Company to Equity shares of the Company	1,206.90	-
Dividend paid on CCPS to Holding Company	5,849.32	-

c) Transactions with key management personnel :

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short-term employee benefits	305.57	1,204.12
Sitting fees to Non-Executive Independent Directors	58.97	23.87
Reimbursement of expenses	9.00	6.63
Loan Given	-	2,500.00

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits, bonus provision and contributions to post-employment defined benefit plan.

The Company has paid managerial remuneration for the year ended 31 March 2022 to Mr. R. Sridhar, Whole-Time Director designated as Vice-Chairman & CEO, in accordance with the requisite approvals obtained from the members of the Company under the provisions of section 197 read with Schedule V to the Companies Act, 2013 ("Act").

d) Transactions other than those with key management personnel :

Particulars		Subsidiary Companies	Other related parties
Recovery of expenses	2022	1,140.67	-
	2021	531.72	-
Investment in subsidiary*	2022	25,000.00	-
	2021	-	-
Loan given/(repaid) to subsidiary (net)*	2022	(38,000.00)	-
	2021	13,000.00	-
Interest income on loan to subsidiary	2022	2,410.16	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars		Subsidiary Companies	Other related parties
	2021	4,021.26	-
Professional fees	2022	-	-
	2021	-	35.65
Corporate social responsibility expenses	2022	-	-
	2021	-	25.00

** Conversion of loan into Equity shares of subsidiary*

e) The related party balances outstanding at year end are as follows:

Particulars		Holding Company	Subsidiary Companies	Key Managerial Personnel*
Investment in subsidiary	2022	-	45,246.51	-
	2021	-	20,212.91	-
Reimbursement of expenses	2022	-	1,197.51	-
	2021	-	493.17	-
Loans outstanding	2022	-	-	2,500.00
	2021	-	39,291.64	2,500.00

** interest free loan to KMP*

Note 33
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Type of Services or service		
Syndication, advisory & other fees	3,846.81	3,142.70
Total revenue from contracts with customers	**3,846.81**	**3,142.70**
Geographical markets		
India	3,846.81	3,142.70
Outside India	-	-
Total revenue from contracts with customers	**3,846.81**	**3,142.70**
Timing of revenue recognition		
Services transferred at a point in time	3,846.81	3,142.70
Services transferred over time	-	-
Total revenue from contracts with customers	**3,846.81**	**3,142.70**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 34
Contingent liabilities and Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Contingent liabilities:		
Corporate guarantee given by Company to banks	4,125.00	5,652.78
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	102.21	50.42
Loans sanctioned not yet disbursed	21,751.49	37,203.20

Note 35
Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	2,771.14	2,370.90
Add : Adjustments/additions during the year	2,659.71	1,355.04
Add : Interest on lease liability	311.00	252.55
Less : Deletions	(900.57)	-
Less : Lease rental payments	(1,373.90)	(1,207.35)
	3,467.38	**2,771.14**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2022	As at 31 March 2021
Not later than one year	1,250.51	1,233.52
Later than one year but not later than five years	2,562.85	1,884.77
Later than five years	652.50	262.10
	4,465.86	**3,380.39**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability		
Less than 12 months	971.09	1,007.30
More than 12 months	2,496.29	1,763.84
	3,467.38	**2,771.14**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 36
Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED :

Particulars	As at 31 March 2022	As at 31 March 2021
Particulars	30.15	7.80
a. Principal and interest amount remaining unpaid	-	-
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. 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 enterprises		

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Company during the year to the suppliers registered under this Act.

Ageing analysis of Trade Payable

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	26.78	3.37	-	-	30.15
(ii) Others	176.29	16.59	-	46.00	238.88
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	7.80	-	-	-	7.80
(ii) Others	140.60	233.85	46.00	-	420.45
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Note 37
Gratuity and other post-employment benefit plans:

The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

Particulars	As at 31 March 2022	As at 31 March 2021
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	455.70	457.11
Fair value of plan assets as at the end of the year	4.09	3.84
Net (asset) / liability to be recognized in the balance sheet	**451.61**	**453.27**
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	457.11	394.42
Current service cost	138.87	127.46
Past service cost	-	-
Interest cost	27.89	26.34
Benefits paid	(109.24)	(78.85)
Addition on account of business combination	-	-
Actuarial (gain) / loss on obligation	(58.93)	(12.26)
Projected benefit obligation at the end of the year	**455.70**	**457.11**
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	3.84	3.59
Return on plan assets	3.52	4.15
Actuarial gain/(loss)	(3.27)	(3.90)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**4.09**	**3.84**
D. Amount recognised in the statement of profit and loss		
Current service cost	138.87	127.46
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	24.37	22.19
Expenses recognised in the statement of profit and loss	**163.24**	**149.65**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(24.78)	19.16
- experience variation	(34.15)	(31.42)
Return on plan assets, excluding amount recognised in net interest expense	3.27	3.90
	(55.66)	**(8.36)**
F. Assumptions used		
Discount rate	6.95%	6.35%
Salary growth rate	6.00%	6.00%
Withdrawal rate	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	436.64	476.20	437.95	477.75
Salary growth rate (0.5% movement)	474.31	438.06	474.62	440.35
Withdrawal rate (10% movement)	454.73	456.42	454.80	459.24

H. Other information :

1. Plans assets comprises 100% of Insurance funds.
2. The expected contribution for the next year is ₹ 177.06 lakhs.
3. The average outstanding term of the obligations as at valuation date is 9.19 years.
4. The above disclosure is based on report and assumptions provided by the actuary and has been relied upon by the Auditors.

Note 38
Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company, Subsidiary Company, the Directors, whether a whole time Director or otherwise but excluding Non-Executive Independent Directors, including the Directors of the 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 2022, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at 31 March 2022, the Company has the following share-based payment arrangements:

Share option plans (equity settled)

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.

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	09-May-16	17-Oct-16	28-Apr-17	15-Dec-17
Total Number of Options approved	15,00,000	27,00,000	30,00,000	20,00,000	60,00,000
Vesting Requirements	Vesting Criteria will specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options. For valid vesting of Options, the concerned Option Holder is required to be an Eligible Employee on the respective Vesting Date and must neither be serving his/her notice period for termination of service nor be subject to any disciplinary proceedings pending against him/her. Unless the NRC provides otherwise, the Vesting of Options granted hereunder shall be stalled / blocked during any unauthorised and unpaid leave of absence for such period as may prescribed by NRC or for any Cause as deemed fit by the NRC.				

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

The Pricing Formula	Options can be Exercised at any of the following Exercise Price, as may be determined by the NRC at its sole discretion at the time of grant of Options: (i) Fair Market Value rounded to the nearest rupee; or(ii) Market Price rounded to the nearest rupee; or(iii) such price as may be determined by the NRC. However, the Exercise Price shall not be less than the Fair Market Value of the Shares.
Maximum term of Options granted (years)	Options granted under the ESOP Plans would vest not less than 1 (one) year from the date of grant of Options. Options shall be capable of being exercised within a period of 4 years from the Date of Vesting.
Method of Settlement	Equity
Source of shares	Primary
Variation in terms of ESOP	NA
Method used for accounting of options	Fair Value Method

II. Option Movement during the year ended March 2022

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of Options Outstanding at the beginning of the year	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Options Granted during the year	25,000	14,53,000	-	-	2,50,000
Options Forfeited / Lapsed during the year	-	2,05,000	-	10,000	2,45,500
Options Exercised during the year	-	2,50,000	30,000	-	-
Total number of shares arising as a result of exercise of options	-	2,50,000	30,000	-	-
Money realised by exercise of options (₹ Lakhs)	-	562.50	76.50	-	-
Number of Options Outstanding at the end of the year	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Number of Options exercisable at the end of the year	7,700	1,58,900	3,03,600	1,74,600	4,04,200
Weighted average market price of options excercised for the year ended 31 March 2022 (₹)	-	300.12	309.57	-	-

III. Option Movement during the year ended March 2021

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of Options Outstanding at the beginning of the year	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Options Granted during the year	-	-	-	-	15,75,000
Options Forfeited / Lapsed during the year	-	17,35,777	13,84,500	15,000	10,000
Options Exercised during the year	64,000	2,55,000	7,88,000	-	-
Total number of shares arising as a result of exercise of options	64,000	2,55,000	7,88,000	-	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Money realised by exercise of options (₹ Lakhs)	95.60	573.75	2,009.40	-	-
Number of options Outstanding at the end of the year	10,700	5,12,500	3,78,000	17,29,500	30,23,000.00
Number of Options exercisable at the end of the year	5,450	3,31,200	3,00,300	90,300	1,13,500.00
Weighted average market price of options excercised for the year ended 31 March 2021 (₹)	284.55	331.06	309.72	-	-

IV. Weighted Average remaining contractual life

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of Exercise Price (₹ per share)	140.00 - 437.00	225.00 - 437.00	255.00 - 437.00	315.00 - 437.00	279.05 - 437.00
No. of Options Outstanding as on 31 March 2022	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Contractual Life (in years)	5.75	4.39	2.49	4.08	4.66

V. Method and Assumptions used to estimate the fair value of options granted:
The fair value has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Variables	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
1. Risk Free Interest Rate	6.00%	5.00%	NA	NA	5.33%
2. Expected Life(in years)	5.01	4.00	NA	NA	4.00
3. Expected Volatility	43.72%	43.00%	NA	NA	44.03%
4. Dividend Yield	0.0%	0.0%	NA	NA	0.0%
5. Exercise Price	218.00	262.55	NA	NA	288.20
6. Price of the underlying share in market at the time of the option grant.(₹)	217.85	262.55	NA	NA	288.20

VI. Effect of share-based payment transactions on the Company's Profit or Loss for the year:

Particulars	31-Mar-22	31-Mar-21
Employee share based expense	1,955.84	878.05
Total ESOP reserve outstanding	**7,081.96**	**5,375.17**

Note 39 - Disclosure pursuant to Ind AS 108 'Operating Segments'
The Company is primarily engaged in business of financing and has provided segmental information in the Consolidated Financial Statements as per Ind AS 108 - Operating Segments.

Note 40 - Maturity pattern of Assets and Liabilities

An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	Note	As on 31 March 2022			As on 31 March 2021		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	7,180.23	-	7,180.23	26,862.05	-	26,862.05
Bank balances other than cash and cash equivalents	4	985.01	37,882.94	38,867.95	99.32	23,737.00	23,836.32
Loans	5	1,37,947.07	5,11,149.61	6,49,096.68	1,57,154.78	5,12,090.93	6,69,245.71
Investments	6	29,403.01	68,310.41	97,713.42	1,39,867.11	38,981.83	1,78,848.94
Other financial assets	7	2,297.07	6,659.36	8,956.43	4,101.84	8,121.87	12,223.71
Non-financial assets							
Current tax assets (net)	8	-	6,636.87	6,636.87	-	11,824.56	11,824.56
Deferred tax assets (net)	9	-	31,669.41	31,669.41	-	14,519.20	14,519.20
Property, plant and equipment	10	-	6,938.06	6,938.06	-	5,920.90	5,920.90
Assets held for sale	11	1,300.00	-	1,300.00	1,609.37	-	1,609.37
Goodwill		-	30,018.69	30,018.69	-	30,018.69	30,018.69
Intangible assets	12	-	1,103.75	1,103.75	-	348.45	348.45
Other non-financial assets	13	2,945.40	-	2,945.40	3,472.15	-	3,472.15
TOTAL ASSETS		**1,82,057.79**	**7,00,369.10**	**8,82,426.89**	**3,33,166.62**	**6,45,563.43**	**9,78,730.05**

Particulars	Note	As on 31 March 2022			As on 31 March 2021		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities*							
Trade payables	14	269.03	-	269.03	428.25	-	428.25
Debt securities	15	1,58,593.53	39,200.09	1,97,793.62	1,27,988.84	73,287.34	2,01,276.18
Borrowings (other than debt securities)	16	1,54,535.46	1,95,969.36	3,50,504.82	1,68,482.04	2,06,308.60	3,74,790.64
Other financial liabilities	17	42,378.38	2,496.29	44,874.67	31,268.58	1,763.84	33,032.42
Non-financial liabilities							
Provisions	18	192.74	419.29	612.03	163.06	534.77	697.83
Other non-financial liabilities	19	571.06	-	571.06	608.29	-	608.29
TOTAL LIABILITIES		**3,56,540.20**	**2,38,085.03**	**5,94,625.23**	**3,28,939.06**	**2,81,894.55**	**6,10,833.61**

** also refer note 31(G)*

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 41 - Other notes
Note 41.1
Estimation of uncertainty relating to COVID-19 global health pandemic:
In assessing the recoverability of loans, receivables, goodwill and investments, the Company has considered internal and external sources of information upto the date of approval of these financial statements. The Company has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The financial statements, includes the potential impact of the COVID-19 pandemic on the Company's financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Company's assets.

The Company has, based on current available information and based on the policy approved by the Board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

Note 41.2
Pursuant to certain observations and control deficiencies identified during the course of the statutory audit of the annual financial statements of the Company, the Audit Committee of the Company had approved the appointment of an independent external agency for conducting a review of the policies, procedures and practices of the Company relating to the sanctioning, disbursement and collection of the commercial vehicle loan (CV) portfolio and small and medium enterprise (SME) loans along with assessing the adequacy of the expected credit loss allowance ("Loan Portfolio Review"). The above review included:

(a) Review existence of the borrowers of the CV and SME loans;

(b) Assess the quality and risks pertaining to the loan portfolio for CV and SME loans;

(c) Review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans; and upon completion of (a), (b) and (c), the Audit Committee has also additionally initiated a review for undertaking root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including of control gap/ control override and individuals involved) and has appointed an external law firm along with an external agency in this regard ("Conduct Review").

The Conduct Review is ongoing and is expected to be completed by September 2022. Upon receipt of findings of the aforementioned Conduct Review, the Company shall take appropriate redressal and accountability measures.

Note 41.3
The Company has concluded that it is impracticable to determine the prior period – specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year in respect of loan assets, investment in security receipts and impairment thereon because significant judgements have been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on 31 March 2022 and the Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 41.4

Material uncertainty relating to Going Concern:

The Company has incurred losses during the previous year and continued to incur losses during the current year as a result of impairment allowance recorded on its loan portfolio, due to COVID-19 pandemic and the resultant deterioration and defaults in its loan portfolio. As a result, as at 31 March 2022, the Company exceeded the threshold specified for gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios for certain borrowing arrangements. Additionally certain borrowing arrangements have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. Due to this, the total liabilities exceed the total assets maturing within twelve months by ₹ 220,604 lakhs as at 31 March 2022. While some of the lenders have option to terminate, reduce, suspend or cancel the facility in future the Management expects that lenders, based on customary business practice, may increase the interest rates relating to these borrowing arrangements which is expected to continue till the time GNPA / NNPA ratio exceed thresholds. The Company has an established track record of accessing diversified sources of finance. However, there can be no assurance of success of management's plans to access additional sources of finance to the extent required, on terms acceptable to the Company, and to raise these amounts in a timely manner. This represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Management's Plan to address the Going Concern uncertainty:

Subsequent to the year-end and till the adoption of these financial statements, the Company has raised incremental financing of ₹ 117,000 lakhs from banks and financial institutions based on support from the promoters of the Company. As at 31 March 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating ₹ 7,180 lakhs, liquid investments aggregating ₹ 29,403 lakhs and has pool of loan assets eligible for securitization in the event the lenders recall the borrowing arrangements. As at the date of adoption of these financial statements, none of the lenders have recalled their borrowings. Further, after due approvals by the Board of Directors of the Company, Management may also plan to raise additional financing through monetization of a portion of its holding in its 100% subsidiary IndoStar Home Finance Private Limited. Accordingly, the Management considers it appropriate to prepare these financial statements on a going concern basis and that the Company will be able to pay its dues as they fall due and realise its assets in the normal course of business.

Note 41.5

In relation to the loans portfolio, which is subject to the Conduct Review, the Management has on a best effort basis and knowledge, identified certain transactions with approximately 32 financiers amounting to ₹ 21,461.69 lakhs used for refinancing loans of the customers.

The Company respectfully submits that it is unable to provide the disclosure relating to these transactions in the format as required under Division III of the Schedule III of the Companies Act, 2013 as the transactions are individually small and voluminous.

Note 41.6

The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered:

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

b) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

c) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

d) The Company has not entered into any scheme of arrangement.

e) Charges or satisfaction to be registered with Registrar of Companies (ROC) have been registered within the stipulated statutory timelines.

f) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 42- Asset liability management

Particulars	1 to 7 days	8 to 14 days	15 to 30 days	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	1,363.40	1,412.95	5,146.13	6,846.92	26,847.42	35,458.83	50,665.78	1,16,498.05	10,647.81	-
Market borrowings	369.86	2,031.96	-	3,683.70	67,064.43	51,060.21	61,177.40	69,760.80	7,041.22	31,221.57
Assets:										
Loans & advances (gross)	8,395.10	2,251.92	9,641.54	9,471.72	9,820.91	31,443.43	90,652.34	2,70,246.11	2,27,379.69	1,01,452.65
Investments	29,403.01	-	-	-	-	-	-	-	23,063.90	45,246.51

Notes:

- *The above inflows and outflows is based on scheduled maturity of the financial instruments.*
- *The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 29,736.11 lakhs scheduled for payment after 31 March 2023 for these facilities have been classified as per prevailing contractual maturity.*
- *in addition to above ₹198,599.36 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenenants.*

In addition to the investments shown in the table above, the Company also has cash and cash equivalents as mentioned below and undrawn funding lines amounting to ₹55,038.58 lakhs

- Cash & Cash Equivalents (refer note 3)	7,180.23
- Bank balances other than cash and cash equivalents (refer note 4)	38,867.95
Total	**46,048.18**

Note 43- Exposure to real estate sector

Category	As at 31 March 2022	As at 31 March 2021
A Direct exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to 15 lakhs ₹NIL. (Previous year ₹ NIL)	1,11,973.95	1,08,519.90
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;	1,57,337.55	2,05,781.85
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	Nil	Nil
- Commercial Real Estate	Nil	Nil
B Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	49,370.51	59,503.55

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 44- Exposure to capital market

	Category	As at 31 March 2022	As at 31 March 2021
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;	-	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	All exposures to Venture Capital Funds (both registered and unregistered)	-	-

Note 45- 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

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Provisions for depreciation on Investment	14,533.14	3,683.50
2	Provision towards NPA#	49,281.93	10,820.40
3	Provision made towards Income tax	-	456.55
4	Other Provision and Contingencies	1,132.03	(162.73)
5	Provision for Standard Assets and other receivable*	(7,633.87)	1,614.28

 # represents provision on Stage 3 assets

** represents provision on Stage 1, Stage 2 and other receivables (net off amount transferred for provision towards NPA)*

II - Concentration of Advances

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Total Advances to twenty largest borrowers	1,65,504.12	1,97,755.57
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	21.8%	26.8%

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

III - Concentration of Exposures

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Total Exposure to twenty largest borrowers /customers	1,84,097.53	2,27,692.30
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	23.5%	29.7%

IV - Concentration of NPAs

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Total Exposure to top four NPA accounts	6,882.17	4,198.11

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

	Particulars	As at 31 March 2022	As at 31 March 2021
1	Agriculture and allied activities	3.60%	2.06%
2	MSME	1.25%	2.65%
3	Corporate borrowers	9.86%	-
4	Services	21.67%	8.98%
5	Unsecured personal loans	-	-
6	Auto loans	29.71%	4.18%
7	Other personal loans	-	-

Note: Sectorwise classification of NPA is compiled by the Management from internal MIS and relied by the Auditors.

VI - Movement of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
Net NPAs to Net Advances (%)	7.29%	1.98%
Movement of NPAs (Gross)		
Opening balance	32,486.91	38,933.76
Additions during the year/period	1,78,033.78	29,327.51
Reductions during the year/period	(92,428.76)	(35,774.36)
Closing balance	1,18,091.93	32,486.91
Movement of Net NPAs		
Opening balance	14,211.90	31,479.15
Additions during the year/period	1,15,690.67	7,772.43
Reductions during the year/period	(79,367.58)	(25,039.68)
Closing balance	50,534.98	14,211.90
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	18,275.01	7,454.61
Provisions made during the year/period	62,343.11	21,555.08
Write-off / write-back of excess provisions	(13,061.18)	(10,734.68)
Closing balance	67,556.94	18,275.01

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

VII - Details of assignment trasactions undertaken during the period:

(including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021)

	Particulars	As at 31 March 2022	As at 31 March 2021
1	No. of accounts	-	111
2	Aggregate value (net of provisions) of accounts assigned	-	7,739.61
3	Aggregate consideration	-	7,739.61
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

VIII (A) - Details of financial assets sold to Asset Reconstruction/Securitsation Companies during the period:

	Particulars	As at 31 March 2022	As at 31 March 2021
1	No. of accounts	11,704	4,465
2	Aggregate value (net of provisions) of accounts assigned	42,800.00	35,375.09
3	Aggregate consideration	49,300.00	29,600.00
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / (loss) over net book value	-	(5,775.09)

VIII (B) Details of stressed loan transferred during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	To Asset Reconstruction Companies (ARC)	
		NPA	SMA
1	Number of accounts	2,582	9,122
2	Aggregate principal oustanding of loans transferred	12,547	43,553
3	Weighted average residual tenor of the loans transferred (in months)	31	37
4	Net book value of loans transferred (at the time of transfer)	4,910	37,890
5	Aggregate consideration	11,021	38,279
6	Additional consideration realised in respect of accounts transferred in earlier years	-	2,196

In addition to above, the Company has transferred loans of ₹ 11,184 lakhs which were written off in previous years.

VIII (C) Details of loans acquired during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	From lenders listed Clause 3	
		NPA	SMA
1	Aggregate princpial outstanding of loans acquired*	-	22,953.04
2	Aggregate consideration paid	-	22,953.04
3	Weighted average residual tenor of loans acquired (in months)	-	42.84

**Of above ₹ 18,268 lakhs pertains to balance transfer.*

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

VIII (D) - Details of STC securitsation transactions

(in terms of Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021)

	Particulars	As at 31 March 2022	As at 31 March 2021
1	No of SPVs sponsored by the NBFC for securitisation transactions	4.00	-
2	Total amount of securitised assets as per books of the SPVs sponsored	53,875.59	-
3	Total amount of exposures retained by the NBFC towards the MRR as on the date of balance sheet		
	(I) Off-balance sheet exposures towards Credit Enhancements	8,537.10	-
	(II) On-balance sheet exposures towards Credit Enhancements	-	-
	Amount of exposures to securitisation transactions		
4	Other than MRR		
	(I) Off-balance sheet exposures towards Credit Enhancements		
	a) Exposure to own securitizations	-	-
	b) Exposure to third party securitisations	-	-
	(II) On-balance sheet exposures towards Credit Enhancements		
	a) Exposure to own securitisations	931.83	-
	b) Exposure to third party securitisations	-	-
5	Sale Consideration received for the securitised assets and gain/ loss on sale on account of securitisation*	-	
	a) Sale Consideration received	60,625.81	-
	b) gain/loss on sale on account of securitisation	-	-
6	Form & quantum of Services Provided:		
	a) Collection Agent Fees	10.26	-
7	Performance of facility provided		
	I) Credit Enhancement		
	(a) Amount Paid	8,537.10	-
	(b) Repayment Received	-	-
	(c) Outstanding Amount	8,537.10	-
	II) Collection Agent fees		
	(a) Amount Paid	10.26	-
	(b) Repayment Received	(10.26)	-
	(c) Outstanding Amount	-	-
8	Amount and number of additional/top up loan given on the same underlying asset	-	-
9	Investor Compaints		
	(a) Directly/Indirectly received	-	-
	(b) Complaints Outstanding	-	-

** The Company determines average rate of default on the entire portfolio of the product. Consequently, average rate of default for a selected pool under securitisation is not available.*

IX - Customer Complaints

	Particulars	As at 31 March 2022	As at 31 March 2021
1	No. of complaints pending at the beginning of the period	29	39
2	No. of complaints received during the period	407	268
3	No. of complaints redressed during the period	427	278
4	No. of complaints pending at the end of the period	9	29

Note:

The above information of customer complaints is disclosed based on the information provided by the Management on internal MIS and has been relied upon by the Auditors.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

X - Investments

Particulars			As at 31 March 2022	As at 31 March 2021
1	Value of Investments			
	(i)	Gross Value of Investments		
		(a) In India	1,15,930.06	1,82,532.44
		(b) Outside India	-	-
	(ii)	Provision for Depreciation		
		(a) In India	18,216.64	3,683.50
		(b) Outside India	-	-
	(iii)	Net Value of Investments		
		(a) In India	97,713.42	1,78,848.94
		(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments			
	(i)	Opening balance	3,683.50	-
	(ii)	Add : Provisions made during the year	14,533.14	3,683.50
	(iii)	Less : Write-off/ write-back of excess provision during the year	-	-
	(iv)	Closing balance	18,216.64	3,683.50

XI - Registration obtained from other financial sector regulators : None

XII - Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC
Loans outstanding amounting to ₹ 59,410.82 lakhs given to 2 borrowers exceeds the prescribed Single Borrower (1 borrower) and Group Borrower (1 Group) limits computed on the basis of Owned Funds as at 31 March 2022. These loans were sanctioned in the preceding financial years and there was no breach of SBL/GBL at the time of sanction/disbursement.

XIII - Details of financing of parent Company products : None

XIV - Disclosure of penalties imposed by RBI and other regulators : Current year ₹ 26.70 lakhs plus taxes paid to SEBI relating to "Minimum Public Shareholding (MPS) Requirements" (previous year Nil).

XV - Draw down from reserves : None

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

Sr. No.	Instruments	Credit Rating Agency	As at 31 March 2022	As at 31 March 2021
1	Commercial Paper	CARE	A1+	A1+
		ICRA	A1+	A1+
		CRISIL	A1+	A1+
2	Long Term Facilities	CARE	AA-	AA-
		CRISIL	AA-	-
		INDIA RATINGS	-	AA-
3	NCD	CARE	AA-	AA-
		INDIA RATINGS	-	AA-

XVII (A) - Unsecured Advances against intangible securities : None

XVII (B) - Off-Balance Sheet Sponsored SPV : None

XVII (C) - Fraud committed against the company :

	Particulars	31 March 2022
1	No. of cases of fraud reported during the year	2
2	Amount involved (₹ In Lakhs)	391.92
3	Amount recovered (₹ In Lakhs)	-
4	Amount written off (₹ In Lakhs)	391.92

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

XVIII - Disclosures of restructured accounts

Sr. No.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others*					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured account as on 1 April 2021 (Opening Figures)	Number of Borrowers	-	-	-	-	-	5,798	667	-	-	6,465	6,465
		Amount Outstanding	-	-	-	-	-	79,225.94	12,623.08	-	-	91,849.02	91,849.02
		Provision Thereon	-	-	-	-	-	12,090.80	8,302.77	-	-	20,393.57	20,393.57
2	Fresh Restructuring during the year -(Net of closure and repayment)	Number of Borrowers	-	-	-	-	-	3,515	-	-	-	3,515	3,515
		Amount Outstanding	-	-	-	-	-	51,359.01	-	-	-	51,359.01	51,359.01
		Provision Thereon	-	-	-	-	-	16,470.84	-	-	-	16,470.84	16,470.84
	Repaid out of opening	Number of Borrowers	-	-	-	-	-	5,798	667	-	-	6,465	6,465
		Amount Outstanding	-	-	-	-	-	48,716.30	9,586.32	-	-	58,302.62	58,302.62
		Provision Thereon	-	-	-	-	-	1,938.85	6,771.63	-	-	8,710.48	8,710.48
3	Upgradations to restructured standard category during the year	Number of Borrowers	-	-	-	-	-	4	(4)	-	-	-	-
		Amount Outstanding	-	-	-	-	-	278.10	(278.10)	-	-	-	-
		Provision Thereon	-	-	-	-	-	9.10	(9.10)	-	-	-	-
4	Restructured Standard advances which cease to attract higher provisioning and/ or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the begining of the next FY	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(Currency : Indian Rupees in Lakhs)

Sr. No.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others*					Total
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
5	Downgradations of restructured accounts during FY 21-22 (Slipped to NPA as on 31 March 2022) - npa	Number of Borrowers	-	-	-	-	-	(2,641)	2,641	-	-	-	-
		Amount Outstanding	-	-	-	-	-	(34,732.71)	34,732.71	-	-	-	-
		Provision Thereon	-	-	-	-	-	(18,009.30)	18,009.30	-	-	-	-
6	Write-offs of the restructured accounts during FY 21-22	Number of Borrowers	-	-	-	-	-	(249)	(3)	-	-	(252)	(252)
		Amount Outstanding	-	-	-	-	-	(7,119.56)	(185.17)	-	-	(7,304.73)	(7,304.73)
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
7	Closed / Paidup POS of the restructured accounts during FY 21-22	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
8	Restructured account as on 31 March 2022 (Closing Figures)	Number of Borrowers	-	-	-	-	-	2,354	2,655	-	-	5,009	5,009
		Amount Outstanding	-	-	-	-	-	40,294.48	37,306.20	-	-	77,600.68	77,600.68
		Provision Thereon	-	-	-	-	-	8,622.59	19,531.34	-	-	28,153.93	28,153.93

**Includes restructuring covered under RBI Restructuring Circulars.*

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 46- Disclosure pursuant to Reserve Bank of India circular no. RBI/2019-20/220 DOR.NO.BP. BC.63/21.04.048/2019-20:

Particulars	FY2021	FY2022
Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of RBI Circular	6,600.22	-
Respective amount where asset classification benefits is extended	6,600.22	-
Provisions made in terms of paragraph 5 of RBI Circular *	660.02	-
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6	17,854.25	-
The residual provisions in terms of paragraph 6 of RBI Circular	-	-

** the Company created provision @ 10% in Q4 FY2020.*

Note 47- DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/170 DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS#	Loss Allowances (Provisions) as required under Ind AS 109#	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	4,59,830.42	8,081.48	4,51,748.94	3,260.49	4,820.99
	Stage 2	1,03,485.23	15,186.23	88,299.00	5,228.59	9,957.64
Subtotal		**5,63,315.65**	**23,267.71**	**5,40,047.94**	**8,489.08**	**14,778.63**
Non-Performing Assets (NPA)						
Substandard	Stage 1	11,917.36	691.82	11,225.54	821.95	(130.13)
	Stage 2	67,430.48	20,142.26	47,288.22	6,462.90	13,679.36
	Stage 3	1,14,538.10	65,772.61	48,765.49	10,715.84	55,056.77
Subtotal for Substandard		**1,93,885.94**	**86,606.69**	**1,07,279.25**	**18,000.69**	**68,606.00**
Doubtful - up to 1 year	Stage 2	-	-	-	-	-
	Stage 3	2,036.97	947.10	1,089.87	194.96	752.14
1 to 3 years	Stage 3	1,516.85	837.23	679.62	70.69	766.54
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		**3,553.82**	**1,784.33**	**1,769.49**	**265.65**	**1,518.68**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**1,97,439.76**	**88,391.02**	**1,09,048.74**	**18,266.34**	**70,124.68**
Total		**7,60,755.41**	**1,11,658.73**	**6,49,096.68**	**26,755.42**	**84,903.31**

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS#	Loss Allowances (Provisions) as required under Ind AS 109#	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
		-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Total	Stage 1	4,71,747.78	8,773.30	4,62,974.48	4,082.44	4,690.86
	Stage 2	1,70,915.71	35,328.49	1,35,587.22	11,691.49	23,637.00
	Stage 3	1,18,091.92	67,556.94	50,534.98	10,981.49	56,575.45
	Total	**7,60,755.41**	**1,11,658.73**	**6,49,096.68**	**26,755.42**	**84,903.31**

 # includes securitised loans in the scope of Ind-AS 109 and impairment loss allowance thereon.

Footnotes -

Sub Standard assets includes Stage 1 and Stage 2 assets considered as NPA for the limited purpose of regulatory disclosures and not assessed as credit impaired under Ind AS.

Note 48- Liquidity coverage ratio:

	Particulars	Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22		Q4 FY 2021-22	
		Amounts (Average)		Amounts (Average)		Amounts (Average)		Amounts (Average)	
		Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]
	High Quality Liquid Assets								
1	**Total High Quality Liquid Assets (HQLA)[3]**	17,369.24	17,369.24	17,435.72	17,435.72	16,274.80	16,274.80	12,238.19	12,238.19
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	188.00	216.20	188.00	216.20	188.00	216.20	81.25	93.44
4	Secured wholesale funding	30,221.91	34,755.19	18,827.80	21,651.97	22,785.73	26,203.59	24,776.61	28,493.10
5	Additional requirements, of which	33,440.66	38,456.76	33,431.21	38,445.89	47,875.00	55,056.25	50,344.44	57,896.11
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars		Q1 FY 2021-22		Q2 FY 2021-22		Q3 FY 2021-22		Q4 FY 2021-22	
		Amounts (Average)		Amounts (Average)		Amounts (Average)		Amounts (Average)	
		Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	33,440.66	38,456.76	33,431.21	38,445.89	47,875.00	55,056.25	50,344.44	57,896.11
6	Other contractual funding obligations	9,739.22	11,200.11	9,236.08	10,621.49	8,239.27	9,475.16	8,805.98	10,126.88
7	Other contingent funding obligations	137.36	157.97	153.68	176.74	81.52	93.75	125.00	143.75
8	**TOTAL CASH OUTFLOWS**	**73,727.15**	**84,786.23**	**61,836.77**	**71,112.29**	**79,169.52**	**91,044.95**	**84,133.28**	**96,753.28**
	Cash Inflows								
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	11,141.51	8,356.13	10,938.62	8,203.97	13,898.11	10,423.58	20,942.29	15,706.72
11	Other cash inflows	1,17,394.22	88,045.66	81,246.25	60,934.69	74,894.42	56,170.82	1,28,433.58	96,325.19
12	**Total Cash Outflows**	**1,28,535.73**	**96,401.79**	**92,184.87**	**69,138.66**	**88,792.53**	**66,594.40**	**1,49,375.87**	**1,12,031.91**

		Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
13	Total HQLA	17,369.24	17,435.72	16,274.80	12,238.19
14	Total Net Cash Outflows	21,196.56	17,778.07	24,450.55	24,188.32
15	Liquidity Coverage Ratio (%)	81.94%	98.07%	66.56%	50.60%

1 Unweighted value calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

2 Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%)

3 The Company, during the quarter ended 31 March 2022, had maintained average HQLA. HQLA primarily includes cash on hand, bank balances in current account and Government securities.

4. In preparation of LCR, the management has made certain estimates/assumptions and compiled the information from internal MIS and records, which has been relied upon by the auditors.

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 49 - Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

	Particulars	As at March 31, 2022	
		Amount outstanding	Amount overdue
	Liabilities side :		
(1)	**Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**		
	(a) Debenture : Secured	95,769.65	-
	: Unsecured	57,500.00	-
	(b) Deferred Credits	-	-
	(c) Term Loans	2,27,923.89	-
	(d) Inter-corporate loans and borrowing	1,118.11	-
	(e) Commercial Paper	44,523.97	-
	(f) Public Deposits (Refer Note 2 below)	-	-
	(g) Other Loans	1,21,462.82	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**		
	(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 :	As at March 31, 2022
		Amount outstanding
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**	
	(a) Secured	7,18,173.66
	(b) Unsecured	42,581.75
(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	-

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Assets side :	As at March 31, 2022
(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	29,403.01
(iv) Government Securities	-
(v) Others (Please specify)	-
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	45,246.51
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others: Securities receipts	23,063.90

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

Category	Amount (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	6,19,617.02	29,479.66	6,49,096.68

NOTES
TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

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

Category		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties		
	(a) Subsidiaries	45,246.51	45,246.51
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
2.	Other than related parties	29,403.01	29,403.01

(8) Other information

	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	1,18,091.93
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	50,534.98
(iii)	Assets acquired in satisfaction of debt	-

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

Note 50 - The Company does not have any unhedged foreign currency exposure for the year ended 31 March 2022.

Note 51 - Figures for the previous year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current year presentation.

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

INDEPENDENT AUDITOR'S REPORT

To
The Members of
IndoStar Capital Finance Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of IndoStar Capital Finance Limited (the "Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditor on separate financial statements of the subsidiary referred to in the Other Matters section below, except for the possible effects of the matter described in the Basis for Qualified Opinion section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2022, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

1. As at 31 March, 2022, the gross loan balances relating to Commercial Vehicle (CV) loans and Small and Medium Enterprises (SME) loans of the Parent are ₹448,399 lakhs and ₹153,484 lakhs, respectively out of total gross loans of ₹760,755 lakhs. The impairment allowance of ₹111,659 lakhs as at 31 March, 2022 includes impairment allowance of ₹88,628 lakhs and ₹8,503 lakhs for CV and SME loans, respectively. Further, the security receipts relating to CV loans and related impairment allowance are ₹41,281 lakhs and ₹18,217 lakhs respectively and the fair value of the financial guarantee relating to CV loans included within other financial liabilities is ₹2,993 lakhs as at 31 March, 2022.

As a result of control deficiencies in the CV and SME loans portfolio identified during the audit for the year ended 31 March, 2022, the Audit Committee of the Parent, appointed an external agency to:

(a) review existence of the borrowers for the CV and SME loans;

(b) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;

(c) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans.

Further, the Audit Committee of the Parent has also appointed an external law firm to review the transactions pertaining to the CV and SME loans portfolio for (i) identifying the root cause of control deficiencies, (ii) evaluating the business rationale for transactions executed through deficient controls and (iii) examining documentation and interacting with identified employees / ex-employees to understand the transactions which were processed through deficient controls ("Conduct review").

As at the date of this Report, the external agency provided their report on matters relating to (a) to (c) above which was considered by the Parent in recording an impairment allowance (net of recoveries) of ₹115,077 lakhs for the year ended 31 March, 2022 (includes ₹48,075 lakhs for CV loans, ₹782 lakhs for SME loans, ₹14,533 lakhs for investment in Security Receipts and ₹1,351 lakhs for changes in fair value of financial guarantee contracts and ₹57,764 lakhs was recorded for loan assets written off during the year).

As per information and explanations provided to us, the external law firm has not submitted their findings relating to the Conduct review stated above to the Audit Committee of the Company. Further, the Group has concluded that it is impracticable to determine the prior period-specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year ended 31 March, 2022 in respect of account balances identified above and explained by the Group in Note 42.2 and 42.3 to the consolidated financial statements. As a

result, we are unable to determine whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the Conduct review for:

i) the impairment allowance and therefore the carrying value of CV and SME loans;

ii) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;

iii) the fair value of financial guarantee contracts relating to CV portfolio;

iv) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;

v) presentation and disclosures in the consolidated financial statements arising due to consequential impact arising from i) to iv) above.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Material uncertainty related to Going Concern

As discussed in Note 42.4 to the consolidated financial statements, the total liabilities of the Parent exceed the total assets maturing within 12 months by ₹220,604 lakhs and for certain borrowings, the gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios have exceeded thresholds because of additional impairment allowance recorded during the year. These events or conditions, along with other matters as set forth in Note 42.4 of the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Parent's ability to continue as a going concern. The consolidated financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 42.1 to the consolidated financial statements which describes the effects of continuing uncertainty, if any, arising from COVID-19 pandemic on significant assumptions relating to the measurement of financial assets for the year ended 31 March, 2022.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Allowances for Expected Credit Losses (ECL) on Corporate loans and Home loans:** (Refer Notes 5 and 2.3(f)(i) to the consolidated financial statements) As at 31 March, 2022, Corporate loan and home loan assets aggregated ₹263,886 lakhs (net of ECL ₹16,539 lakhs), which are measured at amortised cost, constituting 27% of the Group's total assets. As part of our risk assessment, we determined that significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for ECL on corporate loans and home loans has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Staging the loan assets i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories • Basis used for estimating Probabilities of Default ("PD"); • Basis used for estimating Loss Given Default ("LGD"); Adjustments to model driven ECL results, to address emerging trends including the impact of COVID19 pandemic.	Principal audit procedures performed: We have read and assessed the accounting policies and the governance framework approved by the Board of Directors of the respective companies. We have verified the methodology adopted for computation of ECL ("ECL Model") on corporate loans and home loans that complies with policies approved by the Board of Directors of the respective companies, procedures and controls for assessing and measuring credit risk on the Corporate loan and Home loan assets measured at amortised cost. Our audit procedures related to the allowance for ECL on Corporate loans and home loans for the samples tested included the following, among others: • testing the completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors of the respective companies including the appropriateness of the qualitative factors applied by management for staging of loans as SICR or default categories in view of Parent's policy on restructuring; • appropriateness of information used in the estimation of the PD and LGD; and • mathematical accuracy of the computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model including the impact of COVID19 pandemic.
2.	**Impairment of Goodwill relating to Commercial Vehicle (CV) Business** (Refer Note 12 to the consolidated financial statements) The Parent has recognised Goodwill of ₹30,018 lakhs as at 31 March, 2022 (representing 3% of Group's total assets) pertaining to CV business. The Parent's evaluation of goodwill for impairment involves the comparison of the recoverable value of CV business to its carrying value. The Parent determines the recoverable value based on value in use calculation, which requires management to make significant estimates and assumptions related to net income margin ("spread") and discount rate. Changes in these assumptions could have a significant impact on either the recoverable value, the amount of goodwill impairment charge, or both.	Principal audit procedures performed: Our audit procedures related to management's judgments regarding spread and discount rate assumptions used in determining the recoverable value of the CV business included the following, among others: • evaluating management's ability to accurately forecast future profits derived based on forecast spread by comparing actual results to management's historical forecasts. • We evaluated the reasonableness of management's forecast of spread assumptions by comparing the forecasts to: o Historical spread. o information included in Parent press releases, analyst and industry reports for the Company and certain of its peer companies.

	As part of our risk assessment, we determined that the impairment of Goodwill has a high degree of estimation uncertainty which involved increased level of audit focus in view of losses incurred by the CV business and the Parent during the year.	o internal communications to management and the Parent's Board of Directors, including consideration of COVID19 impacting the forecast. • We evaluated the reasonableness of discount rate by testing the underlying information used in determination of the discount rate and the mathematical accuracy of the calculation.
3.	**Deferred Tax Asset:** (Refer Notes 9 and 29 to the consolidated financial statements) The Parent has recognised Deferred tax assets (net) of ₹31,669 lakhs as at 31 March, 2022 (representing 3% of Group's total assets) The Group recognises Deferred tax assets for all deductible temporary differences including carry forward of unused tax credits and any unused tax losses. Management applies judgement to evaluate whether sufficient future taxable profit will be available against which the deductible temporary differences, and unused tax losses can be utilised within the timelines permissible by the applicable tax laws, to allow utilisation of the deferred tax asset so recognised. Further, the Group reviews the carrying amount of deferred tax assets at each reporting date and reduces to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Given the Parent has a history of recent losses and unused tax losses, we identified management's estimation of availability of sufficient taxable profit in future against which the unused tax losses can be utilised within the timelines permissible under the applicable tax laws as a key audit matter because of the significant judgments and estimates management makes related to estimation of taxable profits.	Principal audit procedures performed: Our audit procedures related to the estimation of availability of sufficient taxable profit in the future against which the unused tax losses can be utilised, included the following, among others: • Evaluation of management's ability to accurately estimate taxable profit by comparing actual results to management's historical estimates and evaluating whether there have been any changes that would affect management's ability to continue accurately estimating taxable profits. • Evaluation of sources of management's estimated taxable profit were of the appropriate nature and sufficient to utilize the deferred tax assets within the timelines permissible under the relevant tax law. • Evaluation of future taxable profit with evidence obtained in other areas of the audit.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the information included in the management discussion and analysis and Board's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditor, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to conclude whether (i) any adjustments are required for prior period(s) relating to the impairment recorded for the year ended 31 March, 2022 and (ii) any additional adjustments to the year ended 31 March, 2022 and prior period(s) are required relating to the outcome of the Conduct review. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events

or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

(a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹129,708 lakhs as at 31 March, 2022, total revenue from operations of ₹14,461 lakhs and net cash outflows amounting to ₹173 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on the separate financial statements of the subsidiary, referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) Except for the possible effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditor.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss

including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section above, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) The matter described in the Basis for Qualified Opinion section and in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Group/Parent.

f) On the basis of the written representations received from the directors of the Parent Company as on 31 March, 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary company incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses adverse opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies, the remuneration paid by the Parent and such subsidiary companies to their directors during the year is in accordance with the provisions of section 197 of the Act.

j) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.

ii) The Group 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 Parent, and its subsidiary companies.

iv) (a) The respective Management of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief and on a best effort basis, other than as disclosed in the Note 42.5 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Management of the Parent and its subsidiaries, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the

other auditors of such subsidiaries, respectively that, to the best of their knowledge and belief and on a best effort basis, other than as disclosed in the Note 42.5 to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, and subject to our modification in the Basis for Qualified Opinion and the Parent's inability to disclose all the required information specified in the Schedule III to the Act as disclosed in Note 42.5 to the consolidated financial statements, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The dividend on compulsorily convertible preference shares declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable.

The Parent and its subsidiaries, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year on its equity shares.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said respective companies included in the consolidated financial statements except for the following:

Name of the company	CIN	Nature of relationship	Clause Number of CARO report with qualification or adverse remark
IndoStar Capital Finance Limited	L65100MH2009 PLC268160	Parent	(iii)(b); (iii)(c); (iii)(d); (xi)(a); (xiv)(a); (xvii).

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Neville M. Daruwalla
Partner
Membership No. 118784
(UDIN: 22118784AOKCCC9646)

Place: Mumbai
Date: August 5, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March, 2022, we have audited the internal financial controls over financial reporting of IndoStar Capital Finance Limited (hereinafter referred to as "the "Parent") and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary company, which is company incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which is company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our adverse audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary company, which is company incorporated in India.

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.

Basis for Adverse opinion

With respect to the Parent, according to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Parent's internal financial controls over financial reporting as at 31 March, 2022:

a) entity level control environment related to governance and risk management policies pertaining to the Parent's loan portfolio;

b) credit appraisals, sanctioning and disbursements related to commercial vehicle (CV) loan portfolio and small and medium enterprise (SME) loan portfolio;

c) collection and recoveries related to the CV loan portfolio and SME loan portfolio;

d) identification of modification to terms of loans and consequent staging of the CV and SME loans portfolio in accordance with Ind AS 109 – Financial Instruments;

e) review and approval of assumptions used to estimate the expected credit loss allowance of exposures relating to CV loan portfolio;

f) technical competency to review and record non-routine or complex transactions as noted in points (d) to (e) above;

g) segregation of duties resulting in the deficiencies noted in points (b) to (e) above;

h) monitoring controls related to deficiencies noted in points (a) to (e) above;

i) financial close reporting process related to measurement and presentation of CV and SME loans consequent to the deficiencies noted from points (a) to (f) above.

These control deficiencies could potentially result into inappropriate measurement and presentation related to the impairment allowance relating to CV and SME loan portfolio, security receipts relating to CV loans, fair value of financial-guarantee contract and related account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the possible effects of the material weaknesses described in the Basis for Adverse Opinion paragraph above on achievement of the objectives of the control criteria, the Group which comprises of the Parent and its subsidiary company incorporated in India, have not maintained adequate internal financial controls over financial reporting and such internal controls over financial reporting were not operating effectively as of 31 March, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Company as at and for the year ended 31 March, 2022, and these material weaknesses has affected our opinion on the said consolidated Ind AS financial statements of the Company.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Neville M. Daruwalla
Partner
Membership No. 118784
(UDIN: 22118784AOKCCC9646)

Place: Mumbai
Date: August 5, 2022

CONSOLIDATED BALANCE SHEET

as at March 31, 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	8,027.20	27,917.57
Bank balances other than cash and cash equivalents	4	40,938.43	24,096.60
Loans	5	7,70,693.86	7,13,933.61
Investments	6	54,767.03	1,59,136.05
Other financial assets	7	10,098.19	14,377.47
		8,84,524.71	**9,39,461.30**
Non-financial assets			
Current tax assets (net)	8	6,896.18	12,053.80
Deferred tax assets (net)	9	31,669.41	14,519.21
Property, plant and equipment	10	7,271.54	6,092.79
Assets Held for sale	11	1,300.00	2,087.45
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	1,311.70	452.43
Other non-financial assets	13	3,155.26	3,697.58
		81,622.78	**68,921.95**
TOTAL ASSETS		**9,66,147.49**	**10,08,383.25**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		30.20	8.12
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		241.12	386.29
Debt securities	15	1,97,793.62	2,01,276.18
Borrowings (other than debt securities)	16	4,24,550.02	3,99,483.46
Other financial liabilities	17	49,135.97	35,720.24
		6,71,750.93	**6,36,874.29**
Non-financial liabilities			
Current tax liabilities (net)	8	0.57	-
Provisions	18	701.89	757.95
Deferred tax liabilities (net)	9	80.75	225.72
Other non-financial liabilities	19	705.28	700.20
		1,488.49	**1,683.87**
TOTAL LIABILITIES		**6,73,239.42**	**6,38,558.16**
Equity			
Equity share capital	20	13,607.93	12,373.03
Preference share capital	20	-	1,206.90
Other equity	21	2,79,300.14	3,56,245.16
TOTAL EQUITY		**2,92,908.07**	**3,69,825.09**
TOTAL LIABILITIES AND EQUITY		**9,66,147.49**	**10,08,383.25**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Neville M. Daruwalla
Partner

Place: Mumbai
Date: 5 August 2022

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	22		
Interest income		1,06,716.39	1,17,387.64
Fees and commission income		4,439.22	3,265.98
Net gain on fair value changes		2,403.03	4,895.30
Net gain on derecognition of financial instruments measured at amortised cost category		2,710.60	2,430.16
Total revenue from operations		**1,16,269.24**	**1,27,979.08**
Other income	23	1,159.79	736.79
Total income		**1,17,429.03**	**1,28,715.87**
Expenses			
Finance cost	24	53,953.96	70,861.24
Impairment on financial instruments	25	1,15,847.44	46,198.02
Employee benefit expenses	26	20,503.62	17,371.25
Depreciation and amortization expenses	27	3,538.48	3,350.19
Other expenses	28	13,221.68	12,824.50
Total expenses		**2,07,065.18**	**1,50,605.20**
Profit/(loss) before tax		**(89,636.15)**	**(21,889.33)**
Tax expense:	29		
1. Current tax		1,325.75	380.42
2. Tax of earlier years		2.36	456.50
3. Deferred tax expenses		(17,313.03)	(1,315.76)
Total tax expenses		**(15,984.92)**	**(478.84)**
Profit/(loss) after tax		**(73,651.23)**	**(21,410.49)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		64.26	11.42
- Income tax relating to items that will not be reclassified to profit or loss		(16.17)	(2.29)
		48.09	**9.13**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		6.72	(6.72)
- Income tax relating to items that will be reclassified to profit or loss		(1.69)	1.69
		5.03	**(5.03)**
Other comprehensive income for the year, net of tax		**53.12**	**4.10**
Total comprehensive income for the year		**(73,598.11)**	**(21,406.39)**
Earnings per equity share	29		
Basic earnings per share (₹)		(59.51)	(20.83)
Diluted earnings per share (₹)		(59.51)	(20.83)
(Equity Share of face value of ₹ 10 each)			

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Neville M. Daruwalla
Partner

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

Place: Mumbai
Date: 5 August 2022

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A	**Cash Flow from Operating Activities**		
	Profit/(loss) before tax	(89,636.15)	(21,889.33)
	Adjustments for :		
	Interest income on financial assets	(1,06,716.39)	(1,17,387.64)
	Finance costs	53,953.96	70,861.24
	Depreciation and amortisation expense	3,538.48	3,350.19
	Loss on sale of property plant and equipment	31.86	623.22
	Provisions for expected credit loss	1,15,847.44	46,198.03
	Provision for asset held for sale	(117.79)	108.76
	Provision for gratuity, compensated absences and employee advances	228.12	55.27
	Employee share based payment expense	1,989.44	963.01
	Net gain on fair value changes	(2,403.03)	(4,895.30)
	Net gain on derecognition of financial instruments measured at amortised cost category	(2,710.60)	(2,430.16)
		(25,994.66)	**(24,442.71)**
	Interest income realised on financial assets	1,01,788.45	1,19,964.99
	Finance costs paid	(58,752.78)	(66,756.48)
	Cash generated from operating activities before working capital changes	**17,041.01**	**28,765.80**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(1,93,618.90)	49,066.67
	(Increase)/Decrease in other financial assets	4,591.31	20,337.37
	(Increase)/Decrease in other non-financial assets	866.22	2,277.89
	Increase/(Decrease) in trade payable	(123.09)	(715.42)
	Increase/(Decrease) in other financial liabilities	11,029.71	6,409.04
	Increase/(Decrease) in other non-financial liabilities	5.08	148.15
	Cash (used in)/generated from operating activities	**(1,60,208.66)**	**1,06,289.50**
	Taxes (paid) / refund	3,830.08	496.25
	Net cash (used in)/generated from operating activities (A)	**(1,56,378.58)**	**1,06,785.75**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(2,278.23)	(681.58)
	Sale of property, plant and equipment	15.38	645.04
	Sale / (Purchase) of Assets held for Sale	595.28	-
	Purchase of intangible assets	(1,333.87)	(345.34)
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(16,841.83)	13,572.63
	(Acquisition)/redemption of investments measured at FVTPL (net)	98,401.04	(99,782.51)
	(Acquisition)/redemption of investments measured at FVOCI (net)	12,672.72	(12,640.35)
	(Acquisition)/redemption of investments measured at amortised cost (net)	25,273.03	-
	Net cash generated from / (used in) investing activities (B)	**1,16,503.52**	**(99,232.11)**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

Particulars		For the year ended 31 March 2022	For the year ended 31 March 2021
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity shares (including securities premium and net off of share issue expenses)	540.97	1,22,212.76
	Proceeds from bank borrowings	2,13,596.03	1,05,599.33
	Repayments towards bank borrowings	(1,89,104.67)	(2,11,691.69)
	Proceeds from issuance of Non-Convertible Debentures	74,590.00	55,000.00
	Repayments towards Non-Convertible Debentures	(1,04,580.00)	(78,500.00)
	Proceeds from/(repayments towards) Commercial Papers (net)	32,211.77	12,312.49
	Payment of lease liabilities	(1,420.09)	(1,404.13)
	Dividend paid on Compulsorily Convertible Preference Shares	(5,849.32)	-
	Net cash generated from financing activities (C)	**19,984.69**	**3,528.76**
	Net (decrease) / Increase in cash and cash equivalents (A) + (B) + (C)	**(19,890.37)**	**11,082.40**
	Cash and Cash Equivalents at the beginning of the year	**27,917.57**	**16,835.17**
	Cash and Cash Equivalents at the end of the year	**8,027.20**	**27,917.57**
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	393.96	461.22
	Balances with banks		
	- in current accounts	7,229.19	11,379.55
	Deposits with original maturity of less than 3 months	404.05	16,076.80
	Total	**8,027.20**	**27,917.57**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

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

Neville M. Daruwalla
Partner

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

Place: Mumbai
Date: 5 August 2022

STATEMENT OF CHANGES IN EQUITY (SOCIE)

for the year ended March 31, 2022

(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹10/- each

	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2022	12,373.03	-	12,373.03	1,234.90	13,607.93
As at 31 March 2021	9,245.09	-	9,245.09	3,127.94	12,373.03

(b) Preference share capital of face value of ₹10/- each

	Balance at the beginning of the current reporting period	Changes in Preference Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Preference Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2022	1,206.90	-	1,206.90	(1,206.90)	-
As at 31 March 2021	-	-	-	1,206.90	1,206.90

(c) Other equity

Particulars	Reserves and surplus							Other comprehensive income	Total
	Securities Premium Account	Statutory Reserves U/s 45-1C	Statutory Reserve U/s Section 29C	Capital Reserve	Share options outstanding account	General reserves	Retained earnings		
(i) Balance at 1 April 2021	**2,91,369.61**	**25,905.39**	**851.51**	**0.43**	**5,375.17**	**1,970.49**	**30,777.59**	**(5.03)**	**3,56,245.16**
Profit after tax for the year	-	-	-	-	-	-	(73,651.23)	-	(73,651.23)
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	5.03	5.03
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	48.09	-	48.09
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(73,603.14)**	**5.03**	**(73,598.11)**
Transferred from Retained earnings	-	-	686.17	-	-	-	(686.17)	-	-
Dividend on CCPS	-	-	-	-	-	-	(5,849.32)	-	(5,849.32)
Share issue expenses	-	-	-	-	-	-	(98.69)	-	(98.69)
Share based payment expense	-	-	-	-	-	-	-	-	-
Transfer from ESOP reserves	226.36	-	-	-	1,706.79	56.29	-	-	1,989.44
Shares issued during the year	611.66	-	-	-	-	-	-	-	611.66
Balance at 31 March 2022	**2,92,207.63**	**25,905.39**	**1,537.68**	**0.43**	**7,081.96**	**2,026.78**	**(49,459.73)**	**-**	**2,79,300.14**
(ii) Balance at 1 April 2020	**1,71,434.68**	**25,905.39**	**292.48**	**0.43**	**8,472.33**	**-**	**52,705.97**	**-**	**2,58,811.28**
Loss after tax for the year	-	-	-	-	-	-	(21,410.49)	-	(21,410.49)
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	(5.03)	(5.03)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	9.13	-	9.13
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(21,401.36)**	**(5.03)**	**(21,406.39)**
Transferred from Retained earnings	-	-	559.03	-	-	-	(559.03)	-	-
Share issue expenses	(2,971.35)	-	-	-	-	-	-	-	(2,971.35)
Share based payment expense	-	-	-	-	963.01	-	-	-	963.01
Transfer from ESOP reserves	2,057.67	-	-	-	(4,060.17)	1,970.49	32.01	-	-
Shares issued during the year	1,20,848.61	-	-	-	-	-	-	-	1,20,848.61
Balance at 31 March 2021	**2,91,369.61**	**25,905.39**	**851.51**	**0.43**	**5,375.17**	**1,970.49**	**30,777.59**	**(5.03)**	**3,56,245.16**

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Neville M. Daruwalla
Partner

Place: Mumbai
Date: 5 August 2022

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

1 Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21 July 2009 and is domiciled in India. The Company is registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) vide certificate No. N-13.02109. The Company together with its subsidiaries (collectively, the Group), is primarily engaged in lending activities.

IndoStar Capital Finance Limited is engaged in business of lending to used and new Commercial Vehicles, Corporates and SME businesses. The Company has two subsidiaries, IndoStar Asset Advisory Private Limited which is primarily engaged in business of investment advisory and asset managemen t services and IndoStar Home Finance Private Limited which is engaged in housing finance business.

2 Basis of Preparation, Basis for Consolidation and Significant accounting policies

2.1.a Basis of Preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Financial Companies ("NBFC"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Group shall be able to continue its business for the foreseeable future. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.1.b Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2022. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March 2022.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

2.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III to Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business;
- the event of default;
- the event of insolvency of bankruptcy of the Group or its counterparties.

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments. Financial instruments are recognised when the Company becomes a party to the contractual terms of the instruments.

(i) Classification of Financial Instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss (FVTPL) such as derivative liabilities. Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

(ii) Assessment of business model and cash flows for financial assets

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model determines whether the cash flows

will be generated by collecting contractual cash flows, selling financial assets or by both.

The Group's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed; and

(iii) The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Group assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans and Debt instruments at amortised cost

A 'loan or debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are those that are either held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met (such designation is determined on an instrument-by-instrument basis):

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

recognising gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

(d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

(e) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'Provisions') at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss. The premium/deemed premium is recognised in the statement of Profit and Loss on a straight line basis over the life of the guarantee.

(f) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(v) Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

(vi) Derecognition of financial assets in following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially it becomes a new loan with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification
Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Write off

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

c) Property plant and equipments

Recognition and measurement

Property, plant and equipment (PPE) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably.

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Group and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance expenses are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

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

Particulars	Estimated useful life by the Group	Useful life as prescribed by Schedule II of the Companies Act 2013
Computers	3 years	3 years
Office Equipments	5 years	5 years
Office Equipments - mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Property, plant and equipment items individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

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

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

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.

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

d) Intangible assets

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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

e) Business Combination and goodwill thereon

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital reserve. When the transaction is of nature other than bargain purchase, then the gain is recognised in OCI and accumulated in equity as capital reserve.

f) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles for Financial assets

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Advances where the amount remains due for more than 90 days are considered to be stage 3 assets.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

(c) Calculation of ECL:

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Group is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Group computes the ECL allowance on either individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has grouped its loan portfolio into Corporate loans, SME loans, Commercial vehicle loans and Home loans

ECL on Trade Receivables: The Group applies the simplified approach for computation of ECL on trade receivables as allowed as per Ind AS 109. Thus, the Group is recognising lifetime ECL for trade receivables.

Significant increase in Credit Risk

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there

has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loan becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets.

For the purpose of counting of days past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID-19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the Group.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of new covenants or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If this does not clearly indicate a substantial modification, then:

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12 month ECL except in the rare occasions where the new loan is considered to be originated credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12 month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Presentation of ECL allowance in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

(ii) Financial Liabilities

(a) Loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(b) Financial guarantee contracts

The Group's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Group has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

(iii) Non-financial assets

(a) Intangible 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 when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Group is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated form the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Group. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115::

Step 1: Identify contract(s) with a customer;

Step 2: Identify performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract;

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

(a) Recognition of interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Group revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(b) Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(c) Syndication, advisory & other fees

Syndication, advisory & other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) Origination fees

Origination fees, which the Group has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) Management Fees:

Management fees and other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(f) Assignment income

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(g) Securitisation transactions :

In accordance with Ind AS 109, in case of securitisation transactions, the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) Net gain/(loss) on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is

recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

(i) Sourcing and servicing fee

The revenue from the contract as a service provider (sourcing and collection agent) on behalf of customer, is recognised upfront for services rendered as sourcing agent and on straight line basis over the loan tenure for services in the nature of collection and performance agent. The financial guarantee provided under the service contract is recognised at fair value on sourcing and is amortised over the period of contract with subsequent measurement at higher of the unamortised value as per Ind AS 115 or expected credit losses as per Ind AS 109.

h) Finance Costs

The Group recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

i) Retirement and other employee benefits

(i) Defined Contribution Plan

Provident Fund

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

(ii) Defined Benefit schemes

(a) Gratuity

The Group 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 Group 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.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Compensated absences

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.

j) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Group as a lessee

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. ***Determination of lease term***

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. ***Discount Rate***

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) Foreign currency translation

Functional and presentational currency

The financial statements are presented in Indian Rupees which is also functional currency of the Group and the currency of the primary economic environment in which the Group operates.

m) Provisions

A provision is recognised when the Group 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.

n) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in

which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

p) 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 Group or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

q) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Group. In addition, the following specific accounting policies have been followed for segment reporting:

i) Segment revenue includes operational revenue directly identifiable with/ allocable to the segment.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.

iii) Income which relates to the Group as a whole and not allocable to segments is included in "unallocable corporate income / (expenditure)(net)".

iv) Segment result includes the finance costs incurred on interest bearing advances with corresponding credit included in "unallocable corporate income/(expenditure)(net)".

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit losses, fair value measurement, business projections used for the purpose of goodwill impairment etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 Securities premium account

a) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued;
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

b) The issue expenses of securities which qualify as equity instruments are written off against securities premium account/ retained earning in accordance with Ind AS.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents		
Cash on hand	393.96	461.22
Balances with banks		
- in current accounts	7,229.19	11,379.55
Deposits with original maturity of less than three months	404.05	16,076.80
	8,027.20	**27,917.57**

Note 4

Particulars	As at 31 March 2022	As at 31 March 2021
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	3,055.49	359.61
Earmarked deposits with banks	37,882.94	23,736.99
	40,938.43	**24,096.60**

Note 5

Particulars	As at 31 March 2022	As at 31 March 2021
Loans		
At amortized cost		
Business Loans		
Corporate lending	1,56,847.87	1,91,751.96
Small and medium enterprises lending (SME)	1,53,484.44	1,46,318.61
Commercial vehicle lending	4,48,398.97	3,58,655.67
Home Loans	1,23,577.53	85,355.75
Other loans	2,024.13	1,738.50
Total - Gross	**8,84,332.94**	**7,83,820.49**
Less: Impairment allowance	(1,13,639.08)	(69,886.88)
Total - Net	**7,70,693.86**	**7,13,933.61**
(a) Secured by tangible assets	8,41,751.19	7,67,970.85
(b) Unsecured	42,581.75	15,849.64
Total - Gross	**8,84,332.94**	**7,83,820.49**
Less: Impairment allowance	(1,13,639.08)	(69,886.88)
Total - Net	**7,70,693.86**	**7,13,933.61**
Loans in India		
(a) Public sector	-	-
(b) Others	8,84,332.94	7,83,820.49
Total - Gross	**8,84,332.94**	**7,83,820.49**
Less: Impairment allowance	(1,13,639.08)	(69,886.88)
Total - Net (a)	**7,70,693.86**	**7,13,933.61**
Loans outside India (b)	**-**	**-**
Total - Net (a)+(b)	**7,70,693.86**	**7,13,933.61**

Footnotes

i) Stage classification of loans, investments and its impairment allowance is disclosed in Note 31(D) and Note 31(E).

ii) Loans covered under security receipts are presented as part of "Note 6 - Investment".

iii) Secured indicates loans secured, wholly or partly, by way of hypothecation of vehicle and / or equitable mortgage of property and or equipment.

iv) Also refer Note 33.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 6

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Investments as on 31 March 2022				
Mutual funds	-	-	31,703.13	31,703.13
Security Receipts*	41,280.54	-	-	41,280.54
Total - Gross	**41,280.54**	**-**	**31,703.13**	**72,983.67**
Investments in India	41,280.54	-	31,703.13	72,983.67
Investments outside India	-	-	-	-
Total - Gross	**41,280.54**	**-**	**31,703.13**	**72,983.67**
Less: Impairment loss allowance	(18,216.64)	-	-	(18,216.64)
Total - Net	**23,063.90**	**-**	**31,703.13**	**54,767.03**

(net of amount written off ₹ 17,609.05 lakhs)*

1. Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Investments as on 31 March 2021				
Mutual funds	-	-	1,27,637.20	1,27,637.20
Treasury Bills	-	12,729.94	-	12,729.94
Security Receipts*	22,452.41	-	-	22,452.41
Total - Gross	**22,452.41**	**12,729.94**	**1,27,637.20**	**1,62,819.55**
Investments in India	22,452.41	12,729.94	1,27,637.20	1,62,819.55
Investments outside India	-	-	-	-
Total - Gross	**22,452.41**	**12,729.94**	**1,27,637.20**	**1,62,819.55**
Less: Impairment loss allowance	(3,683.50)	-	-	(3,683.50)
Total - Net	**18,768.91**	**12,729.94**	**1,27,637.20**	**1,59,136.05**

(net of amount written off ₹ 9,315.85 lakhs)*

Note 7

Particulars	As at 31 March 2022	As at 31 March 2021
Other financial assets		
Security deposit	4,525.55	964.14
Assignment receivables	4,841.54	5,391.20
Other Receivables	1,100.47	9,993.95
	10,467.56	**16,349.29**
Less: Impairment allowance	(369.37)	(1,971.82)
	10,098.19	**14,377.47**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 8

Particulars	As at 31 March 2022	As at 31 March 2021
Current tax assets (net)		
Advance Tax (net of provision)	6,896.18	12,053.80
	6,896.18	**12,053.80**
Current tax liabilities (net)		
Provision for tax (net of advance tax)	0.57	-
	0.57	**-**

Note 9

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	33,220.00	15,432.92
Provision for gratuity	127.89	124.57
Provision for compensated absences	38.22	33.14
Debt instruments through OCI	-	1.69
Lease liabilities	47.95	40.04
Income amortisation	172.40	408.29
Other items of disallowance	581.14	-
Depreciation on PPE and intangible assets	705.55	539.71
Impairment loss allowance on assets held for sale	-	32.79
Carried forward book losses	6,005.75	7,427.23
Total (A)	**40,898.89**	**24,040.38**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(1,218.54)	(1,356.86)
Borrowing cost amortisation	(536.59)	(834.93)
Total (B)	**(9,310.23)**	**(9,746.89)**
Net deferred tax asset (A-B)	**31,588.66**	**14,293.49**
Deferred tax assets		
IndoStar Capital Finance Limited	31,669.41	14,519.21
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax assets (A)	**31,669.41**	**14,519.21**
Deferred tax liabilities		
IndoStar Home Finance Private Limited	80.75	225.72
Total deferred tax liabilities (B)	**80.75**	**225.72**
Net deferred tax asset (A-B) (also refer Note 29)	**31,588.66**	**14,293.49**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 10

DESCRIPTION	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right-of-Use Assets	Total
Property, plant and equipment								
Cost as at 1 April 2020	**15.05**	**1,050.30**	**754.22**	**4,582.36**	**625.59**	**2,247.04**	**3,242.59**	**12,517.15**
Additions	-	-	8.05	241.58	23.34	408.62	1,640.22	2,321.91
Disposals	-	(1,050.30)	(0.92)	(28.70)	(4.30)	-	(367.71)	(1,451.93)
Cost as at 31 March 2021	**15.05**	**-**	**761.35**	**4,795.24**	**644.63**	**2,655.66**	**4,515.10**	**13,387.13**
Additions	-	-	57.37	935.42	97.51	1,187.93	2,900.48	5,178.71
Disposals	-	-	(0.28)	(304.76)	(2.89)	(25.99)	(1,216.75)	(1,550.67)
Cost as at 31 March 2022 (A)	**15.05**	**-**	**818.44**	**5,425.90**	**739.25**	**3,817.60**	**6,198.83**	**17,015.17**
Accumulated depreciation as at 1 April 2020	**-**	**38.25**	**167.57**	**1,949.16**	**189.45**	**1,298.38**	**1,012.73**	**4,655.54**
Depreciation charged during the year	-	7.69	158.45	951.90	151.87	658.86	1,144.93	3,073.70
Disposals	-	(45.94)	(0.55)	(18.54)	(2.16)	-	(367.71)	(434.90)
Accumulated depreciation as at 31 March 2021	**-**	**-**	**325.47**	**2,882.52**	**339.16**	**1,957.24**	**1,789.95**	**7,294.34**
Depreciation charged during the year	-	-	193.79	1,020.74	136.36	510.18	1,202.81	3,063.88
Disposals	-	-	(0.22)	(233.56)	(2.31)	(24.96)	(353.54)	(614.59)
Accumulated depreciation as at 31 March 2022 (B)	**-**	**-**	**519.04**	**3,669.70**	**473.21**	**2,442.46**	**2,639.22**	**9,743.63**
Net carrying amount as at 31 March 2022 (A) - (B)	**15.05**	**-**	**299.40**	**1,756.20**	**266.04**	**1,375.14**	**3,559.61**	**7,271.54**
Net carrying amount as at 31 March 2021	**15.05**	**-**	**435.88**	**1,912.72**	**305.47**	**698.42**	**2,725.15**	**6,092.79**

** Mortgaged as security against Secured Non-convertible Debentures*

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2022	As at 31 March 2021
Assets held for sale		
Assets held for sale	1,708.88	2,626.64
Provision on Assets held for sale	(408.88)	(539.19)
	1,300.00	**2,087.45**

Note 12

Particulars	Total
(a) Goodwill	
Cost as at 1 April 2020	30,018.69
Acquisition of business	-
Cost as at 31 March 2021	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2022 (A)	**30,018.69**
Accumulated impairment as at 1 April 2020	
Addition	-
Accumulated impairment as at 31 March 2021	**-**
Addition	-
Accumulated impairment as at 31 March 2022 (B)	**-**
Net carrying amount as at 31 March 2022 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2021	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2022. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections of commercial vehicle business based on financial budgets covering a five-year period and a discount rate of 16%. The Company has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of yield/spread during the budget period and the discounting rate. The management believes that any reasonably possible change in the key assumptions, on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

Particulars	Computer Software	Total
(a) Other intangible assets		
Cost as at 1 April 2020	**949.63**	**949.63**
Additions	345.34	345.34
Disposals	-	-
Cost as at 31 March 2021	**1,294.97**	**1,294.97**
Additions	1,333.86	1,333.86
Disposals	(0.28)	(0.28)
Cost as at 31 March 2022 (A)	**2,628.55**	**2,628.55**
Accumulated amortisation as at 1 April 2020	**566.05**	**566.05**
Amortisation recognised for the year	276.49	276.49
Disposals	-	-
Accumulated amortisation as at 31 March 2021	**842.54**	**842.54**
Amortisation recognised for the year	474.60	474.60
Disposals	(0.29)	(0.29)
Accumulated amortisation as at 31 March 2022 (B)	**1,316.85**	**1,316.85**
Net carrying amount as at 31 March 2022 (A)- (B)	**1,311.70**	**1,311.70**
Net carrying amount as at 31 March 2021	**452.43**	**452.43**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at 31 March 2022	As at 31 March 2021
Other non-financial assets		
Prepaid expenses	1,189.13	1,080.29
Advances recoverable in cash or in kind or for value to be received (refer footnote below)	1,966.13	2,617.29
	3,155.26	**3,697.58**

Footnote: Advances recoverable in cash or in kind or for value to be received includes ₹ Nil (Previous year ₹ 1,005.70 lakhs) towards claim receivable towards ex-gratia under GOI Scheme.

Note 14

Particulars	As at 31 March 2022	As at 31 March 2021
Trade payables		
Dues to Micro, small and medium enterprises	30.20	8.12
Dues to Others	241.12	386.29
	271.32	**394.41**

Also refer Note 37

Note 15

Particulars	As at 31 March 2022	As at 31 March 2021
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	1,53,269.65	1,88,963.98
Commercial paper (net of unamortised discount) (Refer note (b) below)	44,523.97	12,312.20
	1,97,793.62	**2,01,276.18**
Debt securities in India	1,97,793.62	2,01,276.18
Debt securities outside India	-	-
Total	**1,97,793.62**	**2,01,276.18**
Secured	95,769.65	1,88,963.98
Unsecured	1,02,023.97	12,312.20
Total	**1,97,793.62**	**2,01,276.18**

(a) Non Convertible Debenture
Privately placed Redeemable Non Convertible Debentures
Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest >= 6.77% <= 11.40%	Rate of interest >= 8.08% <= 11.40%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	-
36-48 Months	-	2,492.77
24-36 Months	2,495.61	18,945.03
12-24 Months	36,704.48	51,849.55
0-12 Months	1,14,069.56	1,15,676.63
Total	**1,53,269.65**	**1,88,963.98**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

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

(i) first pari-passu charge (along with banks and financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation on the standard asset portfolio of receivables (net of NPA) of the issuer and / or cash / cash equivalent and/or such other asset, as may be identified by the Company of ₹ 96,932 lakhs (March 2021: ₹ 1,99,479 lakhs); and

(ii) first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat

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

(b) Commercial papers
Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest >=6.30% <= 7.00%	Rate of interest 8.50%
	Amount	Amount
0-12 Months	44,523.97	12,312.20
Total	**44,523.97**	**12,312.20**

Note 16

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings		
At amortised cost		
Term loans		
Term loans from Banks (Refer note (a) below)*	2,16,685.00	2,14,018.24
Term loans from Financial Institutions (Refer note (a) below)*	35,957.50	51,625.00
Term loans from NHB (Refer note (b) below)	28,313.20	18,563.47
Loans repayable on demand		
Working capital demand loans from banks **	25,600.00	18,100.00
Bank overdrafts **	1,363.40	-
Other borrowings (including Inter Corporate Deposits)	1,16,630.92	97,176.75
Total	**4,24,550.02**	**3,99,483.46**
Borrowings in India	4,24,550.02	399,483.46
Borrowings outside India	-	-
Total	**4,24,550.02**	**399,483.46**
Secured borrowings	4,23,431.91	3,02,306.71
Unsecured borrowings	1,118.11	97,176.75
Total	**4,24,550.02**	**3,99,483.46**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(a) Term loan from banks/FI (TL):
Terms of repayment:

Repayable within #	As at 31 March 2022	As at 31 March 2021
	Rate of interest	Rate of interest
	>=7.25% <= 11.00%	>= 6.21% <= 11.00%
	Amount	Amount
Above 60 Months	2,915.73	-
48-60 Months	2,104.57	6,203.21
36-48 Months	13,820.85	20,145.16
24-36 Months	38,488.73	54,849.27
12-24 Months	89,337.33	69,974.15
0-12 Months	1,05,975.29	1,14,471.45
Total	**2,52,642.50**	**2,65,643.24**

(b) Term loans from NHB
Terms of repayment:

Repayable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest	Rate of interest
	>= 5.25% <= 6.65%	>= 5.25% <= 8.10%
	Amount	Amount
Above 60 Months	8,224.86	3,016.17
48-60 Months	3,387.59	2,047.09
36-48 Months	3,590.28	2,894.89
24-36 Months	4,440.98	2,894.89
12-24 Months	4,440.98	2,894.89
0-12 Months	4,228.51	4,815.54
Total	**28,313.20**	**18,563.47**

** first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (Net of provisions) of the Company and / or cash / cash equivalent and / or such other asset*

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

 # also refer note 31 (G)

Footnote: Quarterly returns/statements filed by the Company with Banks or Financial Institutions are in agreement with the unaudited books of accounts as on the respective submission dates and certified by Independent Chartered Accountants / Management, as relevant and relied upon by the Auditors.

(c) Working capital demand loans:
Terms of repayment (based on contractual maturity)

Repayable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest	Rate of interest
	>= 6.75% <= 7.60%	>= 6.50% <= 7.35%
	Amount	Amount
0-12 Months	25,600.00	18,100.00
Total	**25,600.00**	**18,100.00**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 17

Particulars	As at 31 March 2022	As at 31 March 2021
Other financial liabilities		
Book overdraft	15,851.09	7,971.72
Employee benefits payable	1,135.87	2,438.51
Unamortised lease liabilities	3,749.94	2,884.20
Others	28,399.07	22,425.81
	49,135.97	**35,720.24**

Note 18

Particulars	As at 31 March 2022	As at 31 March 2021
Provisions		
Provision for employee benefits:		
- Gratuity	508.13	494.93
- Compensated absences	151.88	131.66
Others :		
- Expected credit loss on undrawn loan commitments	41.88	131.36
	701.89	**757.95**

Note 19

Particulars	As at 31 March 2022	As at 31 March 2021
Non-financial liabilities		
Statutory dues payable	705.28	700.20
	705.28	**700.20**

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹10/- each	15,25,00,000	15,250.00	15,25,00,000	15,250.00
Compulsorily Convertible Preference Share of Face Value of ₹10/- each	1,25,00,000	1,250.00	1,25,00,000	1,250.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each fully paid	13,60,79,295	13,607.93	12,37,30,329	12,373.03
Compulsorily Convertible Preference Shares of Face Value of ₹10/- each fully paid	-	-	1,20,68,966	1,206.90
Total	**13,60,79,295**	**13,607.93**	**13,57,99,295**	**13,579.93**

(b) Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	12,37,30,329	12,373.03	9,24,50,915	9,245.09
Add: Shares issued during the year	1,23,48,966	1,234.90	3,12,79,414	3,127.94
Shares outstanding at the end of the year	**13,60,79,295**	**13,607.93**	**12,37,30,329**	**12,373.03**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	7,64,82,638	56.20%	6,44,13,672	52.06%

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

(d) Particulars of shareholders holding more than 5% of the equity share capital

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	7,64,82,638	56.20%	6,44,13,672	52.06%
Indostar Capital (Mauritius)	Promoter	4,14,67,583	30.47%	4,75,94,228	38.47%

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

(ii) As at 31 March 2022, the Company has not complied with Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) to maintain minimum public shareholding in accordance with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.

(e) Terms/rights attached to equity shares

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

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

(f) Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,20,68,966	1,206.90	-	-
Add: Shares issued during the year	-	-	1,20,68,966	1,206.90
Less: Shares converted into equity	1,20,68,966	1,206.90	-	-
Shares outstanding at the end of the year	**-**	**-**	**1,20,68,966**	**1,206.90**

(g) Particulars of CCPS held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%
Shares outstanding at the end of the year		-	-	1,20,68,966	100%

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(h) Particulars of shareholders holding more than 5% of CCPS

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%

(i) Terms/rights attached to Compulsorily Convertible Preference Shares ("CCPS"):
CCPS are convertible into equity shares of the Company within a period of 18 months and carry a dividend rate of 10% p.a., payable annually, calculated on issue price, net of any taxes. Upon winding up or liquidation of the Company, the CCPS holder shall be entitled to distribution in accordance with applicable law.

(j) Objective of Capital Management
The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Company has adopted a dividend distribution policy and the Board reviews the capital position on a regular basis.

(k) Equity Shares held by promoters/holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	7,64,82,638	56.20%	4.14%
Indostar Capital (Mauritius)	4,14,67,583	30.47%	(8.00%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	6,44,13,672	52.06%	52.06%
Indostar Capital (Mauritius)	4,75,94,228	38.47%	(18.42%)

(l) CCPS held by promoters/ holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	1,20,68,966	100%	100%

Note 20
Preference share capital

(a) Details of authorised, issued and subscribed Compulsorily Convertible Preference Shares ("CCPS") capital

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised capital				
Compulsorily Convertible Preference Share of Face Value of ₹10/- each	1,25,00,000	1,250.00	1,25,00,000	1,250.00
Issued, subscribed and fully paid up				
Compulsorily Convertible Preference Share of Face Value of ₹10/- each fully paid	-	-	1,20,68,966	1,206.90
Total	**-**	**-**	**1,20,68,966**	**1,206.90**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(b) Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,20,68,966	1,206.90	-	-
Add: Shares issued during the year	-	-	1,20,68,966	1,206.90
Less: Shares convered into equity	1,20,68,966	1,206.90	-	-
Shares outstanding at the end of the year	**-**	**-**	**1,20,68,966**	**1,206.90**

(c) Particulars of CCPS held by Holding Company

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	1,20,68,966	100%
Shares outstanding at the end of the year		**-**	**-**	**1,20,68,966**	**100%**

(d) Particulars of shareholders holding more than 5% of CCPS

Name of shareholder	Relationship	As at 31 March 2022		As at 31 March 2021	
		No of CCPS held	Percentage	No of CCPS held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	-	-	12,068,966	100%

(e) CCPS held by promoters at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% Change during the year
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)
As at 31 March 2021			
BCP V Multiple Holdings Pte. Ltd.	1,20,68,966	100%	100%

Note 21

Particulars	As at 31 March 2022	As at 31 March 2021
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	25,905.39	25,905.39
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	1,537.68	851.51
Securities premium	2,92,207.63	2,91,369.61
Share options outstanding account	7,081.96	5,375.17
General reserve	2,026.78	1,970.49
Retained earnings	(49,459.73)	30,777.59
Debt instruments through other comprehensive income	-	(5.03)
	2,79,300.14	**3,56,245.16**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

21.1 Other equity movement

Particulars	As at 31 March 2022	As at 31 March 2021
Capital Reserve		
Opening Balance	0.43	0.43
Add : Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	25,905.39
Add : Transferred from surplus	-	-
Closing Balance	**25,905.39**	**25,905.39**
Statutory reserves u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	851.51	292.48
Add : Transferred from surplus	686.17	559.03
Closing Balance	**1,537.68**	**851.51**
Securities premium		
Opening Balance	2,91,369.61	1,71,434.68
Less : Share issue expenses	-	(2,971.35)
Add: Tranfer from ESOP reserves	226.36	2,057.67
Add : Premium collected on share allotment	611.66	1,20,848.61
Closing Balance	**2,92,207.63**	**2,91,369.61**
Share options outstanding account		
Opening Balance	5,375.17	8,472.33
Movement during the year	1,706.79	(3,097.16)
Closing Balance	**7,081.96**	**5,375.17**
General reserve		
Opening Balance	1,970.49	-
Movement during the year	56.29	1,970.49
Closing Balance	**2,026.78**	**1,970.49**
Retained earnings		
Opening Balance	30,777.59	52,705.97
Add: Remeasurement of defined benefit plan/obligations	48.09	9.13
Add: Transferred from the statement of profit and loss	(73,651.23)	(21,410.49)
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	-	-
Less: Transfer to statutory reserves u/s 29C of the National Housing Bank Act, 1987	(686.17)	(559.03)
Less: Appropriation towards dividend	(5,849.32)	-
Add: Transfer from Share options outstanding account	-	32.01
Less : Share issue expenses	(98.69)	-
Closing Balance	**(49,459.73)**	**30,777.59**
Other Comprehensive Income		
Opening balance	(5.03)	-
Add: Debt instruments through other comprehensive income	5.03	(5.03)
Closing balance	**-**	**(5.03)**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

21.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Statutory reserves u/s 29C of the National Housing Bank Act, 1987

Statutory reserves fund is required to be created by Housing Finance Company as per Section 29C of the National Housing Bank of India Act, 1987. The Housing Finance Subsidiary is not allowed to use the reserve fund except with authorisation of National Housing Bank.

As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Housing Finance Subsidiary is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Housing Finance Subsidiary under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. Special reserve u/s 29C of the NHB Act includes amount transferred for Special Reserve in terms of Section 36(1)(viii) of the Income-tax Act, 1961.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised in accordance with the provision of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

General reserve

General reserve represents transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse/forefeiture of options by employees.

Dividend paid and proposed

The Board of Directors of the Company at their meeting held on 17 June 2021 approved payment of dividend to BCP V Multiple Holdings Pte. Ltd. (Holding Company) due on 1,20,68,966 Compulsorily Convertible Preference Shares of face value ₹ 10 each allotted on 27 May 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (₹ 290 per CCPS) amounting to ₹ 3,888.89 lakhs (dividend – ₹ 3,500.00 lakhs and withholding tax - ₹ 388.89 lakhs) for the period from 27 May 2020 to 26 May 2021, pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holders for payment of said dividend as Thursday, 17 June 2021.

The Board of Directors of the Company vide resolution dated 26 November 2021 approved payment of dividend to BCP V Multiple Holdings Pte. Ltd. (Holding Company) due on 1,20,68,966 Compulsorily Convertible Preference Shares of face value ₹ 10 each allotted on 26 November 2021 (CCPS), at rate of 10% p.a. calculated on the issue price of ₹ 290 per CCPS amounting to ₹ 1,960.42 lakhs (dividend – ₹ 1,764.38 lakhs and withholding tax - ₹ 196.04 lakhs), for the period 27 May 2021 to 26 November 2021 (i.e. till the date of conversion), pursuant to terms approved by the Shareholders of the Company and fixed the Record Date for the purpose of determining entitlement of CCPS holder(s) for payment of said dividend as Friday, 26 November 2021.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 22

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,04,937.87	1,15,018.75
Interest on deposits		
- Deposits with banks	1,214.79	2,368.89
Interest Income on financial assets measured at FVOCI:		
- Investments in debt instruments	563.73	-
	1,06,716.39	**1,17,387.64**
Fees and commission income		
- Syndication, advisory & other fees	4,439.22	3,265.98
	4,439.22	**3,265.98**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,466.97	4,895.30
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	(63.94)	-
Total fair value changes	**2,403.03**	**4,895.30**
Fair value changes:		
- Realised	2,398.31	2,957.83
- Unrealised	4.72	1,937.47
Total fair value changes	**2,403.03**	**4,895.30**
Net gain on derecognition of financial instruments measured at amortised cost category		
- Investments	2,196.16	-
- Assignment Income	514.44	2,430.16
	2,710.60	**2,430.16**
Total	**1,16,269.24**	**1,27,979.08**

Note 23

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Other income		
Interest on Deposit with bank	2.62	-
Miscellaneous income	159.41	436.40
Interest on income tax refund	997.76	300.39
	1,159.79	**736.79**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 24

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks/FI	26,827.42	32,872.82
Other borrowings (including Inter Corporate Deposits)	9,197.48	13,570.31
Interest expense on debt securities		
Debentures	16,228.69	22,510.66
Commercial paper	920.27	956.60
Other interest expense		
Bank charges & other related costs	780.10	950.85
	53,953.96	**70,861.24**

Note 25

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	56,786.59	17,004.99
Financial assets written off (net of recovery)	57,889.84	29,285.35
Impairment on others		
Undrawn loan commitments	(89.49)	(80.42)
Provision for corporate guarantee	-	135.18
Provision on co-lending arrangements	1,351.25	(578.62)
Others	(90.75)	431.54
	1,15,847.44	**46,198.02**

Note 26

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Employee Benefits Expenses		
Salaries, other allowances and bonus	17,398.18	15,634.52
Gratuity expenses	186.71	175.52
Compensated absences	41.41	(120.26)
Contribution to provident and other funds	725.68	628.09
Staff welfare expenses	129.13	86.34
Share based payment expense	1,989.44	963.01
Employee shared service costs recovered	33.07	4.03
	20,503.62	**17,371.25**

Note 27

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation		
Depreciation of property, plant and equipment (PPE)	3,063.88	3,073.70
Amortisation of intangible assets	474.60	276.49
	3,538.48	**3,350.19**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 28

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Other Expenses		
Rent	838.61	662.05
Rates & taxes	210.63	218.76
Printing and stationery	201.59	102.51
Travelling & conveyance	871.96	541.39
Advertisement	71.54	49.85
Business Promotion	14.05	12.21
Commission & brokerage	52.25	9.95
Office expenses	1,688.73	1,218.59
Directors' fees & commission	59.79	23.11
Insurance	441.05	360.80
Communication expenses	555.42	402.64
Payment to auditors (note below)	329.08	87.52
CSR expenses (note below)	100.42	203.32
IT Support charges	2,178.07	1,549.11
Legal & professional charges	5,349.72	6,521.67
Loss on sale of property plant and equipment	31.86	623.22
Membership & subscriptions	102.35	48.42
Other shared service costs recovered	74.95	33.78
Other fees and commission	167.14	-
Impairment allowance on assets held for sale	(117.79)	108.76
Provision on employee advance	-	34.37
Provision for doubtful advances	0.26	12.47
	13,221.68	**12,824.50**
Payment to auditor includes:		
a) Statutory Audit	307.20	62.05
b) Tax Audit	4.50	4.50
c) Certifications	12.82	12.93
d) Others	4.74	8.04
Total	**329.08**	**87.52**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	19.41	203.32
b) Amount of expenditure incurred	100.42	190.28
c) Shortfall at the end of the year	-	13.04
d) Total of previous years shortfall		13.04
e) Reason for short fall	NA	Refer Footnote below
f) Nature of CSR activities	Children Education and Women Empowerment	
g) Details of related party transactions (refer note 33)	-	25.00

Foot note:

Two projects supported by the Company namely BOSCONET and Habitat for Humanity were spanning over two years i.e. FY 2020-21 and FY 2021-22, and hence some portion of funds allocated to these projects was spent in FY 2021-22. The Company exercises prudence in selecting projects and implementation partners for its CSR activities. In many cases since the funding requirement of evaluated projects was tied-up, the Company could not spend entire amount as prescribed under the Act.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 29
Income Taxes

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
1. Current tax	1,325.75	380.42
2. Tax of earlier years	2.36	456.50
	1,328.11	**836.92**
Deferred tax expense		
3. Deferred tax expenses	(17,313.03)	(1,315.76)
	(17,313.03)	**(1,315.76)**
Tax expense for the year	**(15,984.92)**	**(478.84)**

(b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2022			For the year ended 31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
- Remeasurements of the defined benefit plans	64.26	(16.17)	48.09	11.42	(2.29)	9.13
- Debt instruments through other comprehensive income	6.72	(1.69)	5.03	(6.72)	1.69	(5.03)
Tax expense for the year	70.98	(17.86)	53.12	4.70	(0.60)	4.10

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	(89,636.15)	(21,889.33)
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	(22,559.63)	(5,509.11)
Difference in tax rate due to:		
- Effect of non-deductible expenses	944.54	57.44
- Effect of change in tax rates/laws (refer foot note below)	-	4,958.04
- tax expense of earlier years	2.36	456.33
- Effect of previously unrecognised deductible temporary differences now recognised as deferred tax assets	-	(565.28)
- Effect of inter-Company transacitons	(39.86)	14.04
- Others	5,667.67	109.70
Total tax expense	**(15,984.92)**	**(478.84)**
	17.83%	**2.19%**
Current tax	1,325.75	380.42
Tax expense of earlier year	2.36	456.50
Deferred tax	(17,313.03)	(1,315.76)
	(15,984.92)	**(478.84)**

Footnote:

During the previous year, the Finance Act, 2021 introduced an amendment to section 32 of the Income Tax Act, 1961, whereby Goodwill of a business will not be considered as a depreciable asset and depreciation on goodwill will not be allowed as deductible expenditure effective 1 April 2020.

In accordance with the requirements of Ind AS 12 - Income Taxes, the Company recognised one time tax expense amounting to ₹ 4,958.04 lakhs as the outcome of the difference between Goodwill as per the books of account and its updated tax base of Nil, resulting from the aforementioned amendment in the Income Tax Act. This deferred tax liability is not expected to be a cash outflow in the future.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

(d) Movement in deferred tax balances

Particulars	As at 31 March 2022			
	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	15,432.92	17,787.08	-	33,220.00
Provision for gratuity	124.57	19.49	(16.17)	127.89
Provision for leave encashment	33.14	5.08	-	38.22
Income amortisation	408.29	(235.90)	-	172.39
Depreciation on PPE and intangible assets	539.71	165.84	-	705.55
Impairment loss allowance on assets held for sale	32.79	(32.79)	-	-
Carried forward losses	7,427.23	(1,421.48)	-	6,005.75
Debt instruments through OCI	1.69	-	(1.69)	-
Lease liabilities	40.04	7.91	-	47.95
Other items of disallowance	-	581.14	-	581.14
Deferred tax liability				
Borrowing cost amortisation	(834.93)	298.34	-	(536.59)
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(1,356.86)	138.31	-	(1,218.54)
Deferred tax assets / (Liabilities)	**14,293.49**	**17,313.03**	**(17.86)**	**31,588.66**

Particulars	As at 31 March 2021			
	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	10,029.45	5,403.47	-	15,432.92
Provision for gratuity	78.70	48.16	(2.29)	124.57
Provision for leave encashment	76.97	(43.83)	-	33.14
Fair valuation of ESOPs	621.82	(621.82)	-	-
Income amortisation	677.63	(269.34)	-	408.29
Depreciation on PPE and intangible assets	540.55	(0.84)	-	539.71
Impairment loss allowance on assets held for sale	32.89	(0.10)	-	32.79
Carry forward losses	6,025.46	1,401.77	-	7,427.23
Debt instruments through OCI	-	-	1.69	1.69
Lease liabilities	(211.86)	251.90	-	40.04
Deferred tax liability				
Borrowing cost amortisation	(1,284.07)	449.14	-	(834.93)
Fair valuation of security deposits	(0.21)	0.21	-	-
Goodwill amortisation	(2,597.06)	(4,958.04)	-	(7,555.10)
Assignment income amortisation	(1,011.94)	(344.92)	-	(1,356.86)
Deferred tax assets / (Liabilities)	**12,978.33**	**1,315.76**	**(0.60)**	**14,293.49**

The Management considers the deferred tax assets recognised on carried forward losses to be fully set-off against future available profits considering the expected net interest income (NIM) from the existing loan book over the tenure of the loan.

Deferred tax asset of ₹ 5,335.63 lakhs on Unused Carried forward losses is yet to be recognized.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 30
Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
i. Profit attributable to equity holders (A)		
Profit / (loss) for the year	(73,651.23)	(21,410.49)
Less : Dividend on Cumpolsarily convertible preference shares (CCPS)	(2,557.08)	(3,292.24)
Profit attributable to equity holders for basic and diluted EPS		
ii. Weighted average number of equity shares for calculating Basic EPS (B)	12,80,64,878	11,85,72,703
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	12,80,64,878	11,85,72,703
iv. Basic earnings per share (₹)	(59.51)	(20.83)
v. Diluted earnings per share (₹)	(59.51)	(20.83)

Note 31
Financial instruments – Fair values

A. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. Risk Management Framework:

Group's risk management framework is based on:

(a) Clear understanding and identification of various risks;

(b) Disciplined risk assessment by evaluating the probability and impact of each risk;

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks; and

(d) Adequate review mechanism to monitor and control risks.

The Group's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The Group has a an established risk reporting and monitoring framework. The Group identifies and monitors risks periodically. This process enables the Group to reassess the all critical risks in a changing environment that need to be focused on.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

C. Risk governance structure:

Group's risk governance structure operates with a well-defined Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the Group directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, reivew and approval of exposures with conflict of interest and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Group's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Group.

The risk management committee has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Group about risk management.

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	31,703.13	-	-	31,703.13	31,703.13	-	-	31,703.13
(b) Investments in Security Receipts	-	-	23,063.90	23,063.90	-	-	23,063.90	23,063.90
Total	**31,703.13**	**-**	**23,063.90**	**54,767.03**	**31,703.13**	**-**	**23,063.90**	**54,767.03**

** based on NAV statements and other information received from assets reconstruction company and adjusted for Expected credit losses as per Model.*

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2021							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	1,27,637.20	-	-	1,27,637.20	1,27,637.20	-	-	1,27,637.20
(b) Investments in Security Receipts	-	-	18,768.91	18,768.91	-	-	18,768.91	18,768.91
(c) Treasury Bills	-	12,729.94		12,729.94	12,729.94	-	-	12,729.94
Total	1,27,637.20	12,729.94	18,768.91	1,59,136.05	1,40,367.14	-	18,768.91	1,59,136.05

An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to investments measured at amortised cost is as follows:

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	22,452.41	22,452.41	-	-	-	-
Reclassified from Loan Assets*	-	-	41,905.00	41,905.00	-	14,450.00	10,710.00	25,160.00
Assets derecognised or repaid (excluding write offs)	-	-	(23,076.87)	(23,076.87)	-	-	(2,707.59)	(2,707.59)
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	-	-	-	-	-	-	-	-
Transfers to stage 3	-	-	-	-	-	(14,450.00)	14,450.00	-
Amounts written off (net of recovery)	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**-**	**-**	**41,280.54**	**41,280.54**	**-**	**-**	**22,452.41**	**22,452.41**

** net of amount written-off*

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance opening balance	-	-	3,683.50	3,683.50	-	-	-	-
Incremental provision	-	-	14,533.14	14,533.14	-	-	3,683.50	3,683.50
	-	**-**	**18,216.64**	**18,216.64**	**-**	**-**	**3,683.50**	**3,683.50**

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Loans covered under Ind AS 109	-	-	7,70,693.86	7,70,693.86	-	-	7,70,693.86	7,70,693.86
Total	-	-	7,70,693.86	7,70,693.86	-	-	7,70,693.86	7,70,693.86

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2021							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	7,13,933.61	7,13,933.61	-	-	7,13,933.61	7,13,933.61
Total	-	-	7,13,933.61	7,13,933.61	-	-	7,13,933.61	7,13,933.61

** Discounted cash flow approach adopted for fair valuation of level 3 instruments*

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, investments in pass-through-certificates, other financial assets, trade payables, borrowings, bank overdrafts and other current liabilities are a reasonable approximation to their fair value.

E. Credit risk

Credit risk arises when a borrower is unable to meet his contractual obligations to the lender. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a well-defined post sanction monitoring process to identify portfolio-wise credit risk trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Grouping financial assets measured on a collective basis

The Group splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Customer i.e. corporate and retail
- Nature of product i.e. Commercial Vehicle, Corporate loan, SME and Housing Finance

Significant increase in credit risk

The credit risk on a financial asset of the Group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. The retail loans where the renegotiated terms are not substantially different and involve repayment terms to be extended including interest or the EMI amount readjusted over the tenure are classified as Stage 2. In case of corporate loan the assessment of significant increase in credit risk is performed on a case to case basis. Additionally, accounts identified and reviewed by the credit committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

Write off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

Restructured financial assets

A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant increase in credit risk of the borrower are classified as stage 2. Such loans continue to be in stage 2 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Overview of the Expected Credit Loss principles
The Group records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 91 days or more are considered as to be stage 3 assets.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group undertakes the classification of exposures within the aforesaid stages at borrower level.

Definition of default
A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

The calculation of ECL
ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Portfolio Segmentation:
For ECL purpose, the loan portfolio is broadly segmented as below :

1) Corporate lending
2) Small and medium enterprises lending ('SME')
3) Commercial vehicle lending
4) Housing finance

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Group is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Loss Given Default (LGD) : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets. the Group computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. the Group has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans and Housing Finance.

Forward looking information
The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- GDP growth
- WPI (Wholesale price index)

For the purpose of determination of impact of forward looking information, the company applies macro economic (ME) variables as stated above to each product and assess the trend of the historical probability of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**5,60,953.25**	**1,88,829.43**	**34,037.81**	**7,83,820.49**	**7,02,302.18**	**1,45,384.65**	**39,567.74**	**8,87,254.57**
New assets originated or purchased*	3,23,834.80	45,400.02	66,190.37	4,35,425.19	1,96,875.34	5,332.55	789.24	2,02,997.13
Assets derecognised or repaid (excluding write offs)	(1,22,498.97)	(68,088.79)	(49,783.12)	(2,40,370.88)	(2,15,035.33)	(32,032.75)	(4,917.78)	(2,51,985.86)
Transfers to stage 1	7,627.39	(7,100.48)	(526.91)	-	15,156.41	(12,536.38)	(2,620.03)	-
Transfers to stage 2	(1,05,046.54)	1,06,239.95	(1,193.41)	-	(1,23,370.94)	1,25,844.39	(2,473.45)	-
Transfers to stage 3	(71,755.34)	(43,062.73)	1,14,818.07	-	(12,362.33)	(17,216.48)	29,578.81	-
Amounts written off (net of recovery)	(6,092.52)	(12,685.62)	(33,858.72)	(52,636.86)	(2,612.08)	(11,496.55)	(15,176.72)	(29,285.35)
Presented under Investments as Security Receipts*	-	(32,537.15)	(9,367.85)	(41,905.00)	-	(14,450.00)	(10,710.00)	(25,160.00)
Gross carrying amount closing balance	**5,87,022.07**	**1,76,994.63**	**1,20,316.24**	**8,84,332.94**	**5,60,953.25**	**1,88,829.43**	**34,037.81**	**7,83,820.49**

** Presented under Investments in Security Receipts (Refer to Note 31(D))*

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Reconciliation of ECL balance is given below:

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**28,606.01**	**22,655.17**	**18,625.70**	**69,886.88**	**36,292.58**	**14,068.56**	**7,584.12**	**57,945.26**
New assets originated or purchased*	4,777.12	10,133.31	35,189.91	50,100.34	2,772.84	847.17	587.87	4,207.88
Assets derecognised or repaid (excluding write offs)	(21,574.18)	(5,588.49)	74.13	(27,088.54)	(15,053.98)	(1,785.52)	(539.44)	(17,378.94)
Transfers to stage 1	966.84	(786.97)	(179.87)	-	1,197.65	(573.92)	(623.73)	-
Transfers to stage 2	(1,790.08)	2,094.40	(304.32)	-	(1,676.45)	2,239.16	(562.71)	-
Transfers to stage 3	(953.35)	(5,303.39)	6,256.74	-	(2,992.54)	(1,482.84)	4,475.38	-
Impact on year end ECL on exposures transferred between stages during the year*	(56.27)	19,084.66	21,930.92	40,959.31	8,086.00	10,094.42	16,730.34	34,910.76
Amounts written off (net of recovery)	(308.39)	(6,694.39)	(13,216.14)	(20,218.92)	(20.09)	(751.86)	(9,026.13)	(9,798.08)
ECL allowance - closing balance	**9,667.70**	**35,594.30**	**68,377.07**	**1,13,639.07**	**28,606.01**	**22,655.17**	**18,625.70**	**69,886.88**

F. Risk Management amidst COVID-19:

Estimation of uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability of loans, receivables, goodwill and investments, the Group has considered internal and external sources of information upto the date of approval of these financial results. The Group has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The financial results, includes the potential impact of the COVID-19 pandemic on the Group's financial results which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Group's assets.

The Group has, based on current available information and based on the policy approved by the Board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

G. Liquidity risk

Liquidity is the Group's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the Group's financial conditions. The Asset Liability Management Policy of the Group stipulates a broad framework for Liquidity risk management to ensure that the Group can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Group tracks the cash flow mismatches for measuring and managing net funding requirement through Maturity Ladder approach and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Dynamic Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the Group is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Group. Basis the liquidity position assessed under various stress scenarios; the Group reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

Maturity profile of undiscounted cash flows for financial liabilites as on balance sheet date have been provided below:

As on 31 March 2022

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	271.32	-	-	-	271.32
Debt securities	67,534.81	91,058.72	39,200.09	-	1,97,793.62
Borrowings (other than debt securities)	49,202.75	1,15,368.79	2,00,792.14	59,186.34	4,24,550.02
Other financial liabilities	45,677.86	725.65	2,196.63	535.83	49,135.97
Total	**1,62,686.74**	**2,07,153.16**	**2,42,188.86**	**59,722.17**	**6,71,750.93**

Notes:

- The above inflows and outflows is based on scheduled maturity of the financial instruments.

- The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 29,736.11 lakhs scheduled for payment after 31 March 2023 for these facilities have been classified as per prevailing contractual maturity.

- in addition to above ₹ 198,599.36 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenenants.

- Also refer note 41

As on 31 March 2021

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	394.41	-	-	-	394.41
Debt securities	56,079.14	71,909.70	73,287.34	-	2,01,276.18
Borrowings (other than debt securities)	75,309.39	99,730.11	1,95,885.75	28,558.21	3,99,483.46
Other financial liabilities	33,205.48	750.93	1,564.77	199.06	35,720.24
Total	**1,64,988.42**	**1,72,390.74**	**2,70,737.86**	**28,757.27**	**6,36,874.29**

H. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Group's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Group is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework.

I. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Group are managed through comprehensive internal control

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Group has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Group has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

Note 32
Disclosure pursuant to Ind AS 108 "Operating Segment"

Business segments

The Group has identified operating segments based on performance assessment and resource allocation by the chief operating decision maker. Revenue and expenses directly attributable to segments are reported under each reportable segment. All other revenue/expenses which primarily consists of tax expenses and other income are not attributable or allocable to segments have been disclosed as unallocated. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable, which primarily consists of current tax and deferred tax assets/ liabilities and investments. As the operations of the Group are carried out within India, there are no geographical segments. The Group operates in the following segments:

Large Corporate segment provides loans to medium and large-sized corporates, institutional customers and real estate developers.

SME segment provides lending to small and medium enterprises for business financing needs including working capital, business expansion or other requirements.

Commercial vehicle segment primarily consists of financing for used and new vehicles.

Housing Finance segment consists of affordable home financing to self-employed and salaried customers.

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
I	**Gross segment revenue from continuing operations**		
(a)	Large corporate	27,440.15	34,014.71
(b)	SME	17,978.00	18,225.00
(c)	Commercial vehicles	52,079.89	55,564.64
(d)	Housing finance	14,482.30	13,406.75
(e)	Unallocated*	5,448.69	7,504.77
	Segment revenue from continuing operations	**1,17,429.03**	**1,28,715.87**
II	**Segment results**		
(a)	Large corporate	19,308.40	4,072.77
(b)	SME	(3,627.49)	2,594.08
(c)	Commercial vehicles	(96,586.39)	(15,736.44)
(d)	Housing finance	4,608.68	3,867.23
(e)	Unallocated**	(13,339.35)	(16,686.97)
	Profit/(loss) before tax	**(89,636.15)**	**(21,889.33)**
III	**Segment assets**		
(a)	Large corporate	1,43,630.67	2,07,023.71
(b)	SME	1,47,258.62	1,42,953.36
(c)	Commercial vehicles	4,18,206.72	3,64,226.35
(d)	Housing finance	1,29,449.21	88,811.05
(e)	Unallocated***	1,27,602.27	2,05,368.78
	Total assets	**9,66,147.49**	**10,08,383.25**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

	Particulars	Year ended 31 March 2022	Year ended 31 March 2021
IV	**Segment liabilities**		
(a)	Large corporate	90,027.42	1,25,570.80
(b)	SME	1,05,897.18	91,462.29
(c)	Commercial vehicles	2,92,185.14	2,51,979.59
(d)	Housing finance	79,806.71	67,279.52
(e)	Unallocated****	1,05,322.97	1,02,265.96
	Total liabilities	**6,73,239.42**	**6,38,558.16**

** Unallocated includes income from treasury assets and other income*

*** Unallocated includes other operating expenses*

**** Unallocated includes treasury assets and advance/tax deducted (net), deferred tax asset (net)*

***** Unallocated includes other liabilities, deferred tax liabilities*

Note 33
Related Party Disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

I. **Ultimate Controlling Party**
Brookfield Asset Management Inc.

II. **Holding Company**
BCP V Multiple Holdings Pte. Ltd.

III. **Names of other related parties with whom the Group had transactions during the year:**
Key Managerial Personnel
R. Sridhar - Vice-Chairman; (CEO upto 7 January 2022)
Deep Jaggi - CEO (from 7 January 2022)
Bobby Parikh - Non-Executive Independent Director
Hemant Kaul - Non-Executive Independent Director
Naina Krishna Murthy - Non-Executive Independent Director

Other related parties - enities in which Key Managerial Personnel has interest/significant influence *
Avasara Leadership Institute

** as defined in Para 9 of Ind AS 24 identified based on representation received from Key Managerial Personnel and information available with the Company.*

b) Transactions with Holding Company

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Subscription to Equity Shares of the Company by Holding Company	-	87,500.00
Subscription to Compulsorily Convertible Preference Shares (CCPS) of the Company by Holding Company	-	35,000.00
Conversion of CCPS held by Holding Company to Equity shares of the Company	1,206.90	-
Dividend on CCPS paid to Holding Company	5,849.32	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

c) Transactions with key management personnel :

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Short-term employee benefits	305.57	1,204.12
Commission and sitting fees to Non-Executive Independent Directors	58.97	23.87
Reimbursement of expenses	9.00	6.63
Loan Given	-	2,500.00

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

The Company has paid managerial remuneration for the year ended 31 March 2022 to Mr. R. Sridhar, Whole-Time Director designated as Vice-Chairman & CEO, in accordance with the requisite approvals obtained from the members of the Company under the provisions of section 197 read with Schedule V to the Companies Act, 2013 ("Act").

d) Transactions other than those with key management personnel :

Particulars		Other related parties
Professional fees	2022	-
	2021	35.65
Corporate social responsibility expenses	2022	-
	2021	25.00

e) The related party balances outstanding at year end are as follows:

Particulars		Key Managerial Personnel*
Loans outstanding	2022	2,500.00
	2021	2,500.00

**interest free loan to Key Managerial Personnel*

Note 34
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Type of Services or service		
Syndication, advisory & other fees	4,439.22	3,265.98
Total revenue from contracts with customers	**4,439.22**	**3,265.98**
Geographical markets		
India	4,439.22	3,265.98
Outside India	-	-
Total revenue from contracts with customers	**4,439.22**	**3,265.98**
Timing of revenue recognition		
Services transferred at a point in time	4,439.22	3,265.98
Services transferred over time	-	-
Total revenue from contracts with customers	**4,439.22**	**3,265.98**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 35
Contingent liabilities and Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Contingent liabilities		
Corporate guarantee given by Company to banks	4,125.00	5,652.78
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	102.21	50.42
Loans sanctioned not yet disbursed	28,495.54	41,073.37

Note 36
Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2022	As at 31 March 2021
Opening balance	2,884.20	2,390.90
Add : additions during the year	2,856.07	1,471.71
Add : Interest on lease liability	330.32	257.21
Less : Deletions	(900.56)	-
Less : Lease rental payments	(1,420.09)	(1,235.62)
	3,749.94	**2,884.20**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2022	As at 31 March 2021
Not later than one year	1,321.01	1,258.41
Later than one year but not later than five years	2,825.51	1,981.20
Later than five years	675.59	295.74
	4,822.11	**3,535.35**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability		
Less than 12 months	1,017.48	1,021.86
More than 12 months	2,732.46	1,862.34
	3,749.94	**2,884.20**

Note 37
Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED :

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
a. Principal and interest amount remaining unpaid	30.20	8.12
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. 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 enterprises	-	-

The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Group during the year to the suppliers registered under this Act.

Ageing analysis of Trade Payable

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	26.83	3.37	-	-	30.20
(ii) Others	178.53	16.59	-	46.00	241.12
(iii)Disputed dues - MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	8.12	-	-	-	8.12
(ii) Others	106.44	233.85	46.00	-	386.29
(iii)Disputed dues - MSME	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-

Note 38
Gratuity and other post-employment benefit plans:
The Group 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 Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	512.22	498.76
Fair value of plan assets as at the end of the year	4.09	3.83
Net asset / (liability) to be recognized in the balance sheet	**508.13**	**494.93**
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	498.76	421.63
Current service cost	159.70	143.11
Past service cost	-	-
Interest cost	30.53	28.20
Benefits paid	(109.24)	(78.85)
Addition on account of business combination	-	-
Actuarial (gain) / loss on obligation	(67.53)	(15.33)
Projected benefit obligation at the end of the year	**512.22**	**498.76**
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	3.84	3.59
Return on plan assets	3.52	4.15
Actuarial gain/(loss)	(3.27)	(3.90)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**4.09**	**3.84**
D. Amount recognised in the statement of profit and loss		
Current service cost	159.70	143.11
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	27.01	24.06
Expenses recognised in the statement of profit and loss	**186.71**	**167.17**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(28.25)	21.32
- experience variation	(34.15)	(31.42)
Return on plan assets, excluding amount recognised in net interest expense	(1.86)	(1.32)
	(64.26)	**(11.42)**
F. Assumptions used		
Discount rate	6.95%	6.35%
Salary growth rate	6.00%	6.00%
Withdrawal rates	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	874.59	953.95	477.44	521.75
Salary growth rate (0.5% movement)	948.93	878.41	518.61	479.93
Withdrawal rate (10% movement)	909.53	915.66	495.83	501.51

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

H. Other information :

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 177.06 lakhs.
3. The average outstanding term of the obligations as at valuation date is 9.19 years.

Note 39
Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Net assets i.e. total assets minus total liabilities

Particulars	As at 31 March 2022		As at 31 March 2021	
	As % of Consolidated Net assets	₹ Lakhs	As % of Consolidated Net assets	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	98.26%	2,87,801.66	99.48%	3,67,896.44
Subsidiaries				
IndoStar Home Finance Private Limited	17.04%	49,901.47	5.82%	21,529.30
IndoStar Asset Advisory Private Limited	0.15%	451.45	0.12%	455.32
Minority Interest	0.00%	-	0.00%	-
Less: Inter-Company eliminations	-15.45%	(45,246.51)	-5.42%	(20,055.97)
Total	**100.00%**	**2,92,908.07**	**100.00%**	**3,69,825.09**

Share of Profit or Loss

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	As % of Consolidated profit or loss	₹ Lakhs	As % of Consolidated Net assets	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	104.43%	(76,919.79)	112.78%	(24,146.80)
Subsidiaries				
IndoStar Home Finance Private Limited	-4.66%	3,430.83	-13.05%	2,795.13
IndoStar Asset Advisory Private Limited	0.01%	(3.87)	0.02%	(4.30)
Minority Interest	0.00%	-	0.00%	-
Less: Inter-Company eliminations	0.22%	(158.40)	0.25%	(54.52)
Total	**100.00%**	**(73,651.23)**	**100.00%**	**(21,410.49)**

Note 40
Employee stock option plans

The Group provides share-based employee benefits to the employees of the parent Company , or Subsidiary Company, the Director, whether a whole time Director or otherwise but excluding Non-Executive Independent Director, including the Director of the 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 2022, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at 31 March 2022, the Company has the following share-based payment arrangements:

Share option plans (equity settled)

According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	09-May-16	17-Oct-16	28-Apr-17	15-Dec-17
Total Number of Options approved	15,00,000	27,00,000	30,00,000	20,00,000	60,00,000
Vesting Requirements	Vesting Criteria will specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options. For valid vesting of Options, the concerned Option Holder is required to be an Eligible Employee on the respective Vesting Date and must neither be serving his/her notice period for termination of service nor be subject to any disciplinary proceedings pending against him/her. Unless the NRC provides otherwise, the Vesting of Options granted hereunder shall be stalled / blocked during any unauthorised and unpaid leave of absence for such period as may prescribed by NRC or for any Cause as deemed fit by the NRC.				
The Pricing Formula	Options can be Exercised at any of the following Exercise Price, as may be determined by the NRC at its sole discretion at the time of grant of Options: (i) Fair Market Value rounded to the nearest rupee; or(ii) Market Price rounded to the nearest rupee; or(iii) such price as may be determined by the NRC. However, the Exercise Price shall not be less than the Fair Market Value of the Shares.				
Maximum term of Options granted (years)	Options granted under the ESOP Plans would vest not less than 1 (one) year from the date of grant of Options. Options shall be capable of being exercised within a period of 4 years from the Date of Vesting.				
Method of Settlement	Equity				
Source of shares	Primary				
Variation in terms of ESOP	NA				
Method used for accounting of options	Fair Value Method				

II. Option Movement during the year ended 31 March 2022

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of options outstanding at the beginning of the year	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Options granted during the year	25,000	14,53,000	-	-	2,50,000
Options forfeited / lapsed during the year	-	2,05,000	-	10,000	2,45,500
Options exercised during the year	-	2,50,000	30,000	-	-
Total number of shares arising as a result of exercise of options	-	2,50,000	30,000	-	-
Money realised by exercise of options (₹ Lakhs)	-	562.50	76.50	-	-
Number of options outstanding at the end of the year	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Number of options exercisable at the end of the year	7,700	1,58,900	3,03,600	1,74,600	4,04,200
The weighted average market price of shares exercised during the year ended 31 March 2022 (₹ Per share)	-	300.12	309.57	-	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Option Movement during the year ended 31 March 2021

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of options outstanding at the beginning of the year	74,700	25,03,277	25,50,500	17,44,500	14,58,000
Options granted during the year	-	-	-	-	15,75,000
Options forfeited / lapsed during the year	-	17,35,777	13,84,500	15,000	10,000
Options exercised during the year	64,000	2,55,000	7,88,000	-	-
Total number of shares arising as a result of exercise of options	64,000	2,55,000	7,88,000	-	-
Money realised by exercise of options (₹ Lakhs)	95.60	573.75	2,009.40	-	-
Number of options outstanding at the end of the year	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Number of options exercisable at the end of the year	5,450	3,31,200	3,00,300	90,300	1,13,500
The weighted average market price of shares exercised during the year ended 31 March 2021 (₹ Per share)	284.55	331.06	309.72	-	-

III. Weighted Average remaining contractual life

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of Exercise Price (₹ per share)	140.00 - 437.00	225.00 - 437.00	255.00 - 437.00	315.00 - 437.00	279.05 - 437.00
No. of Options Outstanding as on 31 March 2022	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Contractual Life (in years)	5.75	4.39	2.49	4.08	4.66

IV. Method and Assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model.

The Assumptions used in the model are as follows:

Variables	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Risk free interest rate	6.00%	5.00%	NA	NA	5.30%
Weighted average expected life (in years)	5.01	4.00	NA	NA	4.00
Expected volatility	43.72%	43.00%	NA	NA	44.03%
Dividend yield	-	-	NA	NA	-
Exercise Price	218.00	262.55	NA	NA	288.20
Weighted average exercise price (₹ per share)	217.85	262.55	NA	NA	288.20

V. Effect of share-based payment transactions on the Company's Profit or Loss for the year:

Particulars	31-Mar-22	31-Mar-21
Employee share based expense	1,989.44	963.01
Total ESOP reserve outstanding	**7,081.96**	**5,375.17**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 41 - Maturity pattern of Assets and Liabilities
An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	As on 31 March 2022			As on 31 March 2021		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	8,027.20	-	**8,027.20**	27,917.57	-	**27,917.57**
Bank balances other than cash and cash equivalents	2,783.97	38,154.46	**40,938.43**	359.61	23,736.99	**24,096.60**
Loans	1,42,864.10	6,27,829.76	**7,70,693.86**	1,67,495.73	5,46,437.88	**7,13,933.61**
Investments	31,703.13	23,063.90	**54,767.03**	1,40,367.14	18,768.91	**1,59,136.05**
Other financial assets	1,100.47	8,997.72	**10,098.19**	3,609.12	10,768.35	**14,377.47**
Non-financial assets						
Current tax assets (net)	-	6,896.18	**6,896.18**	-	12,053.80	**12,053.80**
Deferred tax assets (net)	-	31,669.41	**31,669.41**	-	14,519.21	**14,519.21**
Property, plant and equipment	-	7,271.54	**7,271.54**	-	6,092.79	**6,092.79**
Assets held for sale	1,300.00	-	**1,300.00**	2,087.45	-	**2,087.45**
Goodwill	-	30,018.69	**30,018.69**	-	30,018.69	**30,018.69**
Intangible assets	-	1,311.70	**1,311.70**	-	452.43	**452.43**
Other non-financial assets	3,155.26	-	**3,155.26**	3,697.58	-	**3,697.58**
TOTAL ASSETS	**1,90,934.13**	**7,75,213.36**	**9,66,147.49**	**3,45,534.20**	**6,62,849.05**	**10,08,383.25**

Particulars	As on 31 March 2022			As on 31 March 2021		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES						
Financial liabilities						
Trade payables	271.32	-	**271.32**	394.41	-	**394.41**
Debt securities	1,58,593.53	39,200.09	**1,97,793.62**	1,27,988.84	73,287.34	**2,01,276.18**
Borrowings (other than debt securities)*	1,64,571.53	2,59,978.49	**4,24,550.02**	1,37,039.50	2,62,443.96	**3,99,483.46**
Other financial liabilities	46,403.51	2,732.46	**49,135.97**	33,857.89	1,862.35	**35,720.24**
Non-financial liabilities						
Current tax liabilities (net)	0.57	-	**0.57**	-	-	**-**
Provisions	192.74	509.15	**701.89**	181.61	576.34	**757.95**
Deferred Tax Liability	-	80.75	**80.75**	-	225.72	**225.72**
Other non-financial liabilities	705.28	-	**705.28**	700.20	-	**700.20**
TOTAL LIABILITIES	**3,70,738.48**	**3,02,500.94**	**6,73,239.42**	**3,00,162.45**	**3,38,395.71**	**6,38,558.16**

** also refer note 31(G)*

Note 42
Note 42.1

Estimation of uncertainty relating to COVID-19 global health pandemic:

In assessing the recoverability and consequential measurement of loans, receivables, goodwill, investments and other financial assets, the Group has considered internal and external sources of information upto the date of approval of these financial statements. The Group has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

of these assets. The Group has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.

The financial statements, includes the potential impact of the COVID-19 pandemic on the Group's financial statements which are dependent on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether Government mandated or elected by the Company and its subsequent impact on the recoverability's on the Group's assets.

The Group has, based on current available information and based on the policy approved by the Board, determined the provision for impairment of financial assets including the additional overlay for uncertainty over the potential macro-economic impact of the pandemic. Based on the current indicators of future economic conditions, the Group considers this provision to be adequate and expects to recover the carrying amount of these financial assets. Given the uncertainty over the potential macro-economic condition, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

Note 42.2
Pursuant to certain observations and control deficiencies identified during the course of the statutory audit of the annual financial statements of the Company, the Audit Committee of the Company had approved the appointment of an independent external agency for conducting a review of the policies, procedures and practices of the Company relating to the sanctioning, disbursement and collection of the commercial vehicle (CV) loan portfolio and small and medium enterprise (SME) loans along with assessing the adequacy of the expected credit loss allowance ("Loan Portfolio Review"). The above review included:

(a) Review existence of the borrowers of the CV and SME loans;

(b) Assess the quality and risks pertaining to the loan portfolio for CV and SME loans;

(c) Review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk management framework and (iii) internal control framework for the CV and SME loans; and upon completion of (a), (b) and (c), the Audit Committee has also additionally initiated a review for undertaking root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including of control gap/ control override and individuals involved) and has appointed an external law firm along with an external agency in this regard ("Conduct Review")

The Conduct Review is ongoing and is expected to be completed by September 2022. Upon receipt of findings of the aforementioned Conduct Review, the Company shall take appropriate redressal and accountability measures.

Note 42.3
The Company has concluded that it is impracticable to determine the prior period – specific effects, if any, of the impairment allowance, loan assets written off and changes in fair value of financial guarantee contracts recorded during the year in respect of loan assets, investment in security receipts and impairment thereon because significant judgement have been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on 31 March 2022 and the Company believes it is not practicable to apply the same judgement without hindsight for the prior period.

Note 42.4
Material uncertainty relating to Going Concern
The Company has incurred losses during the previous year and continued to incur losses during the current year as a result of impairment allowance recorded on its loan portfolio, due to COVID-19 pandemic and the resultant deterioration and defaults in its loan portfolio. As a result, as at 31 March 2022, the Company exceeded the threshold specified for gross non-performing asset (GNPA) and/or net non-performing asset (NNPA) ratios for certain borrowing arrangements. Additionally certain borrowing arrangements have overriding clause to

terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. Due to this, the total liabilities exceed the total assets maturing within twelve months by ₹ 220,604 lakhs as at 31 March 2022.

While some of the lenders have option to terminate, reduce, suspend or cancel the facility in future the Management expects that lenders, based on customary business practice, may increase the interest rates relating to these borrowing arrangements which is expected to continue till the time GNPA / NNPA ratio exceed thresholds.

The Company has an established track record of accessing diversified sources of finance. However, there can be no assurance of success of management's plans to access additional sources of finance to the extent required, on terms acceptable to the Company, and to raise these amounts in a timely manner. This represents a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Management's Plan to address the Going Concern uncertainty:
Subsequent to the year-end and till the adoption of these financial statements, the Company has raised incremental financing of ₹ 117,000 lakhs from banks and financial institutions based on support from the promoters of the Company. As at 31 March 2022, the Company is in compliance with the required capital adequacy ratios and has cash and cash equivalents aggregating ₹ 7,180 lakhs, liquid investments aggregating ₹ 29,403 lakhs and has pool of loan assets eligible for securitization in the event the lenders recall the borrowing arrangements. As at the date of adoption of these financial statements, none of the lenders have recalled their borrowings. Further, after due approvals by the Board of Directors of the Company, Management may also plan to raise additional financing through monetization of a portion of its holding in its 100% subsidiary IndoStar Home Finance Private Limited.

Accordingly, the Management considers it appropriate to prepare these financial statements on a going concern basis and that the Company will be able to pay its dues as they fall due and realise its assets in the normal course of business.

Note 42.5
In relation to the loans portfolio, which is subject to the Conduct Review, the Management has on a best effort basis and knowledge, identified certain transactions with approximately 32 financiers amounting to ₹ 2,14,61.69 lakhs used for refinancing loans of the customers..

The Company respectfully submits that it is unable to provide the disclosure relating to these transactions in the format as required under Division III of the Schedule III of the Companies Act, 2013 as the transactions are individually small and voluminous.

Note 42.6
The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Group, same are not covered:

a) The Group has not traded or invested in crypto currency or virtual currency during the financial year.

b) No proceedings have been initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

c) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

d) The Group has not entered into any scheme of arrangement.

e) Charges or satisfaction to be registered with Registrar of Companies (ROC) have been registered within the stipulated statutory timelines.

f) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022
(Currency : Indian Rupees in Lakhs)

Note 43 - Figures for the previous year have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

(Currency: Indian Rupees Lakhs)

Part A Subsidiaries

	Sl. No.	1	2
1	Name of the subsidiary	IndoStar Asset Advisory Private Limited	IndoStar Home Finance Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	1 April 2021 to 31 March 2022	1 April 2021 to 31 March 2022
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
4	Share capital		
	Authorised capital	10.00	100,000.00
	Paid-up Capital	1.00	45,000.00
5	Reserves & surplus	450.45	4,901.47
6	Total Assets	456.33	129,708.20
7	Total Liabilities	456.33	129,708.20
8	Investments	-	2,300.12
9	Turnover	-	14,461.00
10	Profit / (loss) before taxation	(0.76)	4,608.69
11	Provision for taxation	3.11	1,177.86
12	Profit / (loss) after taxation	(3.87)	3,430.83
13	Proposed Dividend	Nil	Nil
14	Extent of shareholding (in percentage)	100%	100%

Notes:
Names of subsidiaries which are yet to commence operations: Not applicable
Names of subsidiaries which have been liquidiated or sold during the year: Not applicable

Part B: Associates and Joint Ventures - Not applicable

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Deep Jaggi
Chief Executive Officer
DIN: 09412860

Jitendra Bhati
Company Secretary

Place: Mumbai
Date: 5 August 2022

ANNUAL REPORT | **2022-23**

INDOSTAR

Strengthening Capabilities.
Sustaining Growth.
Building a Better and Brighter Future.

INDOSTAR CAPITAL FINANCE LIMITED

Contents

02-16
CORPORATE OVERVIEW

2 A Dynamic Stewardship. An Intrinsic Value System.
4 Chairman's Message
5 CEO's Letter to Shareholders
6 Our Report Card
8 Key Business Segments
12 Our Esteemed Board
14 Uplifting livelihoods. Creating a positive impact.
16 Corporate Information

17-106
STATUTORY REPORT

17 Management Discussion and Analysis
34 Board's Report
77 Report on Corporate Governance

107-258
FINANCIAL STATEMENTS

Standalone Financials
107 Auditor's Report
118 Balance Sheet
119 Statement of Profit and Loss
120 Cash Flow Statement
122 Statement of Changes in Equity (SOCIE)
123 Notes to Accounts

Consolidated Financials
192 Auditor's Report
200 Balance Sheet
201 Statement of Profit and Loss
202 Cash Flow Statement
204 Statement of Changes in Equity (SOCIE)
205 Notes to Accounts

To get this report online and for any other information, log on to:
www.indostarcapital.com

HIGHLIGHTS OF INDOSTAR CAPITAL FINANCE 2.0

₹ 7,813 crore
AUM

₹ 2,099 crore
Disbursement

₹ 599 crore
Net Total Income

31.5%
CRAR*

6.1%
Net Interest Margin

Credit Rating Crisil: Watch Negative
Short Term: (A1+)
Long Term: (AA-)

₹ 1,069 crore
Cash and cash equivalent

427
Branches

CARE: Stable
Short Term: (A1+)
Long Term: (A+)

** At Standalone Level*

Strengthening Capabilities.
Sustaining Growth.
Building a Better and Brighter Future.

With clear strategies on our key business segments, healthy liquidity and balance sheet, and improved asset quality, we continued to strengthen our proficiencies, with future growth driven by an increased offtake in commercial vehicles and affordable housing. Our strong capitalisation levels, comfortable gearing, low leverage and healthy liquidity grants us this confidence.

As we continue to serve the unique needs of our customers, our key objectives are aimed at deepening our national footprint, building a granular portfolio, reducing the size of our stressed asset book and strengthening our systems and processes.
We continue to further build on our capabilities, infrastructure and processes, engage more with retail customers, drive further market presence, building momentum on all fronts and driving towards a promising future.

Going forward, the improvement in macroeconomic environment, massive pent-up demand in our key focus areas and growing market opportunities are helping us build a solid book. Today, with a changed DNA, we are looking ahead confidently, and are ready for IndoStar 2.0.

A Dynamic Stewardship. An Intrinsic Value System.

BEING THE "GO-TO" NBFC IN RETAIL LENDING

IndoStar Capital Finance is a non-banking finance company (NBFC) registered with the Reserve Bank of India as a systematically important deposit-taking company. We are a professionally managed and institutionally-owned organisation, with BCPV Multiple Holdings Pte Ltd (Brookfield) and Everstone Group being our co-promoters.

SERVING MORE THAN 88,000 HAPPY CUSTOMERS

Through our diversified portfolio, we have assisted more than 88,000 customers gain access to financial products and serve their aspirations.

We are engaged in providing structured term financing solutions to corporates; used and new vehicle financing for transporters; and home finance solutions to home loan borrowers (through our wholly-owned subsidiary IndoStar Home Finance Private Limited); and loans to SME borrowers in India.

HEALTHY LIQUIDITY POSITION

During the year, Company has maintained healthy liquidity position. With the help of two reputed Promoters "Brookfield" and "Everstone", IndoStar has raised ₹ 3,967 crore on consolidated basis through Term loan from Banks and Financial Institutions, Non-convertible Debentures and Securitisation.

CREDIT RATING

We are rated by CRISIL and CARE. While CRISIL has rated us AA- (with negative watch), CARE has rated us A+(Stable)for long term and short term rating is at A1+(PLUS).

KEY OBJECTIVE

We wish to become the "go-to" NBFC in retail lending, particularly in vehicle finance, housing finance and SME finance. Our key objective is to become a leading provider of financing and credit solutions and cater to the aspirations of the growing consumer base of India, and deliver greater value to our stakeholders.

VISION

Partner with our customers on their journey to financial success

MISSION

To be a major financial service provider to our target customers, through empowered happy employees, and deliver a competitive shareholder return while maintaining the highest ethical behaviour standards

BUSINESS SNAPSHOT

Our Financial Solutions for "Your path to a better life"

CV Finance

We provide financing for used and new commercial vehicles

Housing Finance

Through our 100% subsidiary IndoStar Home Finance, we provide affordable home financing solutions to the self-employed and salaried individuals

SME Finance

We are the financiers for small and medium enterprises, enabling them to fulfil their business growth plans

BUSINESS-WISE CONTRIBUTION

Assets under Management

- CV Finance ₹ **3,672** Crore
- Housing Finance ₹ **1,623** Crore
- SME Finance ₹ **1,293** Crore
- Corporate Lending ₹ **1,200** Crore
- Others ₹ **25** Crore

Gross Disbursements

- CV Finance ₹ **1,436** Crore
- Housing Finance ₹ **487** Crore
- SME Finance ₹ **14** Crore
- Corporate Lending ₹ **162** Crore

Revenue

- CV Finance ₹ **566** Crore
- Housing Finance ₹ **209** Crore
- SME Finance ₹ **173** Crore
- Corporate Lending ₹ **177** Crore
- Other Revenue ₹ **55** Crore

Chairman's Message

DEAR SHAREHOLDERS,

We are delighted to share our thoughts with you on the completion of the 14th year of our business. Today, we have now strengthened our work culture and thereby reenergised our workforce, with all now waiting to see the next phase of growth.

It's been our endeavour to serve the unique financial needs of our customers. And this will be our foundation to take our growth story forward.

YEAR IN RETROSPECT

We began the year in the backdrop of the strength of underlying demand drivers – improving GDP growth despite a strained global geopolitical situation, reducing inflationary pressures, robust GST collections, and an increasing thrust on infrastructure development. Your management has worked assiduously to strengthen operating controls and processes, and to expand and deepen the senior management team. At the same time, the strong backing provided by Brookfield and Everstone has helped us in enhancing our capital base and provided us with added financial flexibility. The year was a landmark due to a historic milestone of having raised incremental funding of around ₹ 3,967 crore on consolidated basis, which bolstered our liquidity position and reflected in a significant improvement in our Asset Liability profile. The Company has recovered well after a couple of quarters of negative growth.

We welcome Karthikeyan Srinivasan as our new CEO, and Vinodkumar as our CFO. Karthikeyan had joined the Company in May 2022 as the Chief Risk Officer. We have great faith in their abilities and look forward to drawing upon their decades of industry experience to take the Company forward. We also onboarded other experienced people in several key positions in both the Commercial Vehicle Finance and Housing Finance business segments.

BUILDING ON OUR CAPABILITIES

To capitalise on the increasing potential in our key business verticals, we strengthened our capabilities and infrastructure and relooked at our processes. We also enhanced our operational performance by optimising efficiency across branches, while also maintaining continued focus on collections. We strengthened our collection mechanism by adding people, harnessing technology, and strengthening our culture, all of which enabled robust collections, resulting in all-time high collection efficiency of 120%+ on a regular basis.

To stabilise our asset quality, we strengthened controls, reviewed policies and upgraded technology systems – right from loan origination, credit appraisal disbursal and collection process. With this, we are becoming future-fit and aiming for sustained profitable growth. Our investments in technology and digitisation will help us improve operating turnaround times and productivity and drive operating cost efficiencies. We also took sustained efforts to reduce our stressed book through collection, repossession and settlement, besides identifying the stress pool in our CV portfolio and made conservative provisions.

For better serving our customers in Tier 3 & 4 cities, we moved our branch network into the hinterland, besides strengthening the hub-and-spoke model. We remain focused on opening smart branches that operate with greater efficiency and less manpower. Further, we

> **It's been our endeavour to serve the unique financial needs of our customers. And this will be our foundation to take our growth story forward.**

reduced our gross NPA, increased our reach and put processes in place and incorporated technology to grow. Not only this, we also remain nimble-footed on the cost front to manage profitability.

We have continued to pursue our retailisation strategy with a stringent focus – by building the retail business in a highly scalable manner, continuing to surge ahead on retail with our diversified bouquet of products – CV, Affordable Housing and SME Finance. Driven by an increased credit offtake in commercial vehicles and affordable housing, we are penetrating deeper and expanding our retail base, Today, 85% of our total book size comprises of retail loans.

IN CONCLUSION

We would like to offer sincere thanks to all our shareholders, lenders, partners and employees for their support and for being part of our journey. We also convey our sincere thanks to our dedicated workforce for supporting the Company during challenging times. Our growth is a testimony to the fact that with teamwork, motivation and sustained efforts, everything is possible.

We remain committed to delivering value to our shareholders and provide the best possible financial solutions to our clients.

Warm Regards,

Bobby Parikh
Chairman

CEO's Letter to Shareholders

DEAR SHAREHOLDERS,

I am excited to have joined IndoStar Capital Finance in FY2023, and I can confidently say that the transition has been very easy. Despite the tumultuous time on the business front, the Company's core values and its open culture led me to feel at home soon upon joining. In this regard, I am immensely thankful to all those contributed to building the culture, along-with a strong foundation that is making the Company shine even through adversity.

The year was unique as we worked to engineer a turnaround in the business. Our total Assets Under Management (AUM) this year was ₹ 7,813 crore, compared to ₹ 9,658 crore, while Total Disbursements were ₹ 2,099 crore.

Talking about our financial performance, Profit After Tax was ₹ 225.2 crore, compared to a loss of ₹ 736.5 crore. Revenue from Operations was ₹ 1,174.3 crore, as compared to ₹ 1,162.7 crore in the earlier year. Net Interest Income was ₹ 599.4 crore, compared to ₹ 634.8 crore. Our capital adequacy at 31.5% gives resources and flexibility to pursue future growth opportunities.

Net interest margins witnessed substantial improvement at 6.1%, as we moved focus to Tier 3 & 4 cities. Also, our debt-equity ratio indicates a healthy balance sheet, leaving headroom for us to source external funds. Operating expenses were higher at ₹ 401.1 crore due to and certain one time costs. Our gross collection efficiency reflected commitment to maintain high credit standards and efficient operations.

INDUSTRY OVERVIEW

With economic growth picking up, positive macro trends and retail inflation easing, demand for commercial vehicle financing has improved. Higher infrastructure spending is driving demand for newer vehicles. The uptick is also triggered by medium and heavy commercial vehicle, and will propel a strong push for the used CV segment, and we expect this demand to sustain. The scrappage policy also provides significant growth opportunities. Replacement demand is anticipated to be favourable – certain replacement sales anticipated for FY2021 and FY2022 were deferred due to the COVID-19 pandemic,

THE "USED CV" OPPORTUNITY

At IndoStar, we are capitalising on the growing opportunity in Used CV market, and are focused on serving this market with better yields to be able to enhance our disbursement, leverage positive trends and expand our business. We anticipate the CV loan book to grow manifold over the next few years. We plan to enhance our penetration by increasing our reach in smaller geographies and rural markets. With this, we are making ourselves well-positioned to take advantage of future growth opportunities.

CAPITALISING ON HOUSING FINANCE GROWTH DRIVERS

Despite the pandemic-induced disruptions, the real estate industry bounced back strongly, primarily owing to the government's focus on affordable housing and several policy initiatives. The year witnessed a surge in demand for affordable housing, particularly in Tier 2 & 3 cities, putting the sector back on the growth trajectory. The affordable housing finance segment is growing rapidly, driven by multiple factors such as urbanisation, industrialisation and an increase in per capita income.

India's mortgage penetration is low with a national average of 10.5%, and fresh housing requirement is still the dominant demand driver in housing finance. At IndoStar, we are committed to expanding access to housing finance to the under-served population in the country. This will remain a strong focus area for us to accelerate our growth strategy in the near future, as we see the sector spanning strong growth in the next several decades. Besides a better understanding of customer needs and our customised solutions, we also have an edge over our peers on account of higher margin of loans and more pricing power.

> **I am immensely thankful to all those contributed to building the culture, along with a strong foundation that is making the company shine even through adversity.**

GROWING SUSTAINABLY AND SCALING NEW FRONTIERS

Moving ahead, we are committed towards maintaining a healthy loan portfolio. Our strong capitalisation levels, comfortable gearing, low leverage and high liquidity position grants us the confidence to move forward with strength and vigour. Our small size also makes it possible to look at huge growth, with no liquidity and capital constraints.

With support from shareholders, lenders, debenture holders, employees and partners, we will move ahead strongly. We also remain buoyant about our future growth prospects and believe that the investments we have made in the form of technology, human resource, building a ethical and compliant culture, will help us capitalise on opportunities.

Amid the continuously changing business landscape, we remain committed to creating value for all our stakeholders, our customers, our partners, the society and our employees.

We take this opportunity to thank our shareholders, lenders, employees and everyone involved in the journey of revamping IndoStar.

Sincerely,

Karthikeyan Srinivasan
Chief Executive Officer

Our Report Card

ASSETS UNDER MANAGEMENT (₹ crore)

GROSS LOAN DISBURSEMENT (₹ crore)

TOTAL INCOME (₹ crore)

PROFIT AFTER TAX (₹ crore)

ROAA (%)

ROE (%)

NIM

(%)

GROSS & NET STAGE 3

(%)

OUR STRATEGIC FOCUS AREAS

Maintaining customer communication

Expanding geographically

Maintaining asset quality

Investing in technology to become more agile and process oriented

Focusing on digitalisation

Strengthening controls to minimise risk

Ensuring a robust balance sheet

Being agile and future ready

Key Business Segments

COMMERCIAL VEHICLE FINANCING SOLUTIONS

By further solidifying our capabilities, infrastructure and processes, we are capitalising on the projected demand and upsurging our assets in the commercial vehicle finance space. Also, with replacement demand, and with post-axle load norms and BS-VI transition, we are focused on serving the Used CV market and leveraging the growing potential.

ASSETS UNDER MANAGEMENT

FY2022	FY2023
₹ 4,908 crore	₹ 3,672 crore

USED VEHICLE DISBURSEMENT

Q4-FY2022	Q4-FY2023
74%	96%

72.7% Average Loan to Value Ratio (Q4-FY2023)

₹ 6.8 Lakh Average Ticket Size

Presence in **20** States across India

At IndoStar Capital Finance, we provide financing for new and used commercial vehicles, construction equipment, tractors and used cars. In FY2023, our disbursement in Commercial Vehicles segment stands at ₹ 1,436 crore in FY2023, vis-à-vis ₹ 3,743 crore in FY2022, with a disbursement yield of ~19% in Q4 of FY2023 up from ~16.4% in Q4 of FY2022. Of the total disbursement in Commercial Vehicle financing, about 98% of the total disbursement was in Used CV. With yields significantly better in Used CV, it improved the overall yield and spread.

With an annual market size of ₹ 5.60 lakh crore, the commercial vehicle market is scaling higher. The sale of commercial vehicles is expected to further rise due to improved fleet utilisation, robust GST collections, strong replacement demand and a pick-up in road construction and highway projects across the country, stimulating CV sales growth of 28% in FY2023. On the back of improving macroeconomic fundamentals, focus on infrastructure projects and high spending on account of elections are projected to keep the growth trajectory of CV sales higher.

GROWTH IN CV FINANCING

A pick-up in sales volumes in the CV industry, commercial vehicle financing has bounced back. The Used Commercial Vehicle market is also witnessing stable growth on account of increase in prices of new CV vehicles and Used CV's multi-purpose usability, and is expected to remain positive over the next 2-3 years. Post-axle load norms and BS-VI transition, commercial vehicle tonnage has moved up, making small road transport operators move to used commercial vehicles. Given the scrappage policy with a 15-year limit, Used CV financing is expected to double by FY2025.

REPLACEMENT DEMAND UNDER SCRAPPAGE

Replacement demand in the preceding two years was postponed due to COVID-related disruptions and also owing to uncertainty with follow-on COVID waves. Replacement demand under the Vehicle Scrappage policy is expected to be a huge potential as the policy is seen creating rising demand for Used Vehicles for the next 2-3 years.

As scrappage norms set in and economic growth picks up, the new and used CV upcycle is seen gaining momentum. As per reports, over 1 million vehicles are expected to come up for scrappage in the next 15 years, projected to trigger demand for replacement.

BUILDING OUR CAPABILITIES

At IndoStar Capital, we are aiming to be a pan-India company catering to pre-owned vehicle requirements of customers. With old vehicles penetrated less than 50% by organised players, and with significant opportunity in Used CV segment, we are leveraging this growth opportunity. By solidifying our capabilities, infrastructure and processes, we plan to grow our assets substantially in CV and Used CV financing. An uptick in demand will help us improve our disbursements further.

AFFORDABLE HOME FINANCING SOLUTIONS

ASSETS UNDER MANAGEMENT

FY2020	FY2021	FY2022	FY2023
₹ 832 crore	₹ 996 crore	₹ 1,406 crore	₹ 1,623 crore

PROFIT AFTER TAX

FY2020	FY2021	FY2022	FY2023
₹ 14 crore	₹ 28 crore	₹ 34 crore	₹ 38 crore

ROA AND ROE (%)
DEBT-EQUITY RATIO: 1.6X

	FY2020	FY2021	FY2022	FY2023
ROA	2.1%	3.3%	3.2%	2.8%
ROE	7.8%	13.8%	9.0%	7.2%

₹ 8.9 Lakh Average Ticket Size

20,162 No. of Live Accounts

Presence across **10 States**

49% Average Loan to Value Ratio

Our wholly-owned subsidiary IndoStar Home Finance engages in providing affordable home finance solutions to self-employed and salaried customers.
Our disbursement was ₹ 183 crore in FY2023, higher than ₹ 107 crore in FY2022, with adequate capital to support strong business growth. We remain focused on high-yielding housing loans in the range of 14.5% to 15.5%, with an average ticket size of ₹ 8.9 lakh.

During the year, our disbursement doubled, given our best-in-class asset quality, healthy spread on portfolio, strong branch infrastructure and employee base.

Our focus remained on ramping up our disbursements with sustained asset quality, and will continue to maintain strong healthy capital adequacy ratio.

AUM

FY2022	FY2023
₹ 1,406 crore	₹ 1,623 crore

FIRMING OUR ABILITIES TO SERVE BETTER

To build capabilities and leverage the growing potential in the affordable home finance segment, we onboarded leading professionals to manage the key functions of Technology, Finance and Human Resources. Our seasoned management team is well supported by regional teams with a conservative background and vast industry experience. Our manpower capability was further enhanced with an increasing thrust on "Feet on Street".

From a total employee base of 489 as on March 31, 2022, we strengthened our workforce to 757 as on March 31, 2023. The number of branches in the Home Finance business also doubled from 35 in the earlier year to 77 in FY2023.

PROJECTED MARKET GROWTH

The affordable housing finance market is expected to show significant growth in the years ahead, facilitating affordable housing finance companies gain market share in the overall housing finance market. The market share of affordable housing finance companies has increased from 4% in FY2018 to 7.2% at the end of December 2021. The affordable mortgage market is seen growing by 10% in the next five years – from being a ₹ 5 trillion market to an ₹ 8 trillion market by FY2027.

KEY GROWTH DRIVERS

Housing shortage of 100 million units (with LIG & EWS contributing 95%)	**Increasing penetration in LIG & EWS segments**	**Growth in affordable mortgage market**	**Incremental housing loan demand**

Our Esteemed Board

MR. BOBBY PARIKH

Chairman and Non-Executive Independent Director

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

MR. DHANPAL JHAVERI

Non-Executive Director

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

MR. VIBHOR KUMAR TALREJA

Non-Executive Director

Vibhor Talreja is a Non-Executive Director of IndoStar. Talreja joined Everstone in 2019 as a Managing Director to lead the financial services sector along with other responsibilities. Prior to joining Everstone, he was working as a Director with Temasek India for over 12 years, where he led decision making on investments and divestments of over $2 billion each across both private and public transactions. Talreja has extensive experience in Financial Services, Industrial/Consumer, Real Estate & Telecom sectors and has worked with JM, Morgan Stanley and Tata Administrative Services. He is an alumnus of IIT Kanpur and IIM Bangalore.

MR. ADITYA JOSHI

Non-Executive Director

Aditya Joshi is a Managing Director in Brookfield's Private Equity Group, and heads the private equity business for Brookfield in India. Joshi was responsible for conceptualising Brookfield's private equity strategy for India, nurturing and developing a high-quality team, building a robust sourcing engine, and leading deal execution and ongoing portfolio monitoring. Joshi joined Brookfield in March 2019. Prior to Brookfield, Joshi was a Principal at Apax Partners in India, and led and participated in deals across healthcare, technology services, and financial services. Prior to Apax, Joshi worked at The Blackstone Group in India, where he focused on investment opportunities primarily across technology services and business services. Prior to Blackstone, Joshi worked at Morgan Stanley in India, where he worked on fund raising and mergers and acquisitions across technology services, business services, telecom, amongst other industries. Joshi holds a Master of Business Administration degree from The Wharton School, University of Pennsylvania, a bachelor's degree in accounting and finance from the University of Pune, and is a Chartered Accountant and member of The Institute of Chartered Accountants of India. Joshi is a member of FICCI's National Committee on Private Equity for India.

MR. MUNISH DAYAL

Non-Executive Director

Munish Dayal is a Non-Executive Director of IndoStar. Dayal is Managing Director - Private Equity & Business Operations at Brookfield Asset Management (BAM) and has over three decades of experience in financial services. Prior to joining BAM, Dayal was Senior Operating Partner at Baring Private Equity Partners India Limited with hands-on engagement with portfolio companies in BFSI, technology and commercial real estate. Dayal has also held senior positions in Yes Bank Limited and Citibank and has expertise in risk management, lending to medium and small sector enterprises, cash management, payment services, trade products and banking technology. Dayal is a commerce graduate from Shri Ram College of Commerce, University of Delhi and completed his master's in business administration from Faculty of Management Studies, University of Delhi.

MR. HEMANT KAUL

Non-Executive Independent Director

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

MS. NAINA KRISHNA MURTHY

Non-Executive Independent Director

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

MR. KARTHIKEYAN SRINIVASAN

Whole-time Director & Chief Executive Officer

Karthikeyan Srinivasan is a Whole-Time Director designated as Chief Executive Officer of IndoStar. He is a qualified Cost Accountant from Institute of Cost Accountants of India and holds an MBA in Finance & Marketing from Alagappa Institute of Management. He has over 25 years of experience in the areas of Retail Sales, Client Servicing, Credit / Portfolio Management and People Management in banking and financial services sector and have handled a wide range of financial products including Commercial Vehicle Loans, Construction Equipment Loan, Tractor Loans, Two-wheeler Loans etc. Has worked with various Banks like ICICI Bank Ltd, Kotak Mahindra Finance Limited, Cholamandalam Investment and Finance Company Ltd.

Uplifting livelihoods. Creating a positive impact.

At IndoStar, we remain focused on bringing meaningful change in the communities we operate within. We aim to create a more efficient and effective social impact ecosystem by integrating CSR into our operations.

KEY CSR INITIATIVES

Education

Education is the basic right of every child. At IndoStar, we are supporting organisations in their initiatives which are contributing towards education inequity reduction, learning improvement, dropout reduction and psychological support.

Health

Health is also an important determinant of overall progress of individuals. Our focus is on improving health status of communities to achieve good health and well-being. We are constantly contributing towards education, health, and the environment.

Smile Foundation – Swabhimaan

Smile Foundation is a national level development organisation directly benefiting over 4 lakh children and their families each year through 200 welfare projects on education, healthcare, livelihood and women empowerment, in more than 950 remote villages and slums across 25 states of India. Our approach is to create a holistic solution that covers everything and builds success stories for them.

LADLI FOUNDATION – MASIK SATYA

About Ladli Foundation Trust

Ladli Foundation is a grassroots level non profit organisation known for implementing highly impactful innovative social initiatives to uplift vulnerable people in urban rural slums The organisation is granted special consultative status in United Nations ECOSOC and conferred with the National Award by Govt of India for directly serving over one million beneficiaries through its action research based projects by promoting sustainable living for achieving UN SDGs.

Women Empowerment

IndoStar is on a mission to create an enabling environment for rural women by providing them with necessary tools and resources for uplifting their livelihoods. We help in generating awareness on the issues of reproductive and sexual health covering safe motherhood, child health and family planning among women in reproductive age. IndoStar has contributed by capacitating under-privileged women through business skills training to help them start their own enterprises and income generation activities.

Support is also provided in building confidence and assertiveness in women in reproductive age to challenge gender stereotypes to improve their health and social status. It also aims at improving their health-seeking behaviour of the focused group with respect to reproductive and sexual health issues through periodic health camps and demonstration workshops.

Corporate Information

BOARD OF DIRECTORS

Non-Executive Independent Chairman

Mr. Bobby Parikh

Executive Directors

Mr. R. Sridhar
Vice Chairman *(till April 17, 2022)*

Mr. Deep Jaggi
Whole-time Director & Chief Executive Officer
(from February 10, 2022 till February 14, 2023)

Mr. Karthikeyan Srinivasan
Whole-time Director & Chief Executive Officer
(appointed as CEO from February 14, 2023)
(appointed as Director from March 30, 2023)

Non-Executive Directors

Mr. Dhanpal Jhaveri
Mr. Aditya Joshi
Mr. Vibhor Kumar Talreja
Mr. Munish Dayal

Non-Executive Independent Directors

Mr. Hemant Kaul
Ms. Naina Krishna Murthy

CHIEF FINANCIAL OFFICER

Mr. Kapish Jain
(from May 27, 2022 till July 19, 2022)

Mr. Vinodkumar Panicker
(appointed with effect from December 26, 2022)

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Jitendra Bhati
(till April 17, 2023)

Ms. Shikha Jain
(appointed with effect from April 18, 2023)

CHIEF COMPLIANCE OFFICER

Ms. Rashmita Prajapati
(appointed with effect from August 8, 2023)

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP

CIN: L65100MH2009PLC268160

REGISTERED & CORPORATE OFFICE

Unit No. 505, 5th Floor,
Wing 2/E, Corporate Avenue,
Andheri – Ghatkopar Link Road,
Chakala, Andheri (East),
Mumbai – 400099
Tel No.: +91 22 4315 7000
E-mail: investor.relations@indostarcapital.com
Website: www.indostarcapital.com

DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited
Universal Insurance Building,
Ground Floor, Sir P.M. Road,
Fort, Mumbai – 400001
Tel No.: +91 22 40807000
Fax No.: +91 22 66311776
E-mail: itsl@idbitrustee.com

REGISTRAR & TRANSFER AGENT

Link Intime India Private Limited
C - 101, 247 Park, L.B.S. Marg, Vikhroli (West),
Mumbai – 400083
Tel No.: +91 22 49186270
Fax No.: +91 22 49186060
E-mail: rnt.helpdesk@linkintime.co.in

BANKERS

Axis Bank Limited
Bandhan Bank Limited
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank PLC
Catholic Syrian Bank
Central Bank of India
DCB Bank
Development Bank of Singapore
HDFC Bank Ltd
ICICI Bank Ltd
IDFC First Bank Ltd
Indian Bank
IndusInd Bank
Industrial Development Bank of India
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank
RBL Bank Ltd
South Indian Bank
State Bank of India
Union Bank of India
Yes Bank

FINANCIAL INSTITUTIONS / MUTUAL FUNDS

Aditya Birla Sun Life Mutual Fund
Axis Mutual Fund
Bajaj Finance Ltd
Baroda BNP Paribas Mutual Fund
Mirae Asset Mutual Fund
National Bank for Agriculture and Rural Development
National Housing Bank
PGIM India Mutual Fund
SBI Mutual Fund
Small Industries Development Bank of India
Sundaram Mutual Fund
UTI Mutual Fund

Management Discussion & Analysis

ECONOMIC OVERVIEW

Global Economy

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions and the continuing war in Ukraine weigh heavily on the outlook.

Global growth slowed in 2022 to 3.4%, ~1% weaker than expected at the end of 2021, mainly weighed down by the Russia-Ukraine war and elevated inflation levels, which continue to shadow the world economy. Economic growth proved surprisingly resilient during the third quarter of 2022, with strong labour markets, robust household consumption, business investment and better-than-expected adaptation to the energy crisis in Europe. Even as headline inflation appears to have peaked in 2022 and the energy crisis has been less severe than initially feared, the global economy still faces major headwinds.

The International Monetary Fund (IMF) trimmed its 2023 global growth outlook as higher interest rates cool activity. It is forecasting global real GDP growth at 2.8% for 2023, before rebounding to 3.0% for 2024, marking a sharp slowdown from 3.4% growth in 2022 due to a tighter monetary policy. IMF predicts global inflation to cool to 6.6% in 2023 and 4.3% in 2024, which is still above pre-pandemic levels of about 3.5%, but significantly lower than 8.8% observed in 2022. Structural reforms can further support the fight against inflation by improving productivity and easing supply constraints, while multilateral cooperation is necessary for fast-tracking the green energy transition.

World economic growth – Trends in GDP (%)

	2021	2022	2023
World Output	6.3	3.4	2.8
Advanced Economies	5.4	2.7	1.3
Emerging Market and Developing Economies	6.9	4.0	3.9
India	9.1	6.8	5.9

https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023

Indian Economy

India's economy demonstrated resilience despite a challenging external environment. The World Bank's latest India Development Update states that "India was one of the fastest growing economies in the world with real GDP growing 7.7% year-on-year during Q1-Q3 fiscal year 2022/23. Growth was underpinned by robust domestic demand – strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners." The World Bank report titled "Navigating the Storm" finds that while the deteriorating external environment will weigh on India's growth prospects, the economy is relatively well positioned to weather global spill-overs compared to other emerging markets.

India's GDP may grow by 7% for the financial year 2022-23, according to the second advance estimates released by the Ministry of Statistics and Programme Implementation. The Ministry also revised economic growth for financial year FY 2021-22 to 9.1%, against 8.7% estimated in the previous year. The fall in year-on-year growth rate is partly due to a fading of pandemic-induced base effects, which contributed towards higher growth in FY 2021-22. Inflation remained high in FY 2022-23, averaging around 6.7%, but the current account deficit narrowed in Q3 of FY 2022-23 on the back of strong growth in service exports and easing global commodity prices.

https://www.worldbank.org/en/news/press-release/2023/04/04/indian-economy-continues-to-show-resilience-amid-global-uncertainties

REAL GDP GROWTH PROJECTIONS

(%)

India's GDP may grow by 7% for the financial year 2022-23, according to the second advance estimates released by the Ministry of Statistics and Programme Implementation.

GROWTH OF NBFCs IN INDIA

The Non-Banking Financial Companies (NBFC) sector in India has undergone a significant transformation over the past few years and plays a significant role in the growth of the Indian financial system. NBFCs play a critical role in the development of core infrastructure, transport, employment generation, wealth creation, and the economic development of weaker sections of society. Further, technology has enabled NBFCs to expand into underserved segments, where banks often don't serve or find it difficult to reach and service.

Growth Drivers

Deep understanding of customer segments:

NBFCs have focused on the unorganised and under-served segments of the economy, which has led the companies to create a niche for themselves through deep understanding of their needs. The NBFCs ensure last-mile delivery and enhanced customer experience of products and services.

Customised product offerings by NBFCs:

Several NBFCs have focused on a limited set of products to serve the target customer segment. Armed with a deep understanding of their target segment, NBFCs have customised product offerings to address unique characteristics of the customer segment and focus on meeting the right needs. Several NBFCs have adopted non-standard pricing models for product lines, in-line with the customer profile and lending risk in this segment.

Leveraging technology for improved efficiency and enhanced experience:

The use of technology is helping NBFCs to customise credit assessment models and customise business processes, thereby reducing the time to market and helping improve customer experience. NBFCs are investing in data analytics and artificial intelligence to enhance their ability to serve their target customer segments.

Wider and effective reach:

NBFCs are reaching out to Tier-2, 3 & 4 markets, distributing loans across several customer touch-points, building a connected channel experience, that provides an omnichannel seamless experience with 24/7 sales and service. This enables NBFCs to best serve today's digitally native customers.

Co-lending arrangements:

NBFCs have been tying up with multiple alternative lenders with digital platforms and commercial banks as well, which has been adding to their targeted customer base and increasing the avenues for revenue.

Robust risk management:

Given their focus on lending to the sub-prime customer segment, and regulatory disadvantage (SARFAESI, DRT, and capital adequacy requirements) in comparison to commercial bank lenders, NBFCs are ensuring enhanced governance through a proactive, robust and agile risk management model.

https://allcloud.in/blog-details/21/6-Factors-that-led-Growth-of-NBFCs-In-India

NBFCs – An important component in credit delivery

***Playing* a key role in supporting India's socio-economic construction**

Retail-focused NBFCs are expected to grow 12-14% while the housing finance companies may grow by 10-12%, according to an ICRA Ratings Report. The forecast is based on continuing post-COVID pent-up demand and an improved operating environment reflecting in NBFC asset quality improvement. Sectoral profitability will improve by 40-50 basis points (bps) this fiscal, supported by stable margins and lower credit cost, and will reach pre-pandemic levels, as per the report. Vehicle financing loans (commercial vehicle finance, passenger vehicle finance), which have remained significantly subdued since FY2020, are also expected to report higher growth numbers, following an improvement in the operating environment.

The asset quality of non-banks has been improving steadily since December 2021 as borrowers gradually recovered from the pandemic-induced stress, according to the Report. The improvement has been on the back of higher collections, a lower-than-anticipated share of restructured portfolio estimated at 2% of total assets under management as of September 2022 and controlled slippages from this book. Reported ratios have also benefited from the base effect of high growth.

https://www.icra.in/Media/OpenMedia?Key=8ff74ada-e418-48eb-917f-0ce7250a8330

https://www.outlookindia.com/business/nbfcs-seen-growing-at-10-12-this-fiscal-and-next-news-245231

Stronger balance sheets, better asset quality underpin growth

NBFCs are stronger and more resilient today, and better positioned in almost all operationally critical parameters. On the capital front, NBFCs have raised almost ₹ 70,000 crore of equity in the past 3.5 years, which has materially improved gearing. The subdued business landscape in the past three fiscals also contributed to the better gearing. Provisioning levels also increased in the past couple of years, as NBFCs created management overlays to provide for uncertainty pertaining to the pandemic.

https://www.crisil.com/content/dam/crisil/mailers/rating-newsletter/2022/december/nbfcs-gearing-up-for-growth.pdf

INDUSTRY OVERVIEW

Automobile Industry – A growth engine for India's economy

The Indian automobile industry, in the past four decades, has catalysed India's GDP growth. The industry is one of India's core sectors, estimating the manufacture of transport equipment to be worth up to 12% of the Gross Value Added (GVA) in the manufacturing sector. As one of the leading driving forces of the economy, the automobile industry contributes to about 49% to India's manufacturing GDP and 7.5% to the GDP at large. India's automobile market overtook Germany, Europe's largest economy and export powerhouse, to emerge as the world's fourth largest in 2018, valued at nearly US$ 100 billion. The industry faced disruptions such as COVID-19 pandemic, fuel price-led inflation, steep hike in commodity prices, container shortage and surging logistics costs, the industry, and is estimated to account for 65 million jobs by 2026. The total sale in the automobile industry is estimated to cross ₹ 5.6 lakh crore by FY2025.

Commercial Vehicle Finance

Commercial Vehicles (CV) comprise ~8% of the total vehicles on Indian roads and growth in the sector is being driven by improved economic activity, revival of construction and mining activities and better semi-conductor supplies. Inflation in fuel prices will continue to be a key challenge in the year ahead. The government is planning to spend over ₹ 10 lakh crore on infrastructure in FY2024, to build out roads, airports and other critical infrastructure, which is expected to boost commercial vehicle sales.

Growth in the industry is backed by improved economic activity, revival of construction and mining activities and better semi-conductor supplies. Inflation in fuel prices will continue to be a key challenge in the year ahead.

COMMERCIAL VEHICLES – UNIT SALES IN INDIA

(In lakh)

Trends in the CV Industry

- New Commercial Vehicle sales fell 45% over two years from 10.3 lakh in FY2019 to 5.7 lakh in FY2021, driven by a slowdown in economic growth in FY2020, and subsequent lockdowns due to COVID-19 first wave in FY2021 (March-August 2020).
- Follow-on pent-up demand saw growth of 26% in FY2022, despite lockdowns in COVID wave 2&3 in May 2021 and January 2022.
- CV sales are cyclical in nature and with two straight years of sales decline, the industry expects growth momentum to continue at CAGR of 15.69% through FY2025.
- MCVs and HCVs are highly dependent on GDP growth.
- Post-COVID replacement demand that picked-up in FY2023 is expected to continue for the next 2-3 years.

Commercial Vehicles - Key growth drivers

The CV finance industry in India has Assets Under Management (AUM) of approximately ₹ 3.6 lakh crore, of which 42.3% or ₹ 1.5 lakh crore is contributed by NBFCs, which dominate Banks at 38.5% share and Anchor Financiers of Original Equipment Manufacturers (OEM) at 19.2% share, respectively according to a CARE report.

S. No.	CV Finance Segments	Share %	AUM (₹ lakh crore)
1	NBFCs	42.30%	1.5
2	Banks	38.50%	1.4
3	Anchor Financiers for OEMs	19.20%	0.7
	Total	100.00%	3.6

The report estimates that NBFCs witnessed AUM growth of ~14% in their CV Financing book for FY2023. The CV financing industry expects growth momentum to continue over the next few years, on the back of improved fleet utilisation, strong replacement demand and pickup in road construction projects across the country.

https://www.autocarpro.in/news/commercial-vehicle-financing-to-bounce-back-on-the-backdrop-of-pick-up-in-sales-114274

Used Commercial Vehicle Financing

Pre-owned commercial vehicles are affordable to aspiring owner-cum-drivers/ driver turned owners, who are Small Road Transport Operators (SRTOs) with limited banking experience and low credit history for verification of creditworthiness. The market for this segment is fragmented and dominated by private financiers in the unorganised sector. The organised financing sub-segment of the market is dominated by NBFCs, which have built out the ability to service loans in tier 2 & 3 towns. The opportunity to expand disbursement in Used CV has been on the rise due to increased growth in the segment. This is owing to the strength of the underlying demand drivers such as construction and infrastructure activity, growing demand for e-Commerce and the continued thrust of the government on infrastructure development, which will provide further support to demand.

Vehicle Scrappage Policy

Replacing old polluting vehicles is an important part of greening our economy. Echoing the Government's commitment to clean energy vehicles for a cleaner and greener future, the Union Budget 2023-24 laid emphasis on the vehicle scrapping policy. It allocated funds required to replace government vehicles and buses older than 15 years. With this move, over 9 lakh vehicles and buses owned by central and state governments, transport corporations and public sector undertakings, which are more than 15 years old, will be taken off road and will be scrapped.

Financing for Used Commercial Vehicles is set to increase and double by FY2025, considering the scrappage policy of 15 years limit. Currently, around 50% to 60% financing in the Used CV segment is with the unorganised sector, which is projected to reduce in future due to scrappage policy and with the organised sector expected to gain share in used vehicle financing.

The scrappage policy is a part of the national mission to achieve net zero carbon emission. The Budget assumes that all State and Central government-owned vehicles including buses owned by transport corporations and public sector undertakings that have been on the road for over 15 years will be scrapped. The move is estimated to help the entire ecosystem of the automobile industry as this will translate into the growing order books of original equipment manufacturers (OEMs), increased output and job creation. The scrappage policy is expected to give a boost to Used CV financing.

Housing Finance

After subdued growth in the pandemic years, FY2023 witnessed a rebound in the housing credit market, aided by pent-up demand, lower interest rates in the first half of the year and new project launches. As the Indian economy recovered strongly post-COVID-19, the industry also witnessed a robust demand for affordable homes to support the work from home & hybrid working model. Stabilised home loan rates boosted the demand for housing space, which was further fuelled by the policy emphasis on low-cost and affordable housing. The housing finance segment of the industry witnessed substantive traction, that provided a much-needed impetus to the overall industry.

Demand for home loans also grew on account of favourable government incentives and developer discounts. Market participants expect demand momentum for affordable housing to sustain going into FY2024, aided by the entry of newer players, sustained demand in mid-to-luxury segment, and an increasing desire for home ownership.

Trends in Housing Finance

Increase in disposable income

As disposable income rises, individuals prefer taking a housing loan for their own homes rather than stayed in rented accommodation.

Lower interest rates

Declining interest rates on housing loans increased affordability of loans, stimulating demand.

Urbanisation

As more and more people settle in urban areas, demand for homes are increasing, further increasing the demand for home loans.

Affordable Housing

Affordable Housing remains the key sub-segment in the Housing and real estate sector. With the growth of urban development, urban housing shortage is becoming a growing concern for India's urban planners. This has emphasised the Government focus on affordable housing. Affordable housing sector was inferred 'Infrastructure Status' by the Government in order to augment its growth. The sector has been supported extensively with schemes such as Housing for All by 2022, targeting 20 million households, and the Smart Cities Mission, with a target of creating 100 Smart Cities. Further, Pradhan Mantri Awas Yojana – Credit Linked Subsidy Scheme (PMAY - CLSS), launched in June 2015 continues to drive the affordable housing sector.

Affordable mortgage market is projected to grow by 10% in the next 5 years

AFFORDABLE HOUSING FINANCE COMPANIES – INCREASING MARKET SHARE

Increasing penetration in LIG* & EWS segments to drive growth**

	Household Income	Average LTS
MIG and LIG	-	>₹ 15 Lakh
LIG	₹ 6 Lakh	₹ 6-15 Lakh
EWS	₹ 3 Lakh	₹ 2.5 Lakh

**Lower Income Group*

***Economically Weaker Sections*

COMPANY OVERVIEW

About IndoStar Capital Limited

IndoStar Capital Finance Limited is a non-banking finance company (NBFC) and systemically important non-deposit taking company. It is a professionally managed and institutionally owned organisation. The Company is working on becoming a go-to NBFC in retail lending, currently focused on commercial vehicle financing. It is engaged in providing used and new commercial vehicle financing; affordable home finance through its wholly-owned subsidiary IndoStar Home Finance Private Limited; and loans to small and medium enterprise (SME) borrower.

Having started operations as an NBFC focused on corporate financing in 2011, the Company changed course into being a retail focused NBFC. As on March 31, 2023, our Assets Under Management (AUM) stood at ₹ 7,813 crore, of which ₹ 6,612 crore was in the form of retail financing. We maintain a continued focus on enhancing our asset quality and improving the collections.

IndoStar's majority ownership by Brookfield has helped it enhance its capital base and provides it with added financial flexibility. Post infusion of ₹ 1,225 crore in May 2020, Brookfield now owns 56.20% of the company's equity.

During the year, Everstone Group have completed the sale of 14.21% of the total paid-up equity share capital of the Company through an Offer for Sale, to comply with the minimum public shareholding requirements as per SEBI. Pursuant to the same Everstone Group's holding stands at 18.8% and public shareholding in the company increased to 25% w.e.f. May 05, 2023.

Changes in Leadership

Deep Jaggi, former CEO of IndoStar Capital Finance, stepped down due to personal reasons in February 2023. Karthikeyan Srinivasan, who joined as the Chief Risk Officer in May 2022, has been elevated to the Chief Executive Officer position. Mr. Vinodkumar has been appointed as the Chief Financial Officer and comes with over 36 years' experience in managing and leading finance functions, including a decade of experience in the NBFC industry.

IndoStar Capital 2.0

Among the retail product offerings, the Company operates in the following business segments:

Commercial Vehicle Finance	We provide financing primarily for used and new commercial vehicles.	₹ 3,672 crore AUM
Housing Finance	Wholly-owned subsidiary IndoStar Home Finance engages in providing affordable home financing solutions to self-employed and salaried customers.	₹ 1,623 crore AUM
SME Finance	We are the preferred financiers for small and medium enterprises, enabling them to fulfil their business growth plans.	₹ 1,293 crore AUM

Changing portfolio mix – Driven by our retailisation strategy

Consolidated AUM was ₹ 7,813 crore as on March 31, 2023, compared to ₹ 9,658 crore as on March 31, 2022. Out of this, retail book accounted for ₹ 6,612 crore (85% of total AUM), compared to ₹ 8,115 crore (84% of AUM) as on March 31, 2022. Our retailisation process, that began in 2017-18, continues to progress.
Our corporate loan book came down from ₹ 4,604 crore as on March 31, 2019 to ₹ 1,200 crore as on March 31, 2023.

A GROWING RETAIL BOOK

FY2019

- Retail Lending **38%**
- Corporate Lending **62%**

FY2023

- Retail Lending **85%**
- Corporate Lending **15%**

Our Footprint

1	Himachal Pradesh – **2**
2	Punjab – **9**
3	Uttarakhand – **9**
4	Haryana – **11**
5	New Delhi – **2**
6	Uttar Pradesh – **31**
7	Rajasthan – **29**
8	Gujarat – **28**
9	Madhya Pradesh – **30**
10	Chhattisgarh – **6**
11	Bihar – **11**
12	Jharkhand – **11**
13	West Bengal – **20**
14	Assam – **9**
15	Meghalaya – **1**
16	Odisha – **5**
17	Telangana – **26**
18	Maharashtra – **43**
19	Karnataka – **14**
20	Andhra Pradesh – **35**
21	Tamil Nadu – **75**
22	Kerala - **20**

Map not to scale.
For Illustrative purpose only.

KEY BUSINESS SEGMENTS – AN OVERVIEW

A. COMMERCIAL VEHICLE FINANCE

Quick Snapshot of FY2023

AUM	Average Ticket Size	Disbursement
₹ 3,672 crore	₹ 6.8 lakh	₹ 1,435 crore

Presence across	Average Loan to Value Ratio	Disbursement Yield
20 States	72.7%	~19%

Pre-owned Commercial Vehicle financing is a focus area for the Company. It is a well-established player in the segment and has created a sustainable competitive advantage through its deep understanding of the borrower profile and their credit behaviour. At IndoStar, we expect continued growth in this segment driven by underlying economic growth and growing demand for small, medium and heavy commercial vehicles. Growth in long distance M&HCV will also propel a strong push for light commercial vehicles, which will aid the hub-and-spoke model of transportation. With improving road infrastructure, the size of the long-distance trucks has been increasing. These diesel trucks typically pick-up and unload their goods at warehouses on the outskirts of metropolitan cities. Intra-city transport is now largely done by CNG powered small trucks, which have no travel time restrictions. During the year, the management team has worked on engineering a turnaround for IndoStar's CV business, by revisiting our strategy, our processes and our underwriting policies.

Used Commercial Vehicle Segment

Growth in Used CV financing can be attributed to several factors such as affordability and multi-purpose use. Despite the trend of price increases in commercial vehicles with transition to BS-6 norms and higher fee cost, the increase in used CV price is relatively lower, making this an attractive option for customers wanting to purchase commercial vehicles. Used CVs come with multi-purpose usability, such as their ability to handle a variety of loads, including sand, cement, and grain, which continued to drive demand.

Key Initiatives to expand Used CV segment:

- To leverage our existing reach by increasing penetration in the market, enhance customer connection
- Launched a new digital process to help increase market presence, reach smaller geographies and increase penetration in rural market besides improve the productivity of the sales employee.

Business Review in FY2023

The demand for medium & heavy commercial vehicles and a strong push for light commercial vehicles are leading to an increase in used vehicle segment. This is primarily due to the scrappage policy of the government, which puts a 15-year limit on the age of the vehicle.

The replacement demand was favourable during the year as certain replacement sales originally anticipated in FY 2021-22 were deferred due Replacement demand under the vehicle scrappage policy is expected to be a key driver for the industry.

We are building our capabilities, infrastructure and processes in the CV finance space. We intend to be a pan-India company catering to pre-owned vehicle requirements of all our customers, and expect to grow our AUM manifold, considering the potential in the used CV space.

B. HOUSING FINANCE

Quick Snapshot of FY2023

AUM	Average Ticket Size	Disbursement
₹ 1,526 crore	₹ 9 lakh	₹ 487 crore

Presence across	Average Loan to Value Ratio	Blended Yield
10 States	~49%	~14.8%

IndoStar Home Finance Private Limited

IndoStar Home Finance, a wholly-owned subsidiary of Indostar Capital Finance, is an affordable housing finance company focussed on high-yielding housing loans in the range of 14.5% to 15%, with an average ticket size of ~ ₹ 9 lakh. In the past 6 years, we have built a strong branch infrastructure and employee base. We are strategically focused on ramping up disbursements, with a clear line of sight on liquidity and a robust funding pipeline, while maintaining strong asset quality. During the year, we onboarded leading industry professionals to manage key functions of Finance, Human Resource and Technology. We have a strength of 750 employees, with a thrust on "feet on street". This, we believe, will help us scale our business further.

Being future-ready to seize the opportunity in Affordable Housing Market

Management team

- Seasoned management team, well supported by regional teams with conservative background, recruited from other companies in the industry

Geographical focus

- Geographical focus on south and west India with cluster-based approach to address concentration challenges
- Targeting states with highest demand-supply gap for affordable housing

Ecosystem play

- Wide array of payment methods for customers, leading to cash payments contributing only 3-4% of overall transactions

Robust underwriting

- Centralised underwriting framework with focus on underwriting income from informal sources
- Focus on New-to-Credit Customers and in the < ₹ 20 Lakh loan categories, deprioritised certain categories with higher delinquency probabilities

Micro LAP play

- Presence in Tier 3&4 towns in southern states with large Micro LAP opportunity

Business Review in FY2023

C. SME FINANCE

The current aim is to run down the SME book over the next few years. The management team will explore the option of launching a new SME product focussed on much lower ticket size, mainly in the Tier 3 and Tier 4 markets, towards the end of FY2024. Till then the emphasis is to run down the book by way of collection or other arrangements.

Corporate Lending

Our endeavour is to reduce our share in corporate lending. We expect our corporate book to be less than 15% of our AUM by the end of FY2024. This is expected to be run down over the next 2-3 years by way of collection or other arrangements.

Key Achievements of FY2023

a. Raised incremental funding

In FY2023, we raised incremental funding of ₹ 3,967 crore, which contributed to our healthy liquidity position. As on March 31, 2023, we had cash or cash equivalents of ₹ 1,069 crore. IndoStar's Asset Liability Management (ALM) profile has seen significant improvement in the year, compared to the previous year.

b. Reduced the size of stressed asset book

As part of its retailisation strategy, retail loans have gone up from 78% in FY2021 to 85% in FY2023, despite very low disbursement of retail loans in the current financial year. Net profit is driven by lower credit cost provisions in the commercial vehicle loan segment. Collections in FY2023 of ₹ 4,038 crore resulted in gross collection efficiency of 145.0%, with collections in the Commercial Vehicle division being at ₹ 1,820 crore FY2023, up 15% from ₹ 1,583 crore FY2022. The Company made concentrated efforts to reduce the stress book by driving customer settlements and sale of nearly 50% of the stress book. Stress book now stands at ~4% of total vehicle finance AUM.

c. Achieved greater granularity in business

The Company is reorienting its underwriting policies and shifting focus on the customer side to small fleet owners, resulting in greater granularity; and on the product side to used CVs, especially medium CVs and small CVs, from heavy CVs. This focus will result in greater granularity in the business. Future growth is expected to be driven by these segments and performance of affordable housing finance business.

d. Gained adequate capitalisation

IndoStar continues to have adequate capitalisation, even post the impact of the additional provisioning taken in the financial statements pertaining to FY2022. Its Consolidated Networth stood at ₹ 3,111.6 crore as on March 31, 2023, from ₹ 3,085.5 crore as on March 31, 2022, while its gearing level remained at 1.8 times as on the same date. The Capital Adequacy Ratio (CAR) stood well above the regulatory requirement at 31.5% as on March 31, 2023, compared to 25.8% as on March 31, 2022, driven by staging improvement. With retailisation of the portfolio, the gearing is expected to increase from the current levels.

Stimulating Profitable and Sustainable Growth in FY2023

Acquiring new customers

Our objective is to serve the used CV market with higher yields, as we believe that Tier 3&4 markets are still not served completely by the organised players. We want to capitalise on the opportunity to fill the gap in these markets and move our branch network into the hinterland, serving customers in Tier 3&4 cities.

Strengthening the organisation

During the year, we strengthened the organisation further by revamping our processes, reviewing our policies and upgrading technology system – right from loan origination to credit appraisal disbursal and collection processes. We are also taking sustained efforts to reduce our stressed book. Further, we also strengthened our collection mechanism by adding more people and having a separate Collections Call Centre. Over the last few quarters, we are consistently surpassing 120% collection efficiency, indicating clearance of earlier delinquencies.

Attaining cost efficiencies

We strengthened our hub-and-spoke model by moving more of our branches to Tier 3&4 cities, with a focus on opening smart branches with lower fixed costs and manned by lean teams. We continued to improve efficiencies across our branch network and increase our reach to achieve profitable growth. The emphasis has been on automation of all processes and to use that to improve productivity and thereby attain cost efficiencies. We continue to be nimble-footed on attaining cost efficiencies to manage profitability. Our investment in technology and digitalisation is helping us improve our turnaround time, improve productivity and drive operating cost efficiencies.

Stabilising asset quality

We continue to closely monitor the quality of our portfolio. We brought down Stage 3 gross level in every quarter of the year, in spite of increase driven by the implementation of ONAN (Once an NPA, Always an NPA) and also our conservative approach on staging. As on March 31, 2023, Gross Stage 3 assets stood at ₹ 479 crore improved from ₹ 1,203 crore as on March 31, 2022, demonstrating our commitment to maintain a healthy loan portfolio. Consolidated Stage 3 assets of 6.8%, compared to 13.6% as on March 31, 2022 demonstrate the efficacy of our credit risk management strategy besides our robust collection process.

India's GDP may grow by 7% for the financial year 2022-23, according to the second advance estimates released by the Ministry of Statistics and Programme Implementation.

Operational Performance in FY2023

Assets Under Management (₹ Crore)

	CV Finance	Home Finance	SME Finance	Corporate Lending	Total
March 2019	5,000	551	1,899	4,604	12,054
March 2020	4,643	832	1,746	2,930	10,150
March 2021	4,194	996	1,849	1,932	8,990
March 2022	4,908	1,406	1,776	1,543	9,658
March 2023	3,672	1,623	1,293	1,200	7,813

Disbursements (₹ Crore)

	Retail Lending	Corporate Lending	Total
FY 2019	3,054	3,394	6,448
FY 2020	2,356	1,149	3,505
FY 2021	1,609	218	1,827
FY 2022	4,885	61	4,947
FY 2023	1,937	162	2,099

FINANCIAL PERFORMANCE IN FY2023

IndoStar has marked its presence in 22 states across the country with 427 branches including Tier 3 & 4 cities. We remain focused on opening smart branches that operate with greater efficiency and less manpower with the focus on Commercial Vehicle Finance, and Housing Finance. During the year, we strengthened the organisation further by revamping our processes, reviewing our policies, processes and upgrading technology system. We are also taking sustained efforts to reduce our stressed book. Further, we also strengthened our collection mechanism by adding more people and having a separate Collection Call centre. Over the last few quarters, we are consistently surpassing 120% collection efficiency, indicating clearance of earlier delinquencies. With strong support from Brookfield and Everstone, on consolidated basis IndoStar has raised ₹ 3,967 crore during the year. The year was unique as we worked to engineer a turnaround in the business.

On a consolidated basis, we recorded a revenue of ₹ 1,179.7 crore, representing a YoY increase of 0.5%. Finance Cost at ₹ 580.3 crore was 7.6% higher, based on which the Net Total Income stood at ₹ 599.4 crore, showing an decrease of 5.6%. Net Interest Margin (NIM) improved substantially during the year as we shifted focus to Tier 3&4 cities.

98% of our total CV disbursement was for Used CVs, where yields are significantly better, thus improving the overall yields and spread, and increasing the granularity of the book thereby reducing risk. Operating expenses stood at ₹ 401.1 crore, about 7.6% higher compared with the previous year, which was mainly on account of certain securitisation costs, payment of certain one-time professional expenses, and increase in employee cost. The management team has initiated a strategic cost control initiative to rationalise and control costs in the coming quarters.

Pre-Provisioning Operating Profit was ₹ 198.3 crore, representing a decline of 24.4% YoY. This can be attributed to the drop in Assets Under Management (AUM) leading to lower revenue, rising interest costs and lower disbursements, which added a certain amount of negative carry cost. Profit After Tax (PAT) was 225.2% higher, with significantly lower provisioning and on account of negative impairment costs. AUM was ₹ 7,813 crore compared to ₹ 9,658 crore in the previous year.

Our capital adequacy stood at 31.5%, which gives us the resources and flexibility to pursue future growth ambitions. Our debt-equity ratio at 1.8 times indicates a very healthy balance sheet, leaving enough headroom for us to source external funds and grow the book profitably.

A gross collection of ₹ 4,038 crore was recorded in the year, up 10.9% versus ₹ 3,642 crore in the earlier year. Gross collection efficiency was 145%, reflecting our commitment to maintain high credit standards and efficient operations. Collection against the pool sold to ARC gives us the confidence that we will end up getting write-backs in the next few quarters.

Segmental Performance

In Commercial Vehicle Finance, we recorded an AUM of ₹ 3,672 crore, compared to ₹ 4,908 crore in the previous year, mainly on account of lower disbursements and a sale to an ARC. While the first two quarters were challenging as far as disbursement is concerned, it increased from the third quarter. A total disbursement of ₹ 1,435 crore was recorded during the year. The disbursements in the first 2 quarters were lower mainly on account of the Company's emphasis on preserving cash and also ensuring that disbursements start off only after the control processes had been thoroughly tested and rolled out.

In Housing Finance, we recorded Total Revenue of ₹ 209.2 crore, compared to ₹ 144.8 crore in the earlier year, while PAT was ₹ 37.8 crore vis-à-vis ₹ 34.3 crore in FY2022. AUM stood at ₹ 1,623 crore compared to ₹ 1,406 crore in the previous year. At ₹ 487 crore, we disbursed ₹ 579 crore, vis-à-vis the last financial year. Gross Stage 3 trended downwards to 1.3% as on March 31, 2023, a significant improvement from March 2022 level of 1.8%. Net Stage 3 was 0.9% with healthy spreads on the portfolio. In spite of adoption of ONAN norms, capital adequacy ratio was strong at 80.5%, indicating that the Company has enough capital to support business growth.

In SME Finance, our AUM at ₹ 1,293 crore was lower vis-à-vis ₹ 1,776 crore in the earlier year. This is in line with the Company's strategy to run down the current SME book. The Gross NPA of the SME book rose from ₹ 150 crore in FY2022 to ₹ 200 crore in FY2023. The management team is focused on driving recoveries and reversals and has augmented the SME collections functions with additional legal resources to drive the SARFAESI recovery process and liquidate recovered assets through an open-auction process.

BUSINESS OUTLOOK

At IndoStar, we have a strong vision for growth and are committed to achieving this in a calibrated and customer-centric manner. Going forward, we are confident of delivering value to all our stakeholders, while also providing the best, appropriate and relevant financial solutions to our customers. We will continue down the path of retailisation

and grow profitably over the next few quarters.

Given this scenario, the used commercial vehicles segment is expected to double by FY2025. Given the growing demand, we expect the share of financing for used CVs, by the organised sector to increase in the next few years. Given our small base, we expect to see growth at a much higher pace vis-à-vis the industry. In Housing Finance, we expect our AUM to grow by 2.5 times to about ₹ 3,500 crore to ₹ 4,000 crore by the end of FY2025.

HUMAN RESOURCES

At IndoStar Capital, we believe that people are the source of our competitive advantage. Your Company emphasises in creating an environment where all employees can grow to their potential. The Company believes in meritocracy and performance is rewarded. To support fast-paced growth, the Company has been actively hiring highly competent individuals, who have strong domain knowledge. To keep up with the changing environment, training is provided to all the employees on product, processes, systems and compliance is tested periodically. Your Company focusses on providing on-the-job training to young members and supervisors are encouraged to dedicate time to coach their team. As on March 31, 2023, IndoStar has an employee strength of 2,800.

INFORMATION TECHNOLOGY

Over the last few quarters, the Company has completely moved to a seamless digital lending process by adopting a next-generation loan-origination-system (LOS) which has provided a much more transparent view to the overall lending process. Automated KYCs, data-driven underwriting, deep API integrations have led to improved efficiencies overall. Partnerships with fintech developers has started showing results with a customer app live - reducing the need to visit a branch and a sales app driving increased productivity of the sales team. Key feature rollouts like bank-ledger auto reconciliation and customer validation through PAN and Aadhaar verification have fixed key gaps in regulatory compliance. Robotic Process Automation (RPA) has yielded faster outcomes at much lower costs for incentive calculations, data entry automation, KYC document downloads and daily report generation.

Systematic adoption of cloud infrastructure and the gradual shift from ageing on-premise infrastructure has allowed IndoStar Capital to keep costs under control while leveraging the benefits of state-of-the-art cloud infrastructure for critical business applications.

Several security measures like firewall implementation in branches, moving to 16-digit complex passwords and continuous dark-web monitoring have been undertaken to secure the IT Infrastructure from cyber security threats. Security tools have been implemented like mobile device management and a secure email gateway to assist data leak prevention.

RISK MANAGEMENT

At IndoStar Capital, the process of risk identification is guided by the Company's objectives, external environment, stakeholders, among others. The process covers strategic, financial, and operational risks. Once the risks are identified, it devises plans outlining mitigation actions for the assigned risks.

a. Interest Rate Risk

This is the risk that implies the value of an investment will suffer as a result of change in interest rates. Interest rate risk can be reduced by ensuring diversification of investment maturities or can be hedged by using interest rate derivatives.

Mitigation

While deciding on interest rate revisions, IndoStar considers key factors like customer profile, competitive landscape and growth objectives. It maintains close monitoring on interest rate fluctuations and takes appropriate measures to protect its business.

b. Asset Liability Management Risk

This is the risk faced due to a mismatch between the maturity profile of assets and liabilities on account of a difference in lending tenor between loans given to customers and debt raised.

Mitigation

This risk is reviewed by the Asset Liability Management Committee (ALCO) by monitoring market-related trends. In line with the Company's Risk Management Framework, the Committee adopts various strategies related to assets and liabilities. The ALM support group also meets frequently to review the liquidity position. The Company always maintains adequate liquidity assets and reserves to enable business growth and repayment of obligations.

In addition, it ensures access to funds at all times to ensure liquidity is always available in case of unexpected events.

c. Credit Risk

This is the risk arising on account of non-repayment or loan default by the borrower due to liquidity crisis, economic downturns, bankruptcy or other reasons.

Mitigation

IndoStar's comprehensive and well-defined credit policy encompasses credit approval process and guidelines for mitigating the associated risks. A robust post-sanction monitoring process helps identify the credit portfolio trends and early warning signals to mitigate such risks.

d. Operational Risk

This risk is about failure of processes and controls in operations, which can also have an adverse impact on business continuity, reputation and profitability of the Company.

Mitigation

A robust control and audit mechanism has been implemented to identify and mitigate operational risks. The Company has a strong operating model and well-documented Standard Operating Procedures and a good reporting framework. This ensures that operational risks are minimised at any given point of time.

e. Regulatory Risk

A complex regulatory framework exists in the financial sector. Any non-compliance with regulations could result in monetary losses and has the capability to damage the Company's reputation.

Mitigation

The Company ensures strict adherence to applicable rules and regulations owing to a strong internal control framework, robust IT systems and an expert team. It closely monitors actions and proactively responds to changes in government policies to keep a tab on regulatory risk.

f. Fraud Risk

We may face fraud risks such as loan fraud, identity theft, internal fraud, and cyber fraud. These risks pose the threat of financial loss and reputation loss, resulting from intentional deception or misrepresentation by individuals or entities, internally or externally.

Mitigation

We have implemented a control framework to prevent, detect, investigate and deal with fraud. A dedicated Risk Control Unit (RCU) monitors, investigates, detects, and prevents fraud. We maintain a zero-tolerance policy towards fraud, actively raising awareness and implementing robust controls to prevent any occurrence. Our Fraud Risk Management reports to the Chief Risk Officer and monitors all fraud risks, while our Audit Committee and Board of Directors monitor frauds specified by the regulator.

g. Information Security Risk

We may face data breaches, cyberattacks, and unauthorised access, leading to compromised sensitive information and potential reputational damage.

Mitigation

We implemented information classification and appropriate controls, utilising Data Leak Prevention (DLP) measures to prevent unauthorised data disclosures, maintaining a Security Operations Centre (SOC) to monitor and respond to security incidents, conducting vulnerability assessments for all infrastructure and applications, monitoring the brand for potential risks and threats, ensuring email and network security measures are in place, developing Business Continuity and Disaster Recovery plans, and establishing Risk Appetite Statement (RAS) parameters specifically related to IT systems.

INTERNAL FINANCIAL CONTROLS

The Company has a robust policy framework to ensure adequate controls on business processes.

To safeguard all its assets and ensure operational efficiency, the Company has put in place a strong internal control mechanism. This ensures full compliance with laws and regulations, accuracy in financial reporting and management information.

In view of the control deficiencies/ gaps noted, the Company has strengthened controls, reviewed policies and upgraded technology systems. The Company is committed to remain compliant with sound corporate governance and risk management practices.

Crucial areas based on audit plans are reviewed by the internal audit function, and then examined and approved by the Audit Committee. Audit plans are formulated based on risk assessment to determine the critical areas to be reviewed.

The Management Committee and Audit Committee of the Board also review the internal audit findings. Thereafter, corrective actions are suggested and implemented by the process owner across relevant functional areas, with the aim of continuously strengthening the internal control framework.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of IndoStar, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties.

There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate.

Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management discussion and analysis of IndoStar's Annual Report FY 2022-23.

Board's Report

Dear Members,

Your Directors pleased to present the 14th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2023.

FINANCIAL HIGHLIGHTS

The key highlights of the audited standalone financial statements of your Company for the financial year ended March 31, 2023 and comparison with the previous financial year ended March 31, 2022 are summarized below:

(₹ In Crore)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Total income	973.25	1,053.55
Total expenditure	785.98	1,994.40
Profit/(loss) before taxation	187.27	(940.85)
Less: Provision for taxation		
- Current tax	-	-
- Deferred tax asset	-	(171.66)
Net profit/(loss) after taxes	187.27	(769.19)
Other comprehensive income, net of tax	0.76	0.47
Total comprehensive income	188.03	(768.72)
Transfer to statutory reserve fund pursuant to Section 45-IC of the Reserve Bank of India Act, 1934	(37.45)	-
Appropriation towards dividend and dividend distribution tax*	-	(58.50)
Surplus in the statement of profit and loss	150.58	(827.22)
Balance brought forward from previous period	(530.28)	296.94
Balance carried to balance sheet	(379.70)	(530.28)
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	13.76	(62.06)
Diluted (₹)	13.76	(62.06)

**includes dividend and dividend distribution tax aggregating to ₹ 58.50 crore towards interim dividend on compulsorily convertible preference shares ("CCPS") for the period from May 27, 2020 to May 26, 2021 paid on June 17, 2021 and final dividend for the period from May 27, 2021 to November 26, 2021 paid on November 26, 2021.*

FINANCIAL PERFORMANCE AND COMPANY'S STATE OF AFFAIRS

The financial highlights tabulated above are based on the requirement of the Reserve Bank of India ("RBI") Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, the circulars, directions, notifications issued by the RBI from time to time ("RBI Directions") and provisions of the Companies Act, 2013 (the "Act") read with Rules made thereunder. For details of Reserves and Surplus of the Company, please refer Note No. 21 of the audited standalone financial statements of the Company for the financial year ended March 31, 2023.

Details on performance of your Company has also been covered in the Management Discussion and Analysis Report which forms part of the Annual Report.

Conduct Review of commercial vehicles and SME businesses

As set out in the May 6, 2022 disclosure, the Audit Committee had initiated a separate review for undertaking a root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including control gaps / control override and individuals involved) focusing on the Company's commercial vehicles and SME businesses and had appointed an external law firm along with an external agency in this regard ("Conduct Review"). The

final findings of this review were submitted to the Audit Committee.

The Company, under the guidance and supervision of the Audit Committee, has completed its review of the findings thereon, and has taken necessary remedial and accountability measures. Among others, the Company has initiated measures to strengthen controls and improve the process and control environment of the Company including by way of senior managerial level changes and appointments, improving entity level controls, policy related changes, process improvements and technological enhancements. The Company has also concluded that with respect to the findings in the Conduct Review Report, there is no further reporting requirement under the Act.

DIVIDEND AND DIVIDEND DISTRIBUTION POLICY

In terms of the Dividend Distribution Policy of the Company, dividend shall be declared / recommended on the equity shares of the Company, keeping in view the Company's objective of meeting the long-term capital requirement for the business from internal cash accruals and appropriately rewarding shareholders. Details of the Dividend Distribution Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

In terms of the Dividend Distribution Policy of the Company and the Guidelines issued by the Reserve Bank of India vide its circular no. RBI/2021-2022/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated June 24, 2021 on Declaration of dividends by NBFCs which is effective from financial year ended March 31, 2022 and onwards, your Company is not eligible to declare dividend for financial year 2022-23.

FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

In terms of Section 129 of the Act read with Rules framed thereunder, audited consolidated financial statements of the Company and its subsidiaries shall be laid before the ensuing Annual General Meeting of the Company along with the audited standalone financial statements of the Company for the financial year ended March 31, 2023.

The audited standalone and consolidated financial statements together with Auditor's Report(s) thereon along with the salient features of the financial statements of the subsidiaries of the Company in the prescribed Form AOC-1 forms part of the Annual Report and are also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

SUBSIDIARY COMPANIES & THEIR FINANCIAL PERFORMANCE

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

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

The audited standalone financial statements of each of the subsidiaries are available on the website of the Company at https://www.indostarcapital.com/investors-corner. Members interested in obtaining a copy of the audited standalone financial statements of the subsidiaries may write to the Company Secretary at the Registered & Corporate Office of the Company or at investor.relations@indostarcapital.com.

In terms of Regulation 16(1)(c) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Company's Policy for Determining Material Subsidiary, IHFPL continues to be a material subsidiary of your Company. Further, in terms of explanation to Regulation 24(1) of the Listing Regulations, the requirement of appointing an Independent Director of the Company on the board of directors of IHFPL is currently not applicable.

The Audit Committee reviews the financial statements of subsidiaries of the Company, the investments made by its subsidiaries and the statement of all significant transactions and arrangements entered into by the subsidiaries, if any, in terms of the Listing Regulations. The minutes of board meetings of the unlisted subsidiary companies and detailed presentations on business performance of material subsidiary, are placed before the Board.

IndoStar Home Finance Private Limited ("IHFPL")

IHFPL is registered with the National Housing Bank to carry on the business as a housing finance institution without accepting public deposits and primarily focuses on providing affordable home finance. IHFPL commenced business operations in mid of 2017 and has built a quality and profitable portfolio of over ₹ 1,623 crore as on March 31, 2023. IHFPL operates in 10 states across India through various branches and

has an employee base of over 757 employees as on March 31, 2023.

During the year under review, the total income of IHFPL was ₹ 209.24 crore (previous year: ₹ 144.82 crore). The operations of IHFPL during the year under review has resulted in profit after tax of ₹ 37.78 crore (previous year: ₹ 34.31 crore). The other key performance indicators of IHFPL are: (a) Return on Assets: 2.6%; (b) Capital to Risk Weighted Assets Ratio: 80.5%; (c) Debt-Equity Ratio: 1.57x; (d) Assets Under Management: ₹ 1,623 crore which is 15% YoY growth; (e) Disbursements: ₹ 487 crore; (f) Gross Stage 3 assets: 1.3%; and (g) Cash & cash equivalent including undrawn lines: ₹ 206 crore.

IndoStar Asset Advisory Private Limited ("IAAPL")
IAAPL is enabled under its objects to carry on the business of inter-alia advising, managing, providing investment advisory services, financial advisory services, management and facilitation services. IAAPL acted as an investment manager to IndoStar Credit Fund and IndoStar Recurring Return Credit Fund, both, Category II Alternative Investment Funds registered with the Securities and Exchange Board of India ("SEBI") and has applied to SEBI for surrendering the registration of IndoStar Credit Fund and IndoStar Recurring Return Credit Fund and the applications are under process.

During the year under review, the total income of IAAPL was ₹ 0.16 crore (previous year: ₹ 0.03 crore) and the Profit after tax was ₹ 0.10 crore (previous year: loss after tax was ₹ 0.04 crore).

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the Listing Regulations and the RBI Directions, the Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

SHARE CAPITAL

Issued, Subscribed and Paid-up Share Capital
As on March 31, 2023 and as on the date of this report, the issued, subscribed and paid-up share capital of the Company stands at ₹ 1,36,07,92,950 divided into 13,60,79,295 equity shares of ₹ 10 each.

Your Company has not issued any sweat equity shares or equity shares with differential voting rights. None of the Directors on the Board of the Company as on March 31, 2023, holds any instruments convertible into Equity Shares of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Appointment and Cessation:
All appointments of Directors are made in accordance with the relevant provisions of the Act, the Listing Regulations, the RBI Directions and other laws, rules, guidelines as may be applicable to the Company. The Nomination & Remuneration Committee ("NRC") exercises due diligence inter-alia to ascertain the 'fit and proper' person status of the person who is proposed to be appointed on the Board of Directors of the Company, and if deemed fit, recommends their candidature to the Board of Directors for consideration.

During the year under review, Mr. Deep Jaggi (DIN:09412860) resigned from his position as Whole-Time Director & Chief Executive Officer with effect from February 14, 2023, and in line with succession planning for the Company and considering the knowledge, relevant expertise and experience of Mr. Karthikeyan Srinivasan in the retail business and on recommendation of the Nomination & Remuneration Committee, the Board of Directors of the Company at its meeting held on March 30, 2023 and the Members of the Company by means of special resolution passed on April 30, 2023, vide Postal Ballot conducted through remote voting mode, approved the appointment of Mr. Karthikeyan Srinivasan (DIN: 10056556) as a Whole Time Director on the Board of Directors of the Company designated as Chief Executive Officer, to hold office for a term of 5 (five) consecutive years commencing from March 30, 2023 to March 29, 2028.

Director(s) Retiring by Rotation
In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Munish Dayal (DIN: 01683836) and Mr. Vibhor Kumar Talreja (DIN: 08768297), shall retire by rotation and being eligible, have offered themselves for re-appointment at the ensuing Annual General Meeting of the Company. Brief profiles of Mr. Munish Dayal and Mr. Vibhor Kumar Talreja have been included in the notice convening the ensuing Annual General Meeting.

Re-appointment of Independent Directors
The NRC after considering, (1) performance evaluation of Mr. Hemant Kaul (DIN: 00551588) and Ms. Naina Krishna Murthy (DIN: 01216114) as a Member of the Board/Committees, (2) their contribution in Board/Committee deliberations during their tenure as an

Independent Director and (3) their skills, background and experience, recommended to the Board their re-appointment as Independent Director for a second term of five years in terms of Section 149(10) of the Act. The Board unanimously endorsed the view of the NRC and recommended to the Shareholders of the Company, the re-appointment of Mr. Hemant Kaul and Ms. Naina Krishna Murthy as Independent Directors of the Company, not liable to retire by rotation, to hold office for a second term of five years, effective February 5, 2023 through February 4, 2028. On April 30, 2023, the Shareholders of the Company, by way of a special resolution passed through Postal Ballot conducted through remote e-voting mode, approved the re-appointment of Mr. Hemant Kaul and Ms. Naina Krishna Murthy as Independent Directors of the Company for the above-mentioned tenure.

Resignation of Independent Director(s)

During the year under review, none of the Independent Director(s) on the Board of Directors of the Company had resigned before the expiry of their respective tenure(s).

Director(s) Declaration and Disclosures

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

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India, the Ministry of Corporate Affairs or any such statutory authority, forms part of the Governance Report which is annexed to and forms an integral part of this Board's Report.

The Company has received the necessary declaration from each Independent Director in accordance with Section 149(7) of the Act and Regulations 16(1)(b) and 25(8) of the Listing Regulations, that he/she meets the criteria of independence as laid out in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI Listing Regulations. In the opinion of the Board, there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable rules thereunder) of all Independent Directors on the Board. Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

Key Managerial Personnel ("KMP")

During the year under review, (i) Mr. Kapish Jain was appointed as Chief Financial Officer of the Company with effect from May 27, 2022. Mr. Jain resigned with effect from close of business hours on July 19, 2022; (ii) Mr. Vinodkumar Panicker was appointed as Chief Financial Officer of the Company with effect from December 26, 2022; (iii) Mr. Deep Jaggi resigned from the office of Chief Executive Officer (CEO) of the Company with effect from February 14, 2023; and (iv) Mr. Karthikeyan Srinivasan was appointed as CEO of the Company with effect from February 14, 2023.

Subsequent to the year under review, Mr. Jitendra Bhati resigned as Company Secretary and Compliance officer of the Company with effect from close of business hours of April 17, 2023 and Ms. Shikha Jain was appointed as Company Secretary and Compliance officer of the Company with effect from April 18, 2023.

Following are the KMPs of the Company as on date of this Board's Report:

1. Mr. Karthikeyan Srinivasan
   Chief Executive Officer

2. Mr. Vinodkumar Panicker
   Chief Financial Officer

3. Ms. Shikha Jain
   Company Secretary & Compliance Officer

RBI DIRECTIONS

Your Company endeavors to comply with the direction(s), circular(s), notification(s) and guideline(s) issued by the Reserve Bank of India as applicable to your Company as a systemically important non-deposit taking non-banking financial company ("NBFC").

Your Company has complied with the provisions of the extant circulars, regulations and guidelines related to foreign investment in India, with respect to the downstream investments.

COMPLIANCE WITH SECRETARIAL STANDARDS

In terms of provisions of Section 118 of the Act, your Company is in compliance with Secretarial Standards on Meetings of the Board of Directors and Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

DEPOSITS

Your Company has not accepted any public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI. Further, your Company being an

NBFC, the disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 are not applicable to your Company.

RESOURCES AND LIQUIDITY

Your Company has diversified funding sources including public sector banks, private sector banks, mutual funds, insurance companies and financial institutions. Funds were raised through various modes including bank borrowings, issuance of non-convertible debentures on private placement basis, issue of commercial paper and sale / assignment / securitisation of loan assets of the Company etc.

During the year under review, your Company has raised additional funds from inter-alia, following sources (i) ₹ 2,255.00 crore as bank borrowings (outstanding as on March 31, 2023: ₹ 2,588.51 crore); (ii) ₹ 900.00 crore through issuance of non-convertible debentures (outstanding as on March 31, 2023: ₹ 1,108.87 crore); and (iii) ₹ 876.98 crore by securitization of loan assets of the Company. Subsequent to year under review, the Company raised ₹ 300.00 crore through issue of commercial paper (outstanding as on March 31, 2023: ₹ Nil). Funds raised through private placement of debentures were utilized for the purpose mentioned in the respective offer documents. Till the pending utilization of funds for stated purpose, the funds were temporarily invested in mutual funds/Banks FDs/ maintained a balance in current accounts.

Your Company continues to be adequately capitalized and is in compliance with capital adequacy norms prescribed by the Reserve Bank of India. Your Company has sufficient liquidity to satisfy its short-term and long-term liabilities.

CREDIT RATING(S)

Credit Ratings assigned to the Company as on March 31, 2023 is summarized below:

Particulars / Rating Agencies	Rating	Remarks
Long Term:		
• Debt Programme		
CARE Ratings Limited	"CARE A+"	Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk.
CRISIL Ratings Limited	"CRISIL AA-"	Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk.
• Market Linked Debentures		
CARE Ratings Limited	"CARE PP-MLD A+"	Securities with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such securities carry low credit risk.
• Short Term Debt Programme / Commercial Paper:		
CRISIL Ratings Limited	"CRISIL A1+"	Securities with this rating are considered to have very strong degree of safety regarding timely servicing of financial obligations. Such securities carry very lowest credit risk.
CARE Ratings Limited	"CARE A1+"	
ICRA Limited	"[ICRA] A1+"	

During the year under review, CARE Ratings Limited revised the long-term rating to "CARE A+"; re-affirmed short-term rating at "CARE A1+" and it placed the rating under Rating Watch with Negative Implications. By the end of the year, Care Rating Limited removed the Rating Watch with Negative Implications and revised it to "Stable" outlook.

During the year under review, while CRISIL did not revise the long-term or short term rating and retained them at CRISIL AA- and CRISIL A1+ respectively; it placed the rating under Rating Watch with Negative Implications.

DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2023 stood at 1.6x.

CAPITAL ADEQUACY RATIO

Your Company is well capitalised to provide adequate capital for its continued growth. As on March 31, 2023, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 31.5%, well above the regulatory limit of 15% as prescribed by the RBI for NBFCs.

NET OWNED FUNDS

The Net Owned Funds of your Company as on March 31, 2023 stood at ₹ 1,865.64 crore.

COMPLIANCE WITH MINIMUM PUBLIC SHAREHOLDING

Subsequent to the year under review, Indostar Capital and Everstone Capital Partners II LLC, members of the promoter and promoter group of the Company, have sold the 1,93,40,000 equity shares of the Company

representing 14.21% of the total paid-up equity share capital through offer for sale by way of stock exchange mechanism and the public shareholding in the Company has now increased upto 25% and accordingly the Company is in compliance with the minimum public shareholding norms with effect from May 5, 2023, as required under Regulation 38 of the Listing Regulations.

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

During the year under review, the Company shifted its registered office from "One World Centre, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400013" to "Unit No. 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri - Ghatkopar Link Road, Chakala, Andheri (East), Mumbai - 400099 with effect from December 30, 2022.

AUDITORS

Statutory Auditors & their Report

In terms of provisions of the Act, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, having ICAI Firm Registration No. 117366W/W-100018, were appointed as the Statutory Auditors of the Company at the 11th Annual General Meeting of the Company held on September 24, 2020 for a term of five years to hold office till the conclusion of the 16th Annual General Meeting of the Company.

In terms of the guidelines issued by RBI on April 27, 2021 for appointment of statutory auditors for NBFCs, which was applicable from second half of financial year 2021-22 inter-alia mandates tenure of statutory auditors to be for a continuous period of a maximum of three years subject to satisfying the eligibility criteria each year, the term of Statutory Auditors stands revised from 5 years to 3 years i.e., to hold office till conclusion of 14th Annual General Meeting of the Company. Accordingly, Deloitte Haskins & Sells LLP shall cease to hold office of Statutory Auditors of the Company from the conclusion of the 14th Annual General Meeting of the Company.

In terms of Section 139 of the Act read with rules made thereunder and guidelines issued by RBI on April 27, 2021, the Audit Committee of the Board, after assessing the qualifications and experience of M S K A & Associates, Chartered Accountants, having ICAI Firm Registration No. 105047W recommended their appointment as Statutory Auditors of the Company for a term of three years to the Board of Directors of the Company. Upon recommendation of the Audit Committee, the Board of Directors has approved appointment of M S K A & Associates, as Statutory Auditors of the Company to hold office for a period of three years i.e. from the conclusion of the 14th Annual General Meeting of the Company till the conclusion of the 17th Annual General Meeting of the Company.

Your Directors recommend to the members of the Company the appointment of M S K A & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office for a term of three years i.e. from the conclusion of the 14th Annual General Meeting of the Company till the conclusion of the 17th Annual General Meeting of the Company.

M S K A & Associates, being eligible for appointment as Statutory Auditors have consented and confirmed that their appointment, if made, shall be in compliance with the requirements of Section 139 read with Section 141 of the Act read with rules made thereunder and guidelines issued by RBI on April 27, 2021.

M/s. Deloitte Haskins & Sells LLP, Statutory Auditors of the Company have, in their report(s) on the audited standalone and consolidated financial statements of your Company for the financial year ended March 31, 2023 submitted following qualifications:

Qualified Opinion

We have audited the accompanying standalone financial statements of IndoStar Capital Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

The Company had recorded a charge on account of impairment (net of recoveries) of ₹115,077 lakh for the year ended March 31, 2022 (including ₹48,075 lakh against loans for Commercial Vehicles ("CV"), ₹782 lakh against loans to Small and Medium Enterprises

("SME"), ₹14,533 lakh against investment in Security Receipts, ₹1,351 lakh against additional liability on financial guarantee contracts consequent to impairment of the underlying loan assets and a loss of ₹57,764 lakh on write off of loan assets during the previous year).

The Company had concluded that it was impracticable to determine the prior period-specific effects, if any, of the charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the year ended March 31, 2022 in respect of certain account balances as explained by the Company in Note 41.2 of the Statement. As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Our opinion on the standalone financial statements for the year ended March 31, 2022 was modified accordingly. Our opinion on the financial statements for the year ended March 31, 2023 ("current period") is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

Comments in Report on Other Legal and Regulatory Requirements section of the Audit Report

1(a) We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

1(d) Except for the possible effects of this matter on the comparability of the current year's figures and the corresponding figures of the previous year, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

Comments in Annexure B to the Auditors Report

(xvii) The Company has not incurred cash losses in the financial year covered by our audit. Considering the standalone financial statements of the Company as at and for the year ended March 31, 2022 (immediately preceding financial year), and the matter of audit qualification as reported by us in Basis for Qualified Opinion section of our Audit Report (dated August 5, 2022) on those financial statements, the effect of which we are unable to determine, we are unable to state if the Company has incurred cash losses during the immediately preceding financial year.

Directors' response to comments of the Statutory Auditors in the Audit Report

With respect to the qualification of the Statutory Auditors, the qualification pertains to comparability of the current year figures with that of previous year as explained in note 41.2 of the Standalone financial statements. There is no impact of the audit qualification on the figures for the current year i.e. year ended March 31, 2023.

As explained in note 41.2 of the financial statements, for the previous year ended March 31, 2022, the Company had made incremental provision for expected credit loss (ECL) allowances on account of certain deficiencies in the Company's internal controls that were identified during period ended March 31, 2022. Considering that these control deficiencies have since been remediated during the current year and the findings of the Conduct Review have been adequately evaluated (refer note 41.1 of the Standalone financial statements), no incremental provisioning is considered necessary during the year ended March 31, 2023.

Although the possibility that the control deficiencies that were identified during previous year could potentially have had an impact on the financial statements for periods ending prior to April 1, 2021, the Company had concluded that it was impracticable to determine the prior period – specific effects, if any, in respect of the charge to the Statement of Profit and Loss for the previous year ended March 31, 2022 when it finalised its financial statements for the year ended March 31, 2022 because significant judgements had been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on March 31, 2022. The Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

Consequent to the above, in respect of such account balances, related income and the related disclosures, the figures for the year ended March 31, 2023 may not be strictly comparable with the figures for the year ended March 31, 2022.

Secretarial Auditors & their Report

In terms of Section 204 of the Act and Regulation 24A (1) of the Listing Regulations, Secretarial Audit Report from M Siroya and Company, Practicing Company Secretary in the prescribed format for the financial year ended March 31, 2023 is enclosed herewith at Annexure I to this Board's Report.

M Siroya and Company, Practicing Company Secretary, in their report on the secretarial audit of your Company for the financial year ended March 31, 2023 have submitted following remarks/qualifications:

1. *Non-maintenance of minimum public shareholding ("MPS") of at least 25% as required pursuant to Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations;*
2. *Delay in submission of audited financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 and other Company updates*
3. *Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results*
4. *Delay in disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements;*
5. *Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds of non-convertible debentures*
6. *There were several instances of delayed filings of requisite eForms with the Registrar of Companies, viz., DIR-12, MGT-14, AOC-4 CFS, AOC 5, PAS 3 and CHG-1 etc.*
7. *There were instances of delayed filing of periodical returns required to be filed with the Mumbai Regional Office of the Reserve Bank of India during the year under review.*

Director's Response to the remarks/qualification in Secretarial Audit Report

Subsequent to the year under review, the Company has complied with the provisions of the the minimum public shareholding norms with effect from May 5, 2023, as required under Regulation 38 of the Listing Regulations.

With respect to the delay in submission of audited financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 and other Company updates, due to then ongoing conduct review by external agency appointed by the Company and in order to disclose its impact in financial results for the quarter and year ended March 31, 2022, there was delay in compliance with submission of financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 in terms of Regulation 33 and submission of other disclosures required to be submitted along with financial results. Post the completion of review by the external agency and confirmation by the statutory auditors on the same, the Company on August 5, 2022 adopted and submitted financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 in terms of Regulation 33 and submission of other disclosures required to be submitted along with financial results.

With respect to the delays in other disclosures with stock exchanges, the same was inadvertently delayed, however, the Company has since been working to put in place adequate systems and automation tools to strengthen its governance and to ensure no such instances were repeated in future. The Company would be more cautious and ensure timely submission of return.

With respect to the delay in filing of forms with Ministry of Corporate Affairs, the Company would like to submit that the delay was due to technical glitch on website of MCA and despite the Company's continuous and rigorous efforts, the forms could not be uploaded on time. As soon as the glitch was resolved, the Company filed all the forms immediately.

The delay in filing of returns with Reserve Bank of India was due to system errors while submitting the returns, The Company has since been working on resolving those errors by improving its systems and also liasoning with officials of Reserve Bank of India to ensure timely submissions of all returns.

In terms of Regulation 24 A(2) of the Listing Regulations, Annual Secretarial Compliance Report with respect to all applicable compliances under regulations and circulars / guidelines issued by the Securities and Exchange Board of India from M Siroya and Company, Practicing Company Secretary in prescribed format for the financial year ended March 31, 2023 has been submitted to the stock exchanges.

Secretarial Audit Report of Material Unlisted Indian Subsidiary

In terms of Section 204 of the Act and Regulation 24A of the Listing Regulations, Secretarial Audit Report for IndoStar Home Finance Private Limited, a material subsidiary of the Company obtained from H Choudhary & Associates, Practicing Company Secretary in the prescribed format for the financial year ended March 31, 2023 is enclosed herewith at Annexure II to this Board's Report.

H Choudhary & Associates, Practicing Company Secretary, in their report on the secretarial audit of IndoStar Home Finance Private Limited for the financial year ended March 31, 2023 have not submitted any qualifications, reservations, adverse remarks or disclaimers except with respect to appointment of woman director on the Board of the Company.

During the year under review, the secretarial auditor of the Company and IHFPL have not reported any instances of fraud in the Company and IHFPL committed by officers or employees of the Company to the Audit Committee.

REPORT ON CORPORATE GOVERNANCE

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

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

MEETINGS

The Board and Committees meet at regular intervals inter-alia to discuss, review and consider various matters including business performance, strategies, policies and regulatory updates and impact. During the year under review, the Board met 9 (nine) times and several meetings of Committees including the Audit Committee were held. Details with respect to the meetings of the Board of Directors and Committees held during the year under review, including attendance by Directors / Members at such meetings have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

BOARD COMMITTEES

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

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

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

PERFORMANCE EVALUATION

In terms of the provisions of the Act and the Listing Regulations, the Board of Directors adopted a Board Performance Evaluation Policy to set out a formal mechanism for evaluating performance of the Board, that of its Committee(s) and individual Directors including the Chairperson. Additionally, in order to outline detailed process and criteria to be considered for performance evaluation, the Nomination & Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

In terms of the requirement of Schedule IV of the Act and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on March 22, 2023 to review the performance of the Non-Independent Directors including the Chairman and the Board, as a collective entity.

Subsequent to the year under review, the Board of Directors evaluated the performance of the Directors including Independent Directors, Committee(s) of the Board and the Board as a collective entity, during the year under review.

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

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In compliance with the requirements of the Listing Regulations, the Company has adopted and put in place a Familiarisation Programme for Independent Directors to familiarize Independent Directors inter-alia with the industry in which your Company and its subsidiaries operate, the Company's business model and its operations in order to give them an insight into the Company's business and its functioning. A formal letter of appointment is given to Independent Directors at the time of their appointment which lays down the fiduciary duties, roles and responsibilities of an Independent Director. The terms and conditions of appointment of Independent Directors is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

In terms of Regulation 46 of the Listing Regulations, the details of familiarisation programmes imparted

to the Independent Directors during the year under review including details of number of programmes and number of hours spent by each Independent Director are available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In terms of Section 178 (2) of the Act, the Listing Regulations and the RBI Directions, the Board of Directors adopted a 'Policy on Selection Criteria / "Fit & Proper" Person Criteria' inter-alia setting out parameters to be considered for appointment of Directors and Senior Management Personnel of the Company.

Details of the Policy on Selection Criteria / "Fit & Proper" Person Criteria have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

REMUNERATION POLICY, DISCLOSURE OF REMUNERATION & PARTICULARS OF EMPLOYEES

Remuneration Policy

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

Details of the Remuneration Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report. The Remuneration Policy is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Employee Remuneration

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

Statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered & Corporate Office of the Company during working hours for a period of 21 days before the date of the ensuing Annual General Meeting. A copy of the statement may be obtained by shareholders by writing to the Company Secretary at the Registered & Corporate Office of the Company or at investor.relations@indostarcapital.com.

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of Section 177(9) and Section 177(10) of the Act and the Listing Regulations, the Board of Directors adopted a Whistle Blower Policy / Vigil Mechanism, inter-alia to provide a mechanism for Directors and employees of the Company to approach the Audit Committee of the Company and to report genuine concerns related to the Company. The Whistle Blower Policy / Vigil Mechanism provides for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

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

CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"), the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and in light of your Company's philosophy of being a responsible corporate citizen, the Board of Directors adopted a CSR Policy which lays down the principles and mechanism for undertaking various projects / programs as part of Company's CSR activities. During the year under review, the Company was not required to spend any amount towards CSR activities as required under Section 135 of the Act and hence, disclosure pursuant to Section 134(3)(o) of the Act is not applicable to the Company.

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

RISK MANAGEMENT FRAMEWORK

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

The Risk Management Committee of the Company has not identified any elements of risk which in their opinion may threaten the existence of your Company. Details of the risks and concerns relevant to the Company are discussed in detail in the Management Discussion and Analysis Report which forms part of the Annual Report. As part of the Portfolio Review Findings, certain deficiencies were identified with respect to the Risk Management Framework and Policy during the year ended March 31, 2022. The Company under the guidance of the Audit Committee and the Board have gone into depth on all the matters and have remediated the issues by a combination of change in the policies and processes and also by automating the processes and escalating the deviations on an immediate basis. These have been checked for accuracy by the Auditors and the Assurance team and are seen to be working well.

In terms of the RBI Directions and in order to further strengthen the risk management framework, during the year under review, the Company appointed Chief Risk Officer (**"CRO"**) and adopted a policy on Independence of the CRO. In order to ensure that the Company maintains high standards of risk management practices, the CRO functions independently with no relationship with business verticals of the Company and reports to the Risk Management Committee. The CRO is inter-alia entrusted with the responsibility of identifying, measuring and mitigating risks which may affect the Company and putting in place and monitoring the risk management policies and practices of the Company.

Subsequent to the year under review, the Board of Directors through resolution passed through circulation, on recommendation of Nomination & Remuneration Committee and Risk Management Committee, appointed Mr. Nitin Gyanchandani as Chief Risk Officer of the Company with effect from July 17, 2023 for the period of 5 years.

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

INTERNAL CONTROL / INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

During the year under review, the Statutory Auditors have not reported any instances of fraud in the Company committed by officers or employees of the Company to the Audit Committee under Section 143(12) of the Act.

The Statutory Auditors have, in their report on Internal Financial Control over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act, have provided an Qualified Opinion as under.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the Company's internal financial controls with reference to standalone financial statements as at March 31, 2023:

The Company had concluded that it was impracticable to determine the prior period-specific effects, if any, of the charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the year ended March 31, 2022 in respect of account balances identified and explained by the Company in Note 41.2 of the standalone financial statements. As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Because of the deficiency in financial closing and reporting process, in respect of comparative information as aforesaid, we were unable to assess whether or not the current year's figures are comparable to those of the previous year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to standalone financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion:

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2023, and the material weakness does not affect our opinion on the said standalone Ind AS financial statements of the Company.

Directors' response to comments above of the Statutory Auditors in the report on Internal Financial Control over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act:

With respect to the Qualified Opinion above, the qualification pertains to comparability of the current year figures with that of previous year as explained in note 41.2 of the Standalone financial statements. There is no impact of the audit qualification on the figures for the current year i.e. year ended March 31, 2023. As explained in note 41.2 of the Standalone financial statements for the current year the figures for the year ended March 31, 2023 may not be strictly comparable with the figures for the year ended March 31, 2022.

CEO & CFO CERTIFICATE

Compliance Certificate in terms of Regulation 17(8) of the Listing Regulations on the audited financial statements and other matters prescribed therein, submitted to the Board of Directors by the CEO and CFO of the Company, for financial year ended March 31, 2023, is enclosed herewith at Annexure IV to this Board's Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In terms of Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility and Sustainability Report (BRSR) of your Company detailing initiatives undertaken by the Company on environmental, social and governance front during the year under review, forms part of this Annual Report and has been provided at Annexure V to this Board's Report and is also available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-relations.

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

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

In terms of Section 177 of the Act and Regulation 23 of the Listing Regulations read with the Related Party Transaction Policy of the Company, transactions with related parties were placed before the Audit Committee for its approval and omnibus approval of the Audit Committee was obtained for related party transactions of repetitive nature, within the limits prescribed by the Board of Directors. The Audit Committee is periodically updated with respect to related party transactions executed under omnibus approval. Further, as per the applicable provisions of the SEBI Listing Regulations, necessary approvals of the members of the Company were also sought for the material related party transactions proposed to be entered with the related parties.

Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the details of related party transaction entered under Section 188(1) of the Act, in Form AOC-2 is enclosed herewith at Annexure VI to this Board's Report.

Disclosure of the related party transactions as required under IndAS - 24 are reported in Note 32 of the audited standalone financial statements of the Company for the financial year ended March 31, 2023.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

Further, pursuant to the provisions of Section 186(4) of the Act, the details of investments made

by the Company are given in the Notes to the financial statements.

ANNUAL RETURN

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the Annual Return as at financial year ended March 31, 2023 in prescribed form No. MGT-7 is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

EMPLOYEE STOCK OPTION PLANS ("ESOP PLANS")

Your Company believes that its success and ability to achieve its objectives is largely determined by the quality of its workforce and recognises that not only good employment opportunities but also additional motivating mechanisms are needed to incentivize employees and aligning their interest with the interest of the Company. In recognition of the said objective, the Company adopted and implemented IndoStar ESOP Plan 2012 ("ESOP 2012"), IndoStar ESOP Plan 2016 ("ESOP 2016"), IndoStar ESOP Plan 2016-II ("ESOP 2016-II"), IndoStar ESOP Plan 2017 ("ESOP 2017") and IndoStar ESOP Plan 2018 ("ESOP 2018") (collectively referred to as "ESOP Plans") to attract, retain, motivate and incentivise employees of the Company and its holding / subsidiary companies.

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

The Board of Directors confirms that the ESOP Plans are in compliance with the provisions of the Act and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended ("SBEB & SE Regulations").

Disclosures in terms of Regulation 14 of the SBEB & SE Regulations read with SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015, are available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

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

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

Considering geographic diversification across the country and increase in number of employees, the Board of Directors have constituted Regional Internal Complaints Committees for North, West, East and South regions.

During the year under review, no complaints related to sexual harassment were received by the Internal Complaints Committee and the Regional Internal Complaints Committees.

GENERAL DISCLOSURE

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

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

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

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

During the year under review, your Company, in the capacity of a financial creditor, has not filed petitions before the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 for recovery of outstanding loans against its customers, being corporate debtors.

During the year under review, there has been no instance of one-time settlement with any Bank(s) or Financial Institution(s).

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

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

During the year under review, your Company did not have any foreign exchange earnings and incurred foreign currency expenditure of ₹ 0.23 crore (Previous year foreign exchange expenditure: ₹ 0.23 crore).

DIRECTORS RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by

us, pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Act, your Directors hereby confirm that:

a) in the preparation of the annual accounts for the year ended March 31, 2023, the applicable accounting standards have been followed and no material departures have been made from the same;

b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis;

e) except for the deficiencies identified in the comparability of previous year figures with current year figures as explained in Note 41.2 of the financial statements in the matters referenced in the Qualified Opinion made by the statutory auditors of the Company on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are required to be strengthened.

APPRECIATION AND ACKNOWLEDGEMENT

The Directors take this opportunity to express their appreciation to all stakeholders of the Company including the Reserve Bank of India, the National Housing Bank, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, the Government of India and other Regulatory Authorities, the BSE Limited, the National Stock Exchange of India Limited, the Depositories, Bankers, Financial Institutions, Debenture Trustee, Credit Rating Agencies, Members, Employees and Customers of the Company for their continued support and trust.

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

Bobby Parikh
Chairman
DIN: 00019437

Place: Mumbai
Date: August 21, 2023

Annexure I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IndoStar Capital Finance Limited
Unit No. 505,5th Floor, Wing 2/E,
Corporate Avenue, Andheri- Ghatkopar Link Road,
Chakala, Mumbai - 400099.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Capital Finance Limited** (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2023. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and, subject to our comments hereinafter, compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to relevant and applicable provisions of:

(i) The Companies Act, 2013 ("the Act") and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in India;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

a. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as applicable;

b. The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");

d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015;

f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as applicable;

g. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

h. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable during the year); and

i. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client.

(vi) Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis and subject to our comments hereinafter, the Company has adequate system and process in place for compliance with the following laws applicable specifically to the Company:

a. The Reserve Bank of India Act, 1934, as applicable to Non-Banking Financial Companies;

b. Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

c. Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016;

d. Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

e. Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

f. Master Direction - Information Technology Framework for the NBFC Sector;

g. Master Direction on Money Market Instruments: Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (original maturity up to one year);

h. Master Direction - Know Your Customer (KYC) Direction, 2016;

i. Prevention of Money Laundering Act, 2002 and the Rules made thereunder; and

j. Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India from time to time in respect of Systemically Important Non-Deposit taking Non-Banking Financial Company.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India, as amended from time to time;
2. The Debt Listing Agreement entered by the Company with the BSE Limited ("BSE");
3. The Equity Listing Agreement entered by the Company with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") and
4. We have been informed that a ransomware attack occurred on the IT infrastructure of the Company on March 14, 2023 around 11 pm. Therefore, we were unable to verify the maintenance of the SDD software and requisite data thereon.

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

1 Non-maintenance of minimum public shareholding ("MPS") of at least 25% as required pursuant to Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations:

1.1 BSE and NSE levied a penalty of ₹5,36,900 each excluding applicable GST for the quarter ended June 30, 2022;

1.2 BSE and NSE levied a penalty of ₹ 10,44,300 each excluding applicable GST for the quarter ended September 30, 2022;

1.3 BSE and NSE levied a penalty of ₹ 10,85,600 each excluding applicable GST for the quarter ended December 31, 2022;

1.4 BSE and NSE initiated the action of freezing against the Promoters and Promoters Group of your Company as per SEBI Circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017 and further directed to intimate the Promoters, Promoter Group and Directors of the Company that they shall not hold any new position as director in any other listed entity till the date of compliance with Regulation 38 of the Listing Regulations;

1.5 BSE and NSE levied a penalty of ₹ 14,63,200 each including applicable GST for the period from January 1, 2023 till May 4, 2023 (May 5, 2023 the Company achieved MPS Compliance).

1.6 As a consequence of the non-compliance with the MPS obligation, the listing application filed by the Company on November 26, 2021 and November 27, 2021, with the BSE and NSE, respectively, for listing of 1,20,68,966 Equity Shares allotted to Brookfield on November, 26 2021 pursuant to conversion of Compulsory Convertible Preference Shares of the Company ("CCPS") have been kept on hold by the BSE and NSE and informed the Company that they would not process the application until the Company meets its MPS obligations.

2 Delay in submission of audited financial results (standalone and consolidated) of the Company for the 4th quarter and financial year ended March 31, 2022 and other Company updates

2.1 BSE & NSE levied a fine of ₹ 1,77,000 each including applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022;

2.2 BSE & NSE levied a fine of ₹ 94,400 and ₹ 271,400 respectively including applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.

3 Delay in disclosure of line items prescribed under Regulation 52(4) along with the half yearly / annual financial results

3.1 BSE levied a fine of ₹ 35,400 including applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022;

3.2 BSE levied a fine of ₹ 54,280 including applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.

4 Delay in disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements.

4.1 BSE levied a fine of ₹ 35,400 including applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022;

4.2 BSE levied a fine of ₹ 54,280 including applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.

5 Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds of non-convertible debentures

5.1 BSE levied a fine of ₹ 11,800 including applicable GST vide email dated December 26, 2022 for the quarter ended March 31, 2022.

6 The Company is advised to improve and/ strengthen its compliance framework, monitoring system, its internal controls, systems and process to ensure compliance with all the applicable acts, laws, rules, regulations, guidelines and standards.

7 7.1 There were several instances of delayed filings of requisite eForms with the Registrar of Companies, viz., DIR-12, MGT-14, AOC-4 CFS, AOC 5, PAS 3 and CHG-1 etc.

8 There were instances of delayed filing of periodical returns required to be filed with the Mumbai Regional Office of the Reserve Bank of India during the year under review.

9 Pursuant to SEBI Circular No. CFD/CMD/ CIR/P/2017/115 dated October 10, 2017, the recognized stock exchanges are mandated to take following actions:

(a) In cases where the non-compliance continues for a period upto 1 year:

(i) The recognized stock exchange shall impose a fine of ₹5,000/- per day of non-compliance on the listed entity and such fine shall continue to be imposed till the date of compliance by such listed entity.

(ii) The recognized stock exchange shall intimate the depositories to freeze entire shareholding of the promoter and promoter group till the date of compliance by such entity. The above restriction shall not be an impediment for the entity with respect to compliance with the minimum public shareholding norms through the methods specified/ approved by SEBI.

(iii) The promoters, promoter group and directors of the listed entity shall not hold any new position as director in any other listed entity till the date of compliance by such entity. An intimation to this effect shall be provided to the listed entity by the recognized stock exchange and the listed entity shall subsequently intimate the same to its promoters, promoter group and directors.

(b) In cases the non-compliance continues for a period more than 1 year:

(i) The recognized stock exchange shall impose an increased fine of ₹10,000/- per day of non-compliance on the listed entity and such fine shall continue to be imposed till the date of compliance by such listed entity.

(ii) The recognized stock exchange shall intimate the depositories to freeze all the securities held in the Demat account of the promoter and promoter group till the date of compliance by such entity.

The above restriction shall not be an impediment for the entity with respect to compliance with the minimum public shareholding norms through the methods specified/approved by SEBI.

(iii) The promoters, promoter group and directors of the listed entity shall not hold any new position as director in any other listed entity till the date of compliance by such entity. Intimation to this effect shall be provided to the listed entity by the recognized stock exchange and the listed entity shall subsequently intimate the same to its promoters, promoter group and directors.

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

1. Labour Laws and other incidental laws related to employees appointed

by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;

2. Stamps Acts and Registration Acts of respective states;
3. Acts as prescribed under Direct Tax and Indirect Tax;
4. Land Revenue laws of respective states;
5. Labour Welfare Acts of respective states;
6. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
7. Such other Local laws as applicable to the Company and its offices/ branches.

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

i. Mr. R. Sridhar resigned as Whole-Time Director, designated as Vice-Chairman, of the Company w.e.f. April 17, 2022;

ii. Mr. Deep Jaggi resigned as Whole-time Director and Chief Executive Officer of the Company w.e.f. February 14, 2023;

iii. Mr. Hemant Kaul was re- appointed as Non-Executive Independent Director for a second consecutive term of five years w.e.f. February 5, 2023;

iv. Ms. Naina Krishna Murthy was re- appointed as Non-Executive Independent Director for a second consecutive term of five years w.e.f. February 5, 2023; and

v. Mr. Karthikeyan Srinivasan was appointed as Whole-time Director of the Company designated as Chief Executive Officer w.e.f. March 30, 2023;

Adequate notices were given to all the Directors to schedule the Board / Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in certain cases meetings were held through shorter notice after due compliance with the applicable provisions, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation & deliberations at these Meetings.

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

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

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

1. Members at their annual general meeting held on September 29, 2022 ("AGM"), inter-alia, approved the following(s):
   a. Issue of non-convertible debentures for an amount not exceeding ₹ 3,000 crore, in a year, through private placement;
   b. Material related party transactions with BCP V Multiple Holding Pte. Ltd., the holding company of the Company.
2. During the period under review, the Company allotted 4,000 Non-Convertible Debentures of ₹ 10 Lakh each on Private Placement basis aggregating to ₹ 400 crore and 50,000 Non-Convertible Debentures of ₹ 1 Lakh each on Private Placement basis aggregating to ₹ 500 crore which were listed on the wholesale debt segment of the BSE Limited.
3. During the period under review, the Company redeemed / bought back 7,000 Non-Convertible Debentures of face value of ₹ 10 Lakh each aggregating to ₹ 700 Crore.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682E000834466
Place: Mumbai
Date: August 21, 2023

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

'Annexure A'

To,
The Members,
IndoStar Capital Finance Limited

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M Siroya and Company
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682; CP No.: 4157
UDIN: F005682E000834466
Place: Mumbai
Date: August 21, 2023

Annexure II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IndoStar Home Finance Private Limited
CIN: U65990MH2016PTC271587
Unit No. 305, 3rd Floor, Wing 2/E, Corporate Avenue, Andheri - Ghatkopar Link Road, Chakala, Andheri (East), Mumbai – 400099

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Home Finance Private Limited** (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2023. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and, subject to our comments, compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the relevant & applicable provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder **(Not Applicable during the Audit Period)**;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Indirect Foreign Investment.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"): -
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable during the Audit Period)**;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not Applicable during the Audit Period)**;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not Applicable during the Audit Period)**;
   d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended; **(Not Applicable during the Audit Period)**;
   e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended; **(Not Applicable during the Audit Period)**;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not Applicable during the Audit Period)**;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not Applicable during the Audit Period)**; and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not Applicable during the Audit Period)**.
6. Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate systems and process in place for compliance with the following laws applicable specifically to the Company:
   a) The National Housing Bank Act, 1987 as applicable to Housing Finance Companies;

b) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

c) Master Direction - Know Your Customer (KYC) Direction, 2016;

d) The Prevention of Money Laundering Act, 2002 and the Rules made thereunder;

e) Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India/National Housing Bank from time to time in respect of Non-Deposit taking Housing Finance Company to the extent applicable.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

(i) Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;

(ii) Stamp Acts and Registration Acts of respective states;

(iii) Acts as prescribed under Direct Tax and Indirect Tax;

(iv) Labour Welfare Acts of respective states;

(v) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and

(vi) Such other Local laws as applicable to the Company and its offices/ branches

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

Adequate notice were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Act and Rules made thereunder and Secretarial Standards on Board Meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

(i) On September 21, 2022, the members at the Annual General Meeting inter-alia approved the following:

a. Appointment of Mr. N R Narayanan (DIN: 07877022), as Non-Executive Independent Director of the Company;

b. Increase in Borrowing Limits of the Company;

c. Issue of Non - Convertible Debentures (NCDs) under Private Placement such that the aggregate principal amount of such NCDs does not exceed ₹ 10,00,00,00,000 (Rupees One Thousand crore only) during a period of 1 (one) year from the date of passing Special Resolution;

(ii) During the period under review, Mr. Shreejit Menon was designated as the Chief Executive Officer of Company and the Board of Directors approved his re-appointment as Whole-time Director for a period of five year subject to approval by the members at the ensuing Annual General Meeting.

H Choudhary & Associates
(Practicing Company Secretaries)

CS Harnatharam Choudhary
Proprietor
Membership No: F8274
C P No.: 9369
UDIN: F008274E000655349

Place: Mumbai
Date: July 25, 2023

Annexure III

Disclosures in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended March 31, 2023

Sr. No.	Requirement	Disclosure	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	**Name of Director**	**Ratio**
		Mr. R. Sridhar*	Nil
		Mr. Deep Jaggi#	54.81
		Mr. Bobby Parikh	NA
		Mr. Hemant Kaul	NA
		Ms. Naina Krishna Murthy	NA
		Mr. Dhanpal Jhaveri	NA
		Mr. Vibhor Talreja	NA
		Mr. Aditya Joshi	NA
		Mr. Munish Dayal	NA
		Mr. Karthikeyan Srinivasan$	49.33
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	**Name of Director / CEO / CFO/ CS**	**Percentage Increase in their remuneration during the financial year under review**
		Mr. Deep Jaggi#	25%
		Mr. Bobby Parikh	NA
		Mr. Hemant Kaul	NA
		Ms. Naina Krishna Murthy	NA
		Mr. Dhanpal Jhaveri	NA
		Mr. Vibhor Talreja	NA
		Mr. Aditya Joshi	NA
		Mr. Munish Dayal	NA
		Mr. Kapish Jain*	NA
		Mr. Jitendra Bhati (CS)	28%
		Mr. Vinodkumar Panicker	0
3.	The percentage increase in the median remuneration of employees in the financial year	94%	
4.	Number of permanent employees on the rolls of Company at the end of financial year	2057	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average salaries of employees other than managerial personnel, has increased by 29.02% as compared to average salaries paid in the financial year 2021-22. There has been an average decrease in the Managerial Remuneration for the financial year 2022-23 due to vacancy in position of Chief Financial Officer for period of five months.	
6.	Affirmation that the remuneration is as per Remuneration Policy of the Company	It is affirmed that remuneration paid is as per the Remuneration Policy of the Company.	

Note:

**Ceased to be WTD & CEO from April 17, 2022 and was not paid any remuneration for FY 2022-23*

 # Resigned as WTD & CEO from February 14, 2023, remuneration for FY 2022-23 has been annualised.

$ Appointed as WTD & CEO with effect from March 30, 2023, remuneration for FY 2022-23 has been annualised.

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

** Appointed as CFO with effect from May 27, 2022 and resigned as CFO with effect from July 19, 2022, remuneration for FY 2022-23 has been annualised.*

Annexure IV

CEO & CFO Compliance Certificate

To
The Board of Directors
IndoStar Capital Finance Limited

We, Karthikeyan Srinivasan, Chief Executive Officer and Vinodkumar Panicker, Chief Financial Officer of the Company hereby certify that:

a. We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2023, and to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. to the best of our knowledge and belief, no transactions entered into by the Company during the year under review are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and there have been no deficiencies in the design or operation of such internal controls, of which we are aware except for the deficiencies identified in the comparability of previous year figures with current year figures as explained in Note 41.2 of the financial statements in the matters referenced in the Qualified Opinion made by the statutory auditors of the Company on the Internal Financial Controls over Financial Reporting.

d. We have indicated to the Auditors and the Audit Committee:

   i. Significant changes, if any, in internal control over financial reporting during the year;

   ii. Significant changes, if any, in accounting policies during the year requiring disclosures in the notes to the financial statements of the Company; and

   iii. Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Karthikeyan Srinivasan
Chief Executive Officer

Vinodkumar Panicker
Chief Financial Officer

Place: Mumbai
Date: May 25, 2023

Annexure V

Business Responsibility & Sustainability Report

SECTION A: GENERAL DISCLOSURE

I. Details of the Listed Entity

1	**Corporate Identity Number (CIN) of the Listed Entity**	: L65100MH2009PLC268160
2	**Name of the Listed Entity**	: IndoStar Capital Finance Limited
3	**Year of incorporation**	: 2009
4	**Registered office address**	: Unit No. 505,5th Floor, Wing 2/E, Corporate Avenue Andheri- Ghatkopar Link Road, Chakala NA, Mumbai Mumbai City MH 400099 IN
5	**Corporate address**	: Same as registered office address
6	**E-mail**	: icf.legal@indostarcapital.com
7	**Telephone**	: 022 – 4315 7000
8	**Website**	: www.indostarcapital.com
9	**Financial year for which reporting is being done**	: 2022-23
10	**Name of the Stock Exchange(s) where shares are listed**	: BSE Limited National Stock Exchange of India Limited
11	**Paid-up Capital**	: ₹ 1,36,07,92,950
12	**Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report**	: Mr. Vinodkumar Panicker Chief Financial Officer Phone: 022 – 4315 7000 Email id: vpanicker@indostarcapital.com
13	**Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).**	: Disclosures made in this report are on a standalone basis and relates only to the Company

II. Product and Services

14. Details of business activities (accounting for 90% of the turnover)

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Financial and Insurance Service	Other financial activities	100%

15. Products/Services sold by the entity (accounting for 90% of the turnover)

S. No.	Product/Service	NIC Code	% of Turnover of the entity
1	Non-Banking Financial Company engaged in lending and allied activities	649	100%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	-	427	427
International	-	-	-

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	22
International (No. of Countries)	-

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil. The Company does not have export business.

c. A brief on types of customers

The Company being a non-banking finance company mainly focuses on retail lending, particularly in vehicle finance, housing and SME finance. Following are the types of customers based on products:

Commercial Vehicle Finance: The Company mainly focuses on transport entrepreneurs mainly Small Road Transport Operators (SRTO) including finance for farm equipment, two wheelers, four wheelers and constructions vehicles and desires to be a lender of choice for them. The Company aims to enhance its market presence in this segment and provide relatively affordable credit to customers, garnering healthy demand and also factoring in the risks.

Housing Finance: The Company, through its 100% subsidiary i.e., IndoStar Home Finance Private Limited (IHFL) - a non-deposit taking housing finance company registered with National Housing Bank (NHB), focuses on customers in Tier 2 & 3 cities and those on the outskirts of urban markets. It serves those seeking loans for purchase and self-construction of residential properties.

SME Finance: IndoStar's SME Finance business is primarily aimed at lending to small and medium enterprises for their business financing needs, including working capital, business expansion or other requirements. SME loans are predominantly offered against the collateral of a self-occupied residential or commercial property. Our key customers in this segment are traders, manufacturers, self-employed professionals and service businesses. Nearly 40% of our SME loans are being disbursed to customers qualifying under the Priority Sector lending (PSL) category.

Corporate Lending: IndoStar Capital Finance specialises in offering customised structured solutions to meet funding requirements of mid-to-large corporates. IndoStar has financed projects across several sectors including real estate, steel, cement, media and entertainment, dairy, financial services, pharmaceuticals, FMCG and more.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1	Permanent (D)	2,057	1,963	95%	94	5%
2	Other than Permanent (E)	179	172	96%	7	4%
3	Total employees (D + E)	2,236	2,135	95%	101	5%
WORKERS						
1	Permanent (F)	Not applicable				
2	Other than Permanent (G)					
3	Total employees (F+G)					

The Company being in financial service sector is not required to employ workers.

b. Differently abled Employees and workers: Nil

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	8	1	12.50%
Key Management Personnel	3	0	-

20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	50%	2%	52%	26%	2%	28%	17%	2%	19%
Permanent Workers	Not Applicable								

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding/subsidiary/associate companies/joint ventures

S. No.	Name of the holding/ subsidiary/associate companies/joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	BCP V Multiple Holdings Pte. Ltd.	Holding Company	56.20%	No
2	IndoStar Home Finance Private Limited	Wholly-owned subsidiary	100%	Yes
3	IndoStar Asset Advisory Private Limited	Wholly-owned subsidiary	100%	No*

**Presently, IndoStar Investment Advisory Private Limited does not have any business and have applied for closure of Alternate Investment Funds being managed by it.*

VI. CSR Details

(i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	No*
(ii) Turnover (in Lakhs)	97,324.98
(iii) Net worth (in Lakhs)	3,00,985.64

**The Company was not required to spend any amount on CSR activities during the financial year 2022-23 as the Company had incurred losses during the preceding three financial years.*

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities		-	-	-	-	-	-
Investors (other than shareholders)		-	-	-	-	-	-
Shareholders		-	-	-	-	-	-
Employees and workers	-	-	-	-	-	-	
Customers	https://www.indostarcapital.com/contact-us	681	2		405	15	
Value Chain Partners	-	-	-	-	-	-	
Other (please specify)	-	-	-	-	-	-	

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Corporate Governance	Opportunity	The Company continues to maintain the highest standards of integrity and transparency in operations, excellence in service to all stakeholders and strong Corporate Governance standards.		Positive
2	Data Privacy and Cyber Security	Risk	The Company's technology infrastructure plays a big role in it's operations. Most transactions are completed digitally, which raises the risk for cyber and information security.	We have adopted measures to mitigate the cyber security risks included through appropriate firewalls, providing regular advisories, providing training to users, taking adequate backups, review of the information technology assets, etc.	Negative
3	Employee Well-being (Health and Safety)	Opportunity	Enables employees to develop health as a personal asset and emphasizes the Company as an organization that prioritizes employee well-being. The Company ensures that the employees are consistently provided with opportunities for empowerment and growth.		Positive
4	Corporate Social Responsibility	Opportunity	Corporate Social Responsibility is one of the key areas through which the Company endeavours to give back to society. The core focus areas under Corporate Social Responsibility include health care, education, ecology, art and culture.		Positive
5	Branding and Reputation	Opportunity	Enhances credibility and trust among diverse stakeholders and emphasizes the Company's reputation as an ethically managed business.		Positive
6	Diversity and Inclusiveness	Opportunity	The Company encourages social inclusion and merit-based engagement of employees, customers, suppliers etc.		Positive

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
7	Regulatory Compliance	Risk	Regulatory Compliance occupies a crucial position in determining the Company's responsibility towards its stakeholders. Any lapse in regulatory compliance can affect the reputation of the Company negatively. The Company has always focused on ensuring that it is fully compliant with all laws and regulatory provisions relating to its operations, which has enabled it to earn the respect of all stakeholders.	Adequate steps have been taken to identify, assess, manage and report all instances of compliance risk across the various levels in the Company. Senior Management plays a crucial role in effective compliance of risk management.	Negative

SECTION B: MANAGEMENT AND PROCESS DISCLOSURE

	Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	**Policy and management processes**									
	a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	NA	Y	Y	Y	Y	NA	Y	Y
	b. Has the policy been approved by the Board? (Yes/No)	Y	NA	Y	Y	Y	Y	NA	Y	Y
	c. Web Link of the Policies, if available	https://www.indostarcapital.com/investors-corner#investor-services								
2	**Whether the entity has translated the policy into procedures. (Yes/No)**	Y	NA	Y	Y	Y	Y	NA	Y	Y
3	**Do the enlisted policies extend to your value chain partners? (Yes/No)**	Yes								
4	**Name of the national and international codes/certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trusts) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.**	-								
5	**Specific commitments, goals and targets set by the entity with defined timelines, if any.**	Our Company recognises the importance of predefined goals and commitments as a barometer for assessing the Company's progress towards the principles of the National Guidelines on Responsible Business Conduct (NGRBC). Our Company has already taken short and medium-term initiatives primarily focusing on sustainability. We fully acknowledge the responsibility we have towards our community and intend to set targets and goals in the future reporting cycles. We are taking concerted efforts in anticipating the adverse effects of our business operations and are dedicated towards taking appropriate actions to mitigate the negative implications of ESG-related factors across all our business operations.								
6	**Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.**	Considering we are in the initial years of implementing the ESG Framework, we anticipate to provide a thorough and extensive update in the upcoming reporting cycles. We look forward to achieving our business targets along with our sustainability goals.								

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

We take pride in presenting the BRSR Report of our Company Indostar Capital Finance Limited for the FY 2022-23. Led by a retail focused business model and having a strong liquidity and capital position, we are competitively placed in the industry. The range of services provided by us include vehicle finance, housing finance, SME finance and corporate lending. We strongly believe that integrating ESG considerations into our day-to-day decision making processes are essential towards achieving long term sustainability. The Company is committed to remain compliant with sound corporate governance and risk management practices. Thus, we strive to constantly monitor the impact our operations and investments have on the environment. We are focused on bringing about a meaningful change in the communities. Towards this end, we work towards supporting initiatives like education, women empowerment, health care, sanitation and environment protection which drive value creation. We extend our support to organisations in their initiatives towards education, inequity reduction, learning improvement, dropout reduction and psychological support through the Company or its subsidiaries. Woman empowerment is one of our utmost priorities and thus we have contributed to projects which encourage and train women to become professional commercial drivers alongside enhancing their awareness in legal rights, first aid, self-defence, English language, personal presentation, hygiene and financial literacy. We expressly advocate that commitment to corporate governance is essential for delivery of strategic priorities and enhancement of shareholder value. We have also adopted an Anti-Corruption Policy to further affirm the Company's zero-tolerance approach towards corruption and to conduct business in an honest and ethical manner.

We are also committed to employee welfare and provide comprehensive benefits like medical and term insurance. We also conduct various seminars and engagement programmes to encourage the overall well-being of our employees.

Our ultimate goal is to incorporate Environmental, Social, and Governance (ESG) factors in every facet of our business operations to achieve continued success and sustainability while adhering to sound corporate governance practices.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Name: Mr. Karthikeyan Srinivasan

Designation: Whole-time Director and Chief Executive Officer

DIN: 10056556

(b) Details of the BR head*

Name: Mr. Vinodkumar Panicker

Designation: Chief Financial Officer

**Chief Financial Officer of the Company is the BR Head as per the Company's Internal Policy.*

9. Does the entity have a specified Committee of the Board/Director responsible for decision making on sustainability related issues? (Yes/No). If yes, provide details.

Yes, the Board of Directors constituted ESG Working Committee with an object to implement and oversee the Business Responsibility Policies. The committee comprises of Ms. Priya Prasad, Head – Human Resource, Mr. Mihir Bhavsar, Chief Information Security Officer and Mr. K V Bharadwaj, Head – Credit.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee					Frequency (Annually/Half yearly/Quarterly/any other – please specify)			
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Policies, as stated, have been approved by the Board, it's Committees or the Senior Management of the Company. Policies are reviewed annually considering various parameters like statutory requirements and the frequency as stated in the policy document								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	The Company complies with all the statutory requirements to the extent applicable.								
Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency	No. All policies and processes are subject to audits and reviews done internally in the Company from time to time.								

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	-	-	-	-	-	-	-	-	-
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	-	-	-	-	-	-	-	-	-
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	-	-	-	-	-	-	-	-	-
It is planned to be done in the next financial year (Yes/No)	-	-	-	-	-	-	-	-	-
Any other reason (please specify)	-	-	-	-	-	-	-	-	-

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicator

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	9	Business strategy, Risk Management System, Regulatory changes, recent developments in operations and IT of the Company, new initiatives taken by the Company, corporate governance and succession planning	100%
Key Managerial Personnel	1	Strategic Meet	100%
Employees other than BoD and KMPs	1	LMS training	50%
Workers	Not applicable		

2. **Details of fines/penalties/punishment/award/compounding fees settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

   Please refer section on details on non-compliance under General Disclosure of Report on Corporate Governance which form part of this Annual Report.

3. **Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.**
   None

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**
   The Company believes in conducting its business in an honest and ethical manner. The Company has a zero-tolerance approach to corruption and is committed to act professionally with integrity in all its business dealings and relationships wherever it operates and to that effect is inclined towards implementing and enforcing effective systems to prevent/counter corruption. Consistent with its core values, the Company is committed to complying with applicable anti-corruption and sanction laws and has adopted an Anti-Corruption Policy. The policy is available on the website of the Company at https://www.indostarcapital.com/sites/default/files/document/Codes%20and%20Policies/Anti-Corruption%2520Policy.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:**

	FY 22-23 (Current Financial Year)	FY 21-22 (Previous Financial Year)
Directors	-	-
KMPs	-	-
Employees	-	-
Workers	-	-

6. **Details of complaints with regard to conflict of interest:**
   None

7. **Provide details of any corrective action taken or underway on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**
   Not applicable

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicator

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	-	-	
Capex	As the Company is in the financial services sector, CAPEX investments are mostly in information technology. Investments in capital assets in the form of IT infrastructure like, equipment and software were made.		

2. a. **Does the entity have procedures in place for sustainable sourcing?** (Yes/No)

   No. The consumption of resources is limited to running the operations and therefore the Company follows sustainable sourcing practices wherever feasible.

   b. **If yes, what percentage of inputs were sourced sustainably?**
   Not applicable

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**
   Given that the Company is in the financial services sector, it does not manufacture any products hence this indicator is not applicable to its operations.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**
   Given that the Company is in the financial services sector, this indicator is not applicable.

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicator

1 a. **Details of measures for the well-being of employees:**

Category	100 % of employees covered by											
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities		
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees												
Male	1,963	1,963	100%	1,963	100%	-	-	1,963	100%	-	-
Female	94	94	100%	94	100%	94	100%	-	-	-	-
Total	**2,057**	**2,057**	**100%**	**2,057**	**100%**	**94**	**5%**	**1,963**	**95%**	**-**	**-**
Other than Permanent employees												
Male	172	172	100%	172	100%	-	-	-	-	-	-
Female	7	7	100%	7	100%	7	100%	-	-	-	-
Total	**179**	**179**	**100%**	**179**	**100%**	**7**	**4%**	**-**	**-**	**-**	**-**

b. **Details of measures for the well-being of workers:**

Category	100 % of employees covered by											
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities		
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees												
Male	Not applicable											
Female												
Total												
Other than Permanent employees												
Male	Not applicable											
Female												
Total												

2. **Details of retirement benefits, for Current FY and Previous Financial Year.**

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	-	Y	100%	-	Y
Gratuity	100%	-	Y	100%	-	Y
ESI	20%	-	Y	25%	-	Y
Others – please specify	Not Applicable					

3. **Accessibility of workplaces: Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

   Currently, the Company does not have any differently abled employees, however the shared premises in which corporate offices of the Company is located has necessary provision for differently abled persons and the Company is committed to take necessary steps to make the work place safe and friendly for differently abled persons as and when the need arises.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

   No, while the Company does not have Equal opportunity policy, the Company is committed to treat all employees and job applicants equally.

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

	Permanent employees				Permanent workers			
Gender	Return to work rate		Retention rate		Return to work rate		Retention rate	
Male	-	-	-	-	-	-	-	-
Female	5	0.24%	5	100%	-	-	-	-
Total	**5**	**0.24%**	**5**	**100%**	**-**	**-**	**-**	**-**

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	-
Other than Permanent Workers	-
Permanent Employees	The Company provides a platform to raise any concerns pertaining to work by any employee of the Company. An employee can convey his/her grievances to their respective departmental heads or even directly to a HR representative. IndoStar has 'Code of Ethics and Personal Conduct' (CoEPC), 'Whistle Blower', and 'Prevention of Sexual Harassment' framework serving as grievance mechanisms for its employees to report or raise their concerns confidentially and anonymously, and without fear of any retaliation.
Other than Permanent Employees	

7. **Membership of employees and worker in association(s) or Unions recognised by the listed entity:**

   Though not prohibited, the employees are currently not part of any employee associations.

8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	(B) % (B/A)	No. ©	% (C/A)		No. (E)	(B) % (E/D)	No. (F)	% (F/D)
Employees										
Male	1,963	-	-	623	32%	2,498	-	-	-	-
Female	94	-	-	33	35%	115	-	-	-	-
Total	**2,057**	**-**	**-**	**656**	**32%**	**2,613**	**-**	**-**	**-**	**-**
Workers										
Male	Not applicable									
Female										
Total										

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1,963	1,750	89%	2,498	-	-
Female	94	77	82%	115	-	-
Total	**2,057**	**1,827**	**89%**	**2,613**	**-**	**-**
Workers						
Male	Not applicable					
Female						
Total						

10. Health and safety management system:

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?**

Given that the Company is in the financial services sector, this indicator is not applicable.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

Given that the Company is in the financial services sector, this indicator is not applicable.

c. **Whether you have processes for workers to report the work related hazards and to remove themselves from such risks. (Y/N)**

Given that the Company is in the financial services sector, this indicator is not applicable.

d. **Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)**

Yes, the Company provides medical and term insurance for employees of the Company.

11. Details of safety related incidents, in the following format:

None.

12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Given that the Company is in the financial services sector, this indicator is not applicable.

13. Number of Complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	Nil					
Health and safety						

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	Not applicable
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

Not applicable

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicator

1. Describe the processes for identifying key stakeholder groups of the entity

Individuals or a group of individuals, agencies, institutions who are interested or impacted by the activities of the company's businesses and vice-versa now or in the future are identified as key stakeholder by the Company. The key stakeholders thus identified are customers, investors, lenders, government, shareholders, regulators, value chain partners, employees and the society.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Digital platforms and application, in-person engagement at branches	Periodic	To achieve customer satisfaction, feedback for product customization and customer relationship management and ensuring fairness in dealing with the customers
Investors/ shareholders	No	Press releases and publications, Investor meets, Annual General Meeting, Stock exchange communication, Website disclosures, Through RTA (Registrar and Transfer Agent)	Continuous	To inform company's performance, business developments, address investor queries and general updates
Lenders	No	Press releases and publications, Investor meets, Stock exchange communication, Website disclosures	Periodic	To inform company's performance, business developments and to address queries

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly/others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Regulators	No	Statutory filings, meetings	Periodic	To achieve compliance with statutory requirements and industry updates
Value chain Partners	No	E-mails, Meetings, Training Programs	Periodic	To achieve an understanding of the portfolio of services offered by the business and working with them to benefit all the stakeholders of the company
Employees	No	Multiple channels both physical and digital	Periodic	To provide a safe and secure work environment and merit-based opportunities towards fulfilment of the Company's vision, mission and achieving sustainability objectives and for help the employee achieve long term professional and personal growth

PRINCIPLE 5: Businesses should respect and promote human rights

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees	Please refer note below					
Permanent						
Other than permanent						
Total Employees						
Workers	Not Applicable					
Permanent						
Other than permanent						
Total Workers						

Note: The Company through its Code of Conduct for Directors and Employees mandates every employee of the Company to work honestly, ethically and with integrity and requires every employee to follow principles of mutual respect, privacy, equal opportunities and non-discrimination.

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	1,963	-	-	1,963	95%	2,498	-	-	2,498	96%
Female	94	-	-	94	5%	115	-	-	115	4%
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Workers										
Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Other than Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

3 Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/wages of respective category	Number	Median remuneration/ salary/wages of respective category
Board of Directors (BoD)	1	2,25,00,000	0	0
Key Managerial Personnel	2	1,40,00,000	0	0
Employees other than BoD and KMP	1,960	4,58,365	94	4,32,092
Workers	Not Applicable		Not Applicable	

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Grievances related to human rights can be raised with the Head of department. Further, grievances could also be addressed to the Chairman of Audit Committee under whistle blower policy or to the chairperson of the Prevention of Sexual Harassment (POSH) committee, as the case may be. Grievances are investigated based on the procedures under each policy and appropriate corrective actions are taken.

6. **Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	Nil					
Discrimination at workplace						
Child Labour						
Forced Labour/ Involuntary Labour						
Wages						
Other human rights related issues						

7. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**
The whistle blower policy and the Code of conduct include relevant clauses that no harm will be caused to the complainant in case of discrimination and harassment cases. The mechanism also provides for adequate safeguards against victimization of complainants.

8. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**
No.

9. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Sexual Harassment	Nil
Discrimination at workplace	
Child Labour	
Forced Labour/Involuntary Labour	
Wages	
Other human rights related issues	

10. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.**
NA

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicator

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	15,36,383.19	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	15,36,383.19	-
Energy intensity per rupee of turnover		
(Total energy consumption/turnover in rupees)		
Energy intensity (optional) – the relevant metric may be selected by the entity		

2. **Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

   Given that the Company is in the financial services sector, this indicator is not applicable.

3. **Provide details of the following disclosures related to water, in the following format:**

   The Company's usage of water is limited to employees and visitors' consumption only. Given that most offices/ branches of the Company are present in shared premises, total freshwater consumption is not accounted. Efforts have been made to ensure that water is consumed judiciously in the office/branch premises.

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

   Given that the Company is in the financial services sector, this indicator is not applicable.

5. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

   Given that the Company is in the financial services sector, this indicator is not applicable.

6. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

   Given that the Company is in the financial services sector, this indicator is not applicable.

7. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**

   Given that the Company is in the financial services sector, this indicator is not applicable.

8. **Provide details related to waste management by the entity, in the following format:**
   As the Company is in the financial services sector, it does not manufacture any products hence this indicator is not applicable to its operations.

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

   As the Company is in the financial services sector it does not generate any hazardous and toxic chemicals due to nature of it's business. However, we take steps to reduce the negative implications that waste generation can have on our environment in the following ways:-

   - **Paper** – Most of our processes are digitalized to avoid use of paper. In addition, shredded paper is also recycled. Additionally, with a view to leverage technology and to contribute to environment conservation, your Company has adopted an electronic Board / Committee Meetings application where the agenda and all supporting documents are hosted online, to the extent possible, documents / agenda papers are sent through the digital mode to ensure minimum usage of paper.

   - **E-waste** – LED lights are installed instead of conventional lights, which reduce the harmful effects of mercury, as well as the negative impacts on health and environment.

   - **Plastic** – The Company has reduced the usage of plastic items to the extend viable and opts to use glass items instead.

   - **Water** – The Company promotes conscious use of water and encourages employees to be conscious users as well.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:**

    Not applicable

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

    Not applicable

12 **Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

The Company is in compliance with environmental norms applicable to the nature of its business.

PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicator

1. a. **Number of affiliations with trade and industry chambers/associations.** Nil

2 b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.**

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
	-	

3. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

None

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicator

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Not applicable

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

Not applicable

3. **Describe the mechanisms to receive and redress grievances of the community.**

We would like to inform that our Company hasn't received any grievances of the communities in which we carry out business operations. However, we have sound processes in place and will actively strive to implement an efficient and effective community grievance mechanism should we receive any grievances in the near future.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

As a financial services organisation, the Company does not require any substantial input material to conduct financial service business

PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicator

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Customer complaints are received in 3 ways:-

1. Direct customer complaints received in CRM
2. Escalations via email to PNO
3. RBI & CP Grams Complaints received via CMS portals.

All these complaints are addressed via the respective channel. In case of RBI complaints, the concerned Branch/Operations/Legal/Collections team are informed along with relevant Senior Management. The status of the loan, matter of complaint and communication exchanged in this regard are collated and replies are sent to the customers/Regulatory Bodies along with the relevant documentary evidences.

There is no separate mechanism for feedback monitoring as of now. In case the customer is not satisfied with our revert/resolution, they write back to us seeking further processing/clarification.

2. **Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**
   Transparency and fairness in dealings with customers is followed across the Company. None of the products withhold any relevant information needed by the customers to make informed decisions.

3. **Number of consumer complaints in respect of the following:**
   Not applicable

4. **Details of instances of product recalls on account of safety issues:**
   Not applicable

5. **Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**
   Yes.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**
   Not applicable

Annexure VI

FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

Sr. No	Particulars	Amount
1.	Details of contracts or arrangements or transactions not at arm's length basis	Not applicable
a)	Name(s) of the related party and nature of relationship	
b)	Nature of contracts/arrangements/ transactions	
c)	Duration of the contracts/arrangements/ transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	
f)	Amount paid as advances, if any:	
g)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangement or transactions at arm's length basis	
a)	Name(s) of the related party and nature of relationship	BCP V Multiple Holding Pte. Ltd ("BCP V"), holding company of the Company
b)	Nature of contracts/arrangements/ transactions	BCP V Multiple Holdings Pte. Ltd. to directly or through its affiliates procure the provision of a stand-by letter of credit ("SBLC") from Sumitomo Mitsui Banking Corporation, New York Branch (SMBC / Issuing Bank) such that the value of the SBLCs is equal to 1.15 times of the principal amount outstanding in respect of the credit facility in form of term loan of ₹ 827.10 crore (Rupees Eight Hundred Twenty-Seven Crore Ten Lakhs only) which is proposed to be availed of by the Company.
c)	Duration of the contracts/arrangements/ transactions	Till continuation of credit facilities

Sr. No	Particulars	Amount
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	a) 2% (Two percent) of the aggregate commitment of the Lender in respect of the Facility (equivalent to approximately USD 100 million) x required SBLC cover of 1.15x times (**"Upfront Fee"**), which fee shall be payable within 30 (Thirty) calendar days of the date of execution of the Facility Agreement, and b) reimbursement, at actuals, of the fees paid/payable by BCP/ its affiliate to SMBC in relation to the provision of the SBLC (expected to be approximately 2.5%), which shall be payable, basis actual utilization, on a quarterly basis on dates as may be mutually agreed between BCP and the Company (**"Reimbursement Amount"**). Each of the payments required to be made by the Company as set out above shall be required to be made so at to ensure receipt of the amounts stipulated above on a post-tax basis and accordingly the Company shall be required to gross-up any tax deductions or withholdings which may be applicable in respect of such payments such that the amount received by BCP after taking into account any taxes which are required to be deducted or withheld is equal to the Upfront Fee/ Reimbursement Amount.
e)	Justification for entering into such contracts or arrangements or transactions	The procurement of the SBLC is a key condition on the basis of which the Lender has agreed to make the Facility available to the Company and to agree to the current terms, which terms and in particular the interest rate are beneficial to the Company.
f)	Amount paid as advances, if any:	-
g)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Not required under Section 188 of the Act however, approval of the shareholders of the Company was obtained pursuant to Regulation 23 of the Listing Regulation at the Annual General Meeting held on September 29, 2022

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

Bobby Parikh
Chairman
DIN: 00019437

Place: Mumbai
Date: August 21, 2023

Report on Corporate Governance

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

The Company's corporate governance philosophy has been further strengthened through the "Internal Guidelines for Corporate Governance" adopted by the Company in line with the Guidelines on Corporate Governance issued by the Reserve Bank of India (RBI) and updated from time to time.

The Company has adopted a Code of Conduct for its directors and employees including the Chief Executive Officer, Whole-time Directors and Non-Executive Directors. In addition, the Company has adopted a Code of Conduct for Independent Directors that suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("the Act").

The Company believes in conducting its business in an honest and ethical manner. The Company has a zero-tolerance approach to corruption and is committed to act professionally with integrity in all its business dealings and relationships wherever it operates and to that effect is inclined towards implementing and enforcing effective systems to prevent / counter corruption. Consistent with its core values, the Company is committed to complying with applicable anti-corruption and sanction laws and has adopted Anti-Corruption Policy.

The Company has in place various Information Security related policies that ensures proper utilization of IT resources and security of the data of the Company.

II. BOARD OF DIRECTORS

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

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

A. Composition of the Board

As on March 31, 2023, the Board of Directors of your Company comprised 8 Directors of which 3 were Non-Executive Independent Directors, 4 were Non-Executive Non-Independent Directors and 1 was Executive Director. The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read with Rules framed there under ("Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the circulars / directions / notifications issued by the Reserve Bank of India ("RBI Directions") and the Articles of Association of the Company. None of the Directors of your Company are related to each other. Non-Executive Directors do not hold any shares/ Non-Convertible Debentures of the Company, except Mr. Dhanpal Jhaveri, who holds 1,000 equity shares of the Company, jointly with his spouse Ms. Neeru Jhaveri.

Composition as on March 31, 2023

Skills / Expertise / Competencies of the Board of Directors

The diverse skills, expertise and competencies of Board of Directors ensures that the Company retains its competitive advantage. The following is the list of core skills / expertise / competencies identified by the Board of Directors as required in the context of the Company's business(es) for it to function effectively:

- Leadership
- Experience in the Financial Services Industry
- Strategic Planning
- Knowledge of Regulatory Environment
- Financial and Accounting Expertise
- Board Service, Corporate Governance and Risk Management
- Knowledge in the field of Information Technology

The Board composition represents an optimal mix of professionalism, knowledge, expertise and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business. Brief profile of the Directors is available on the Company's website at https://www.indostarcapital.com/investors-corner#board-directors and also forms part of this Annual Report.

The composition of the Board of Directors, including details of other directorship(s), committee membership(s) and chairmanship(s) of each Director on the Board of your Company as on March 31, 2023 are given below:

Name of Director	Category	Skills/expertise/ competencies	*Number of Directorship(s) in other Companies	#Details of Directorships in other listed entities	@Number of Committee Membership (Chairmanship(s)) in other Companies
Mr. Bobby Parikh	Chairman & Non-Executive Independent Director	Taxation and Advisory to financial services industry and Strategic Transactions	5	Infosys Limited (Independent Director) Biocon Limited (Independent Director)	5(3)
Mr. Dhanpal Jhaveri	Non-Executive Director	Investment Banking, Corporate Strategy, PE Investments and Mergers / Amalgamations	7	0	0
Mr. Hemant Kaul	Non-Executive Independent Director	Financial Services – Banking and Insurance sector, Business Management	10	Transcorp International Limited (Independent Director)	3(2)
Ms. Naina Krishna Murthy	Non-Executive Independent Director	Legal sector - corporate commercial law, specifically in the areas of mergers and acquisitions, joint ventures, collaborations and PE / VC investment	2	Sterling and Wilson Renewable Energy Limited (Independent Director)	1(0)
Mr. Vibhor Kumar Talreja	Non-Executive Director	Private Equity, Financial Services and Investment Banking	3	0	1(0)
Mr. Aditya Joshi	Non-Executive Director	Private Equity, Sectors – Financial Services, Healthcare, Technology and Consumer	1	0	0

Name of Director	Category	Skills/expertise/ competencies	*Number of Directorship(s) in other Companies	#Details of Directorships in other listed entities	@Number of Committee Membership (Chairmanship(s)) in other Companies
Mr. Munish Dayal	Non-Executive Director	Private Equity, Business Management, Financial Services, Technology and Commercial Real Estate	1	0	1(0)
Mr. Karthikeyan Srinivasan	Whole-Time Director (Chief Executive Officer)	Retail sales, client servicing, Financial services & banking, Financial product management	0	0	0

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

 # Listed entities includes entities whose equity shares are listed on a recognised stock exchange(s).

@ Includes membership(s) and chairmanship(s) in Audit Committee and Stakeholders' Relationship Committee in all public limited companies. If a Director is a Chairman of a Committee, the same is being included in Membership count also.

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

A certificate from H Choudhary & Associates, Practicing Company Secretary, confirming that none of the Directors on the Board of the Company as on March 31, 2023 have been debarred or disqualified from being appointed or continuing as director on the Board of the Company by the Securities and Exchange Board of India ("SEBI"), the Ministry of Corporate Affairs or any such statutory authority, is annexed to this Corporate Governance Report.

B. Board meetings and Board procedure

The schedule of the Board / Committee meetings to be held in a financial year is circulated in advance to enable the Directors / Committee Members to plan their schedule and ensure highest participation at Board / Committee Meetings. Directors are given an option of attending Board / Committee meetings through video conference or other audio-visual means in order to ensure effective decision making through increased participation. The agenda along with detailed notes are circulated to the Directors / Members well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused discussions at meetings of the Board and Committees. With a view to leverage technology and to contribute to environment conservation, your Company has adopted an electronic Board / Committee Meetings application where the agenda and all supporting documents are hosted online.

During the year under review, 9 (nine) meetings of the Board of Directors were convened and held on May 27, 2022, August 5, 2022, August 14, 2022, September 26, 2022, November 8, 2022, November 21, 2022, December 26, 2022, February 14, 2023 and March 30, 2023. These meetings were held in a manner that not more than 120 days intervene between two consecutive meetings. The required quorum was present at all the above mentioned meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

Attendance of Directors at Board Meetings and Annual General Meeting ("AGM") of the Company held during financial year ended March 31, 2023 is given below:

Name of the Directors	No. of Meetings attended* (No. of Meetings held during tenure of directorship)	Attendance at the previous AGM
Mr. Bobby Parikh	9(9)	Yes
Mr. Dhanpal Jhaveri	2(9)	No
Mr. Hemant Kaul	8(9)	Yes
Ms. Naina Krishna Murthy	8(9)	No
Mr. Vibhor Kumar Talreja	7(9)	No
Mr. Aditya Joshi	8(9)	Yes
Mr. Munish Dayal	9(9)	Yes
*Mr. Karthikeyan Srinivasan	1(1)	Not Applicable

** Mr. Karthikeyan Srinivasan appointed as Whole-Time Director from March 30, 2023*

C. Independent Directors

Independent Directors play a significant role in the governance processes of the Board of Directors. Professional and ethical conduct of Independent Directors promotes confidence of the investment community, particularly minority shareholders and regulators in the institution of Independent directors. As on March 31, 2023, the Board of your Company consisted of 3 (three) Independent Directors.

All the Independent Directors have affirmed compliance with the criteria of independence as stipulated in the Act and the Listing Regulations and have also confirmed their enrollment in the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

Further, in the opinion of the Board of Directors, all the Independent Directors of the Company satisfy the criteria of independence specified in the Act and the Listing Regulations and are independent of the Company's Management.

D. Separate meeting of Independent Directors

In terms of the Act and the Listing Regulations, a meeting of the Independent Directors was held on March 22, 2023 without the attendance of the Non-Independent Directors and members of the management of the Company. All the Independent Directors attended the meeting through video conference.

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

III. COMMITTEES OF THE BOARD

In terms of the RBI Directions, the applicable circular(s), regulation(s) and notification(s) issued by the SEBI, the applicable provisions of the Act and the Company's internal corporate governance standards, the Board of Directors has constituted various Committees mentioned herein below and the role of each Committee has been defined by the Board of Directors for effective functioning and governance within the Company. The Board of Directors has accepted and implemented the mandatory recommendations made by the Committee(s) during the year under review.

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

Committees Overview

As per Companies Act, 2013 and Listing Regulations	As per RBI Directions	As per the Company's internal corporate governance
• Audit Committee • Nomination and Remuneration Committee • Corporate Social Responsibility Committee • Stakeholders Relationship Committee • Risk Management Committee	• Asset Liability Management Committee • Greivience Redressal Committee • IT Strategy Committee	• Credit Committee • Debenture Committee • Internal Complaints Committee • Banking Committee • Management committee, • Corporate lending committee • Retail lending committee • ESG Working Committee • Disciplinary Committee

CREDIT COMMITTEE

Composition, Meetings and Attendance

The Credit Committee comprises Mr. Hemant Kaul, Mr. Karthikeyan Srinivasan and Mr. Vinodkumar Panicker.

During the year under review, the Credit Committee met once on November 21, 2022. The required quorum was present at the above meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
*Mr. Aditya Joshi	Chairman	1(1)
*Mr. Dhanpal Jhaveri	Member	0(1)
#Mr. Deep Jaggi	Member	1(1)
&Mr. Hemant Kaul	Chairman	0(0)
&Mr. Vinodkumar Panicker	Member	0(0)
^Mr. Karthikeyan Srinivasan	Member	0(0)

** Ceased to be a Member from December 26, 2022*

 # Ceased to be a Member from February 14, 2023

& Appointed as a Member from December 26, 2022

^ Appointed as a Member from March 30, 2023.

Terms of reference

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

AUDIT COMMITTEE

Composition, Meetings and Attendance

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

In terms of the Act and the Listing Regulations, two third of the Members of the Committee are Independent Directors and Chairman of the Audit Committee is an independent Director. All the Members of the Committee are financially literate and majority members including the Chairman possess financial management expertise. The Company Secretary of the Company acts as Secretary to the Committee. The Statutory Auditors and the Internal Auditors of the Company submit their report(s) directly to the Audit Committee.

During the year under review, the Audit Committee met 12 (twelve) times on April 14, 2022, May 6, 2022, May 27, 2022, August 5, 2022, August 14, 2022, November 8, 2022, November 21, 2022, December 12, 2022, December 26, 2022, February 10, 2023, February 14, 2023 and February 25, 2023. The required quorum was present at all the above meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 29, 2022.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Bobby Parikh	Chairman	12(12)
Mr. Hemant Kaul	Member	11(12)
Ms. Naina Krishna Murthy	Member	10(12)
Mr. Aditya Joshi	Member	12(12)

Terms of reference

The terms of reference of the Audit Committee inter-alia includes: dealing with all material questions concerning the auditing and accounting policies of the Company / its subsidiary(s) and their financial controls and systems, review and ensure correctness, sufficiency and credibility of annual financial statements of the Company and subsidiary companies, review with the management financial condition and results of operation, review quarterly and annual financial

results, scrutiny of inter-corporate loans and investments, recommend appointment / re-appointment / removal of Statutory and Internal Auditors, reviewing statement of utilization of funds raised through public / rights / preferential issue, overseeing the Whistle Blower Policy / Vigil Mechanism, review, approve and monitor transactions with related parties, reviewing, monitoring and evaluating the internal control system including internal financial controls and risk management system, reviewing utilization of loans/advances/investments made to subsidiary(s).

ASSET-LIABILITY MANAGEMENT COMMITTEE ("ALCO")

Composition, Meetings and Attendance

The ALCO comprises Mr. Karthikeyan Srinivasan, Mr. Dhanpal Jhaveri, Mr. Munish Dayal and Mr. Vinodkumar Panicker.

During the year under review, the ALCO met 4 (four) times on June 12, 2022, August 14, 2022, November 21, 2022 and February 8, 2023. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the ALCO by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
*Mr. Deep Kumar Jaggi	Chairman	3(4)
Mr. Dhanpal Jhaveri	Member	0(4)
Mr. Munish Dayal	Member	4(4)
#Mr. Kapish Jain	Member	1(1)
&Mr. Vinodkumar Panicker	Member	1(1)
^Mr. Karthikeyan Srinivasan	Chairman	0(0)

**Ceased to be a Chairman and Member from February 14, 2023.*

#Ceased to be a Member from July 19, 2022

&Appointed as a Member from December 26, 2022

^Appointed as a Member from March 30, 2023

Terms of reference

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

RISK MANAGEMENT COMMITTEE ("RMC")

Composition, Meetings and Attendance

The RMC comprises Mr. Hemant Kaul, Mr. Karthikeyan Srinivasan, Mr. Vibhor Kumar Talreja, Mr. Munish Dayal, Mr. Vinodkumar Panicker and Mr. Nitin Gyanchandani.

During the year under review, the RMC met 4 (four) times on May 27, 2022, August 14, 2022, November 21, 2022 and February 8, 2023. The required quorum was present at all the above meetings.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Hemant Kaul	Chairman	3(4)
Mr. Vibhor Kumar Talreja	Member	4(4)
Mr. Munish Dayal	Member	4(4)
*Mr. Mohit Mairal	Member	0(1)
^Mr. Deep Jaggi	Member	3(4)
#Mr. Karthikeyan Srinivasan	Member	3(3)
&Mr. Vinodkumar Panicker	Member	1(1)
^^Mr. Nitin Gyanchandani	Member	0(0)

** Ceased to be a member from close of business hour of May 27, 2022*

^ Ceased to be a member from February 14, 2023

 # Appointed as Member from May 27 2022

& Appointed as a Member from December 26, 2022

^^Mr Nitin Gyanchandani has been appointed as a Member from Aug 02, 2023

Terms of reference

The terms of reference of the RMC inter-alia includes: identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company, atleast once in two years or as and when required, overseeing execution / implementation of risk management practices, reviewing appointment, removal and terms of remuneration of the Chief Risk Officer, deciding on transactions that are proposed to be entered into by the Company that have a potential for a conflict of interest in assessment by the members of the Credit Committee.

NOMINATION & REMUNERATION COMMITTEE ("NRC")

Composition, Meetings and Attendance

The NRC comprises Mr. Bobby Parikh, Mr. Aditya Joshi and Mr. Hemant Kaul. In terms of the Act and the Listing Regulations, two-third of the Members of the NRC are Independent Directors and chairman is an Independent Director.

During the year under review, the NRC met 7 (seven) times on May 27, 2022, August 5, 2022, August 14, 2022, November 21, 2022, December 26, 2022, February 14, 2023 and February 25, 2023. The required quorum was present at all the above Meetings. The Chairman of the NRC was present at the last Annual General Meeting of the Company held on September 29, 2022. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Hemant Kaul	Chairman	6(7)
Mr. Bobby Parikh	Member	7(7)
Mr. Aditya Joshi	Member	7(7)

Terms of reference

The terms of reference of the NRC inter-alia includes: identifying personnel qualified to be appointed as Directors or in the Senior Management of the Company, formulating criteria for determining qualification, positive attributes, 'fit and proper' person status of Directors / senior management personnel and independence of Directors, deciding on specific remuneration packages and recommending policy on remuneration of the Executive Directors, the Non-Executive Directors (including the Independent Directors) and senior level employees, formulate criteria for evaluation of Directors, the Board and its Committee(s) and formulate and administer employee stock options plans of the Company.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

Composition, Meetings and Attendance

The CSR Committee comprises Ms. Naina Krishna Murthy, Mr. Bobby Parikh, Mr. Dhanpal Jhaveri, Mr. Karthikeyan Srinivasan and Mr. Munish Dayal.

During the year under review, the CSR Committee met once on August 5, 2022. The required quorum was present at the said meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Ms. Naina Krishna Murthy	Chairperson	1(1)
Mr. Dhanpal Jhaveri	Member	1(1)
Mr. Bobby Parikh	Member	1(1)
Mr. Munish Dayal	Member	1(1)
#Mr. Deep Jaggi	Member	1(1)
*Mr. Karthikeyan Srinivasan	Member	0(0)

 # Ceased to be a Member from February 14, 2023

** Appointed as a Member from March 30, 2023*

Terms of reference

The terms of reference of the CSR Committee inter-alia includes: formulating and monitoring the CSR Policy, recommending to the Board the Annual Action Plan inter-alia including amount and area of CSR expenditure, implementation and monitoring the CSR Projects.

DEBENTURE COMMITTEE

Composition, Meetings and Attendance

The Debenture Committee comprises Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker, Mr. Kaushal Mithani and Mr. Nitin Gyanchandani.

During the year under review, the Debenture Committee met 3 (three) times on August 3, 2022, December 21, 2022 and March 9, 2023. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
#Mr. Deep Jaggi	Member	2(2)
*Mr. Jayant Gunjal	Member	0(0)
*Ms. Kaumudi Biyani	Member	0(0)
&Mr. Kapish Jain	Member	0(0)
^Mr. Karthikeyan Srinivasan	Member	3(3)
$Mr. Vinodkumar Panicker	Member	1(1)
@Mr. Kaushal Mithani	Member	0(0)
^^Mr. Nitin Gyanchandani	Member	0(0)

** Ceased to be Members from May 27, 2022*

 # Ceased to be Member from February 14, 2023

& Appointed as a Member from May 27, 2022 and ceased to be a Member from July 19, 2022

^Appointed as a Member from May 27, 2022

** Appointed as a Member from December 26, 2022*

@ Appointed as a Member from March 30, 2023

^^Mr Nitin Gyanchandani has been appointed as a Member from Aug 02, 2023

Terms of reference

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Composition, Meetings and Attendance

The Stakeholders' Relationship Committee comprises Mr. Dhanpal Jhaveri, Mr. Karthikeyan Srinivasan, Ms. Naina Krishna Murthy, Mr. Munish Dayal and Mr. Bobby Parikh. Ms. Shikha Jain acts as a Secretary of the Committee and is also the Compliance Officer of the Company.

During the year under review, the Stakeholders' Relationship Committee met once on August 5, 2022. All the members of the Committee were present at the said meeting. Due to pre-occupation, Mr. Dhanpal Jhaveri could not attend the Annual General Meeting of the Members of the Company held on September 29, 2022. However, he authorised Mr. Deep Jaggi, then CEO and Member of the Committee to attend the Meeting and answer the queries of the Security holders.

Composition of the Stakeholders' Relationship Committee and the details of attendance by the Members at the meeting held during the year under review are as under:

Name of the Members	Status	No. of Meetings attended (No. of Meetings held during tenure of membership)
Mr. Dhanpal Jhaveri	Chairman	1(1)
Mr. Bobby Parikh	Member	1(1)
Ms. Naina Krishna Murthy	Member	1(1)
Mr. Aditya Joshi	Member	1(1)
Mr. Munish Dayal	Member	1(1)
^Mr. Deep Jaggi	Member	1(1)
*Mr. Karthikeyan Srinivasan	Member	0(0)

^ Ceased to be a Member from February 14, 2023

**Appointed as a Member from March 30, 2023*

Subsequent to the year under review, Mr. Jitendra Bhati resigned as Company Secretary and Compliance Officer of the Company with effect from closing of business hours of April 17, 2023 and Ms. Shikha Jain was appointed as Company Secretary and Compliance Officer of the Company with effect from April 18, 2023.

Terms of Reference

The terms of reference of the Stakeholders' Relationship Committee inter-alia includes: to oversee, monitor and address grievances of shareholders, debenture holders, investors and other security holders, perform all functions

relating to the interests of security holders of the Company, oversee the performance of the registrar and transfer agents of the Company, monitor transfer of transferable amounts to investor education protection fund, reviewing measures taken for effective exercise of voting rights by shareholders, reviewing measures taken for reducing quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

During the year under review, no complaints were received from investors / shareholders.

IT STRATEGY COMMITTEE

Composition, Meetings and Attendance

The IT Strategy Committee comprises Mr. Bobby Parikh, Mr. Deep Jaggi, Mr. Amit Ashwin Kothari, Mr. Rakesh Kumar and Mr. Munish Dayal

Terms of Reference

The terms of reference of the IT Strategy Committee are guided by the prescriptions of the Master Direction - Information Technology Framework for the NBFC Sector issued by the Reserve Bank of India which inter-alia includes: to approve and monitor information technology ("IT") strategy and policy documents, monitor processes and practices to ensure IT delivers value to business, ensure that IT investments represent a balance of risks and benefits, determine the IT resources required to achieve strategic goals, providing high-level direction for sourcing and use of IT resources and managing IT related risks.

OTHER COMMITTEES

INTERNAL COMPLAINTS COMMITTEE

Composition and Meetings

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

The Internal Complaints Committee comprises Ms. Priya Prasad (Presiding Officer), Mr. Kekin Savla, Ms. Neeta Bisht, Mr. Dipesh Kumar Jagdish Mehta and Ms. Srividya Sriram (External Member from an association committed to the cause of women). During the year under review, Ms. Sneha Singh, Ms. Benaifer Palsetia and Mr. Jayant Gunjal ceased be Members and Ms. Priya Prasad, Ms. Neeta Bisht, Mr. Jitendra Bhati and Mr. Kekin Savla were appointed as Members of the Committee.

Subsequent to the year under review, Mr. Jitendra Bhati ceased to be the Member of the Committee due to his resignation as Company Secretary and Compliance Officer of the Company and Mr. Dipesh Kumar Jagdish Mehta was appointed as a Member of the Committee

No complaints related to sexual harassment were received / were pending during the year under review.

Terms of Reference

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

GRIEVANCES REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee ("GRC") comprises Mr. Karthikeyan Srinivasan and Mr. Krishnamoorthy Swaminathan.

During the year under review, the Committee met once on August 14, 2022. All the Members were present at the said Meeting.

During the year under review, Mr. Deep Jaggi, Mr. Siva Subramanian VP and Mr. Rakesh Kumar ceased to be Members and Mr. Karthikeyan Srinivasan and Mr. Krishnamoorthy Swaminathan (Grievance Redressal Officer) were appointed as Members of the Committee. Subsequent to the year under review, Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

Terms of Reference

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

The status of the customer complaints pending at the beginning of the year, received during the year, redressed during the year and pending at the end of the year, forms part of notes to the standalone

audited financial statements of the Company for the financial year ended March 31, 2023.

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

BANKING COMMITTEE

Composition and Meetings

The Banking Committee comprises Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker, Mr. Nitin Gyanchandani and Mr. Kaushal Mithani.

During the year under review, the were no meetings held of Banking Committee. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

During the year under review, the Banking Committee was reconstituted by appointment of Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker and Mr. Kaushal Mithani as Members and cessation of Mr. Deep Jaggi, Mr. Jayant Gunjal and Ms. Kaumudi Biyani as Members of the Committee.

Terms of Reference

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

MANAGEMENT COMMITTEE, CORPORATE LENDING COMMITTEE AND RETAIL LENDING COMMITTEE

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

Composition:

The Management Committee comprises of Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker and Mr. Nitin Gyanchandani.

During to the year under review, Mr. Deep Jaggi, Mr. Jayant Gunjal, Mr. Mohit Mairal and Ms. Benaifer Palsetia ceased to be Members of the Committee and Mr. Karthikeyan Srinivasan and Mr. Vinodkumar Panicker were appointed as Members of the Committee. Subsequent to the year under review, Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

The Corporate Lending Committee comprises Mr. Karthikeyan Srinivasan, Mr. Vinodkumar Panicker and Mr. Nitin Gyanchandani.

During the year under review, Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani ceased to be Members and Mr. Karthikeyan Srinivasan and Mr. Vinodkumar Panicker were appointed as Members of the Committee. Subsequent to the year under review, Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

The Retail Lending Committee comprises Mr. Karthikeyan Srinivasan, Mr. Dipesh Kumar Jagdish Mehta, Mr. Vinodkumar Panicker and Mr. Nitin Gyanchandani.

During the year under review, Mr. Deep Jaggi, Mr. Mohit Mairal and Ms. Kaumudi Biyani ceased to be Members and Mr. Karthikeyan Srinivasan, Mr. Dipesh Kumar Jagdish Mehta and Mr. Vinodkumar Panicker were appointed as Members of the Committee. Subsequent to the year under review, Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

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

Terms of Reference:

Management Committee

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

Corporate Lending Committee

The terms of reference of the Corporate Lending Committee inter-alia includes the following with respect to the corporate lending business of the Company: examining credit proposals and recommending the same to the Credit Committee for its approval, approve deviations

to sanctioned credit proposals, ensure adequate security / encumbrance is created / registered in favour of the Company, approve / recommend amendment(s) to / adoption of various relevant policies / manuals, approve deployment of funds in terms of Treasury Policy, approve proposals under Short Term Loan Programme and Sell Down Mandate of the Company, authorize officials of the Company to do all such acts, deeds, matters and things and exercise all rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, update and report to the Credit Committee and to do all other acts, deeds and things, which do not require specific approval of the Board of Directors / Credit Committee.

Retail Lending Committee

The terms of reference of the Retail Lending Committee inter-alia includes the following with respect to the retail lending business segments of the Company: adopting / revising relevant policies, approving appointment of various agencies / vendors, approving or modifying various agreement(s), document(s) & contract(s), undertaking all or any business and / or operational activities, authorize officials of the Company to do all such acts, deeds, matters and things and exercise all rights under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, and updating / reporting to the Credit Committee.

ESG WORKING COMMITTEE

The Board of Directors constituted ESG Working Committee with an object to implement and oversight the Business Responsibility Policies as required under Business Responsibility and Sustainability Report (BRSR).

Composition

The ESG Working Committee comprises of Ms. Priya Prasad, Mr. Mihir Bhavsar, Mr. K V Bharadwaj and Ms. Shikha Jain.

Subsequent to the year under review, Mr. Jitendra Bhati ceased to be a Member of the Committee and Ms. Shikha Jain was appointed.

Terms of Reference

The terms of reference of the ESG Working Committee inter-alia includes: to assess and monitor culture to ensure alignment with the Company's purpose, values and strategy; to oversee and monitor the Company's Health & Safety systems and practices; To monitor the progress against ESG key performance indicators; to approve the Company's ESG strategy (the 'ESG Strategy') including related targets; to provide oversight of the execution of the ESG Strategy and the Company's progress on its long-term ESG commitments and targets; to provide oversight of the key policies and programmes required to implement the ESG Strategy; to provide advice and direction to the Company's management on implementation of the Company's ESG Strategy, the opportunities and risks to the Company's operations and reputation and its corporate responsibility; to determine and monitor Key parameters indicators (KPI) applicable in relation to ESG Strategy and programs; to assist the Board in promoting the long-term sustainable success of the Company with regard to ESG matters by ensuring that the right strategies and action plans are in place to meet the desired goals and monitor progress against those goals; to ensure that the Company agrees, implements, communicates and reviews strategy on key ESG issues; to monitor the execution of and to oversee the communication of the ESG activities with its stakeholders and to provide input to the Board and other Board Committees on ESG matters as required.

DISCIPLINARY COMMITTEE

The Board of Directors constituted Disciplinary Committee to ensure adherence to the various codes and policies adopted by the Company by its employees.

Composition

The Disciplinary Committee comprises of Mr. Karthikeyan Srinivasan, Ms. Priya Prasad and Mr. Nitin Gyanchandani. During the year under review, Mr. Deep Jaggi ceased to be a member of the Committee. Subsequent to the year under review, Mr. Jitendra Bhati ceased to be a member of the Committee and Mr. Nitin Gyanchandani was appointed as a Member of the Committee.

Terms of reference

The terms of reference of the Disciplinary Committee inter-alia includes: to access adequacy and implementation of codes /policies of the Company; to establish and maintain a framework for dealing with matters referred to it with regard to violations of codes /policies of the Company by its employees; to investigate and take action against violations of codes /policies of the Company.

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

IV. CODES AND POLICIES

In terms of the RBI Directions, the circulars / regulations / guidelines issued by SEBI including the Listing Regulations, provisions of the Act, various other laws applicable to the Company

and as a part of good corporate governance and also to ensure strong internal controls, the Board of Directors has adopted several codes / policies / guidelines which amongst others includes the following:

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

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

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

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

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

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

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

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

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

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

Policy on Know Your Customer ("KYC") Norms and Anti Money Laundering ("AML") Measures ("KYC & AML Policy")
In terms of the circular(s) and direction(s) on KYC Norms and AML Measures issued by the Reserve Bank of India including Know Your Customer (KYC) Direction, 2016, the Prevention of Money Laundering Act, 2002 and rules made thereunder, the Board of Directors adopted a 'KYC & AML Policy' which inter-alia incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT").

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

Risk Management Framework and Policy

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

Internal Control Framework

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

Interest Rate Policy

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

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

Asset Liability Management Policy ("ALCO Policy")

In terms of requirements of the Liquidity Risk Management Framework prescribed vide RBI NDSI Directions and to inter-alia strengthen and raise the standard of the Asset Liability Management (ALM) framework of the Company, the Board of Directors adopted an 'ALCO Policy' of the Company.

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

Funding Strategy and Resource Mobilization Policy

In terms of the requirement of the Guidelines on Private Placement of Non-Convertible Debentures prescribed vide the RBI NDSI Directions, to have a documented policy with respect to resource planning, the Board of Directors adopted a 'Funding Strategy and Resource Mobilization Policy'.

The Funding Strategy and Resource Mobilization Policy of the Company inter-alia promotes discipline in resource planning and raising of funds inter-alia through private placement of non–convertible debentures, bank borrowings, loan assignment and issuance of commercial paper, etc. with an objective to ensure the maximum diversification of the funding sources in order to avoid concentration risk, while simultaneously managing funding cost and balance sheet considerations and also covers the planning horizon and the periodicity of fund raising by the Company.

Fraud Risk Policy

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

The Fraud Risk Policy inter-alia sets out the responsibility of employees and management in relation to reporting of fraud or suspected fraud within the Company. The Fraud Risk Policy applies to any irregularity or suspected irregularity,

involving employees, borrowers and where appropriate consultants, vendors, contractors, outside agencies doing business with the Company or employees of such agencies, and / or any other parties having a business relationship with the Company.

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

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

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

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

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

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

The Policy on Selection Criteria / "Fit & Proper" Person Criteria is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Outsourcing Policy

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

Information Technology related Policies and Processes

In terms of the Master Direction - Information Technology Framework for the NBFC Sector issued by the Reserve Bank of India, the Board of Directors adopted various polices for Information Technology (IT) risk management, resource management and performance management which inter-alia include the 'IT Policy', 'Information Security Policy', 'Cyber Security Policy', 'IS Audit Policy', 'Logical Access Management Policy', 'Change Management Policy', 'Backup Management & Restoration Policy', 'Asset Management Policy', 'Capacity Management Policy', 'IT Outsourcing Policy' and 'Cyber Crisis Management Policy'. Subsequent to the year after review, the Board of Directors adopted various new policies like 'Capacity Management Policy and Process', 'Cloud Security', 'Data Privacy Policy', 'KPI Monitoring Dashboard', 'Log Management Policy', 'ICF Minimum Baseline Security Standard' and 'Windows Server Hardening Policy'. The Board of Directors also adopted various IT processes to ensure effective implementation of the IT policies.

Policy on Co-origination of Loans with Banks

In line with Reserve Bank of India's guidelines on Co-Lending by Banks and NBFCs to Priority Sector, whereby banks could engage with NBFCs for co-origination of loans to priority sectors (Co-origination Guidelines), the Board of Directors adopted a 'Policy on Co-lending with Banks' to enable the Company to explore opportunities of co-financing priority sectors loans with Banks.

Policy on Independence of Chief Risk Officer of the Company

In terms of requirements of the RBI NDSI Directions, the Board of Directors of the

Company adopted 'Policy on Independence of Chief Risk Officer (CRO)' inter-alia prescribing the norms including reporting channels for CRO, to ensure his independence from the executive management of the Company.

Policy on Staff Accountability with regard to Quick Mortality Loan Accounts

In order to outline a Mechanism for dealing with early mortality loan accounts inter-alia including identification, enquiry and investigation and action to be taken with respect to relevant borrower / vendor / employee, the Board of Directors have put in place a Policy on Staff Accountability with regard Quick Mortality Loan Accounts.

MSME Restructuring Policy

In line with various relaxations notified by the Reserve Bank of India to address systemic risk across MSME borrowers that come under stress due to events like demonitisation, implementation of GSR and disruption caused due to COVID-19, the Board of Directors have adopted an MSME Restructuring Policy. The Policy is amended / updated from time to time in line with new guidelines, as and when prescribed by RBI.

COVID - 19 Moratorium Policy

In recognition of the fact that it was important to mitigate the burden of debt servicing brought about by disruptions on account of the fall-out of the COVID-19 pandemic and ensure continuity of viable business, in line with RBI circulars issued in this regard, the Board of Directors of the Company adopted a COVID-19 Moratorium Policy – I & II, to provide moratorium to eligible borrowers in payment of Principal and Interest inter-alia outlining the eligibility of borrowers, loan products covered, key features, asset classification guidelines and implementation plan for moratorium to be granted to eligible borrowers.

Deferment of Date of Commencement of Commercial Operations and shift in repayment schedule of Loans for projects in Non Infrastructure and Commercial Real Estate (CRE) Sectors

In line with RBI circular permitting NBFCs to defer the Date of Commencement of Commericial Operations (DCCO) for project and commercial real estate loans by one year, the Board of Directors adopted a Policy on Deferment of Date of Commencement of Commercial Operations and shift in repayment schedule of Loans for projects in Non Infrastructure and Commercial Real Estate (CRE) Sectors, in order to pass on the benefit of the relaxations to the borrowers.

Expected Credit Loss Policy

In order to promote high quality and consistent implementation of Accounting Standards as well as to facilitate comparison and better supervision of the financial parameters of the Company, RBI notified guidance on implementation of Indian Accounting Standards by NBFCs. In line with the RBI circular and outline sound methodologies that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures commensurate with the size, complexity and risk profile specific to the NBFC and for computation of Expected Credit Losses, the Board of Directors adopted the Expected Credit Loss Policy.

Policy on Appointment of Auditors

In terms of requirements of the guidelines issued by RBI from time to time, provisions of the Act and NDSI Directions and in order to clearly outline the parameters to be considered for appointment and continuation of Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company including qualification, eligibility and tenor, the Board of Directors adopted a Policy on Appointment of Auditors.

Internal Audit Policy

In terms of requirements of the guidelines issued by RBI on Risk Based Internal Audit, during the year under review, the Board of Directors has adopted "Risk Base Internal Audit Policy" clearly articulating the purpose, authority, and responsibility of the internal audit activity, with a clear demarcation of the role and expectations from Risk Management Function and Risk Based Internal Audit Function in consistent with the size and nature of the business undertaken, the complexity of operations and factoring in the key attributes of internal audit function relating to independence, objectivity, professional ethics, accountability, etc.

Policy on Transfer of Stressed Loan

In terms of requirements of the guidelines issued by RBI, during the year under review, the Board of Directors has adopted "Policy on Transfer of Stressed Loan", inter-alia, covering norms and procedure for transfer or acquisition of stressed loans, valuation methodology permitted transferees, as well as transfer to ARCs.

Policy on Securitization of Asset and Transfer of Loan Exposure

In terms of requirements of the guidelines issued by RBI, during the year under review, the Board of Directors has adopted "Policy on Securitization of Asset and Transfer of Loan Exposure" with an

object to provide loan securitization guidelines for loans originated by the Company or loan exposure purchased by the Company.

Whistle Blower Policy / Vigil Mechanism

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

The Vigil Mechanism provides a channel including an online platform and telephonic hotline number to report to the management concerns about unethical behavior, actual or suspected fraud or violation of various codes or policies of the Company and provides adequate safeguards against victimization of persons who use such mechanism. The mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee. The Whistle Blower Policy / Vigil Mechanism is available on the website of the Company.

Further, in order to ensure that complaints with respect to any wrong-doing / policy-breach by an employee or any third party, were investigated appropriately and in order to ensure that actions to be taken against convicts were approved by an appropriate authority, the Company implemented a formal investigation protocol document.

Related Party Transaction Policy

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

The Related Party Transaction Policy inter-alia sets out criteria for identifying material related party transactions and includes the process and manner of approval of transactions with related parties, identification of related parties and identification of potential related party transactions. In terms of the Related Party Transaction Policy of the Company, any transaction with any related parties shall be considered to be appropriate only if it is in the best interests of the Company and its shareholders.

The Related Party Transaction Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Code of Conduct for Directors & Employees

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

All the members of the Board of Directors and senior management personnel have affirmed compliance with the Code of Conduct for Directors and Employees for the year under review. A declaration to that effect, from Mr. Karthikeyan Srinivasan, the CEO of the Company, is annexed to this Corporate Governance Report.

Policy for Determining Material Subsidiary

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determining Material Subsidiary' which inter-alia sets out parameters for identifying a subsidiary as a "Material Subsidiary". The Policy for Determining Material Subsidiary is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Policy for Determination of Materiality of Events and Information

In terms of the provisions of the Listing Regulations, the Board of Directors adopted a 'Policy for Determination of Materiality of Events and Information', which inter-alia sets out guidelines for determining materiality of events / information for the purpose of disclosure to the stock exchanges and identifies officers of the Company who shall be authorized to make necessary disclosures to the stock exchanges. The Policy for Determination of Materiality of Events and Information is available on the website of the Company.

Archival Policy

In terms of the Listing Regulations, the Board of Directors adopted an 'Archival Policy' in order to prescribe the period for which events / information disclosed to the stock exchanges,

shall be hosted on the website of the Company. The Archival Policy is available on the website of the Company.

Policy on Diversity of Board of Directors

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

Plans for orderly succession for appointment to its Board of Directors and Senior Management

In terms of the provisions of the Listing Regulations, the Board of Directors has put in place plan for orderly succession for appointment to its Board of Directors and Senior Management with an objective to provide continuity in leadership, to ensure that identified key positions do not fall vacant for long periods of time and to prepare a talent pool that is ready to take up positions that may fall vacant due to any reason.

Remuneration Policy

In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted the 'Remuneration Policy' covering aspects relating to remuneration to be paid to Directors including criteria for making payment to Executive and Non-Executive Directors, senior management including key managerial personnel and other employees of the Company, details on guaranteed bonus & recovery of annual bonus and modification of salary structure.

The Remuneration Policy is adopted to inter-alia ensure that remuneration paid by the Company is in compliance with the requirements of the applicable law(s) and relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Remuneration Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Mentioned below are details of sitting fees paid/ payable to Non-Executive Independent Directors for attending Board and Committee Meetings held during the year under review:

(₹ In lacs)

Name of the Director	Sitting Fees
Mr. Bobby Parikh	13.80
Mr. Hemant Kaul	12.65
Ms. Naina Krishna Murthy	10.50

Non-Executive Directors other than Independent Directors were not paid any remuneration (apart from sitting fees to Independent Directors as stated above) during the year under review. The criteria for making payment to Non-Executive Directors including Independent Directors are prescribed in the Remuneration Policy which is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

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

Remuneration of Executive Director: Mr. Deep Jaggi was appointed as a Whole-Time Director designated as CEO of the Company, with effect from February 10, 2022. Mr. Deep Jaggi resigned as a Whole-Time Director and Chief Executive Officer of the Company with effect from close of business hours on February 14, 2023.

Mr. Deep Jagi was entitled to a gross salary of ₹ 2.00 crore per annum for the financial year 2022-23 along with perquisites, club membership etc. as per the Company's Policy(s) and was paid annual performance bonus of ₹ 50 Lakhs during the financial year 2022-23.

Mr. Karthikeyan Sriniavsan was appointed as a Whole-Time Director designated as CEO of the Company, with effect from March 30, 2023 and in accordance with the Management Agreement dated March 30, 2023 was entitled to a gross salary of ₹ 1.80 crore per annum for financial year 2022-23 along with perquisites, club membership etc. as per the Company's Policy(s) and at the Company's discretion will be eligible to receive annual performance appraisal including incentive / variable bonus commencing from financial year 2023-24.

Employee Loan Policy

In order to strengthen Company's ability to attract and retaining high quality talent the Board of Directors of the Company adopted a Policy on Loans to Employees ("EL Policy") of the Company and its majority owned subsidiaries. All employees including executive Directors, of the Company and its majority owned subsidiaries are covered under the EL Policy.

Record Retention Policy

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

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

Dividend Distribution Policy
In terms of the Listing Regulations and as an initiative towards setting out a good corporate governance structure within the organisation, the Board of Directors adopted a 'Dividend Distribution Policy' in line with Company's idea of meeting the long term capital requirement from internal cash accruals and appropriately rewarding shareholders. The Dividend Distribution Policy prescribes parameters to be considered for declaring / recommending dividend and sets out indicative range and frequency of dividend pay-out.

The Dividend Distribution Policy of the Company is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Familiarisation Programme for Independent Directors
The Independent Directors of your Company were familiarised inter-alia with the industry in which your Company and its subsidiaries operate, the Company's business model and its operations in order to give them an insight into the Company's business and its functioning. The Independent Directors were also familiarised with their functioning roles rights and responsibilities as Independent Directors. Details of the familiarisation programmes imparted to Independent Directors during the year under review is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Business Responsibility Policy
In terms of the provisions of the Listing Regulations and National Voluntary Guidelines on Social, Environmental and Economic responsibilities of a Business published by the Ministry of Corporate Affairs governing conduct of companies, the Board of Directors adopted a 'Business Responsibility Policy' to set out a unified and common approach to the dimensions of business responsibility across the organisation.

Business Continuity Plan
In terms of the provisions of the Listing Regulations and in order to create a prevention and recovery system from potential threats including due to natural disasters or cyber-attacks, the Board of Directors adopted a Business Continuity Plan. The Business Continuity Plan is designed to protect personnel and assets of the Company and to make sure they can function quickly when adverse unavoidable circumstances or disasters strike.

Corporate Social Responsibility ("CSR") Policy
In terms of the provisions of the Act, the Board of Directors adopted a 'CSR Policy' which helps towards contribution and furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate citizen.

The CSR Policy of the Company inter-alia indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company.

The CSR Policy is available on the website of the Company at https://www.indostarcapital.com/investors-corner#investor-services.

Board Performance Evaluation Policy
In terms of the provisions of the Listing Regulations and the Act, the Board of Directors adopted a Board Performance Evaluation Policy to set out a formal mechanism for evaluating performance of the Board, that of its Committee(s) and individual Directors including the Chairman. Additionally, in order to outline detailed process and criteria for performance evaluation, the Nomination and Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

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

- A structured questionnaire prepared in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process, inter-alia setting out criteria for evaluation of performance of the Board collectively, individual non-independent directors and the Chairperson, was circulated to the Independent Directors. Performance ratings were given by the Independent Directors on the questionnaire circulated for each category to be evaluated by them at their separate meeting held.

- Based on Independent Directors feedback on the questionnaires, the Independent Directors, at their separate meeting, evaluated the performance of Non-Independent Directors, the Board as a whole and the Chairman;

- Further, based on evaluation by Independent Directors and in light of the criteria prescribed in the Performance Evaluation Process, the Board analysed and evaluated its own performance, that of its Committees and each Director including the chairman.

Performance Evaluation Criteria for Independent Directors

The Performance Evaluation Process adopted by the Nomination & Remuneration Committee inter-alia prescribe criteria for performance evaluation of Independent Directors.

In terms of the performance evaluation process, performance of Independent Directors is to be evaluated broadly on parameters such as contribution towards strengthening corporate governance, financial reporting, development of strategy and risk management; relationship with other Board members; attendance and participation at the meetings of the Board, Committees and shareholders; understanding of the sector in which the Company operates, keeping up-to-date information about the Company and external environment in which it operates, latest developments in areas such as corporate governance, financial reporting and applicable regulatory aspects; level of integrity and confidentiality maintained by them, compliance with the Code of Conduct for Independent Directors, fulfillment of the prescribed Independence criteria and independence from the Management.

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

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

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

Code for Independent Directors

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

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

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

Anti-Corruption Policy

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

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

Compliance Process

Your Company believes that an effective compliance process is an important element of the corporate governance structure in any organisation. In order to promote a culture of

valuing compliance, the Board of Directors adopted a 'Compliance Process' which demonstrates in clear terms the commitment of the Company to the high standards of ethics and approach towards compliance with the laws, industry practices and internal policies / processes / codes of the Company, which impact its functioning.

Media Communication Policy

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

Care and Dignity Policy

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

In addition to the above, during the year under review, the Company adopted following policies in compliance with the notification dated October 22, 2021 issued by RBI with regard to Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ("SBR guidelines").

Policy on Internal Capital Adequacy Assessment Process

The Policy on Internal Capital Adequacy Assessment Process reflects an integrated approach to risk management and capital management, involving an assessment of the level of, and appetite for, risk and then ensuring that the level and quality of capital are appropriate to that risk profile. The policy lays down the material risks, capital quality and level, risk quantification results along with risk management processes and governance followed by the Company in line with the Reserve Bank of India ("RBI") guidelines.

Policy on funding to Directors, Senior Managers, Relatives and related entities

The Policy on funding to Directors, Senior Managers, Relatives and related entities provides a guideline w.r.t. to granting loans to the Directors, Senior Officers, relatives, and related entities as per the SBR guidelines.

Senior Management personnel as on March 31, 2023:

Name	Designation
Karthikeyan Srinivasan*	Chief Executive Officer
Vinodkumar Madhavan Panicker*	Chief Financial Officer
Jitendra Bhati#	General Counsel
Kekin Savla	Head – Finance
Priya Prasad*	Head - Human Resources
Amit Ashwin Kothari	Chief Technology Officer
Mihir Bhavsar	Chief Information Security Officer
Kashinath Palekar*	Head - Internal Audit
Krishnamoorthy Swaminathan*	Head – Operations
Bandreddi Obula Reddy*	Head Policy
Kaushal Vinay Mithani*	Head – Treasury
K V Bharadwaj*	Head – Credit
Swapnil Ashok Naik*	Deputy Vice President - Corporate Lending and Markets
Sameer Sunil Wadhawan*	Vice President - Corporate Development
Vivek Guleria*	Head- Legal Recovery
Arvind Uppal	Head – Collections
Hansraj Thakur	Business Head
Devaraj C*	Chief Business Officer
Dipesh Kumar Jagdish Mehta*	Chief Product Officer

 # Resigned subsequent to year under review.

**Appointed during the year under review.*

Senior Management personnel resigned during the year under review:

Name	Designation
Kirtikant Kaviju	Head – Legal
Vivek Punniyaseelan	Head Cross Sale & Insurance renewals
Siva Subramanian VP	Head Securitization & Customer Care
Rohit Sachdeva	National Credit Head - SME
Jayant Gunjal	Head – Treasury
Kapish Jain	Group Chief Financial Officer
Benaifer Palsetia	Chief Human Resources Officer
Salil Bawa	Head - Investor Relations
Kaumudi Biyani	Head - Finance

V. DETAILS OF MATERIAL SUBSIDIARIES OF THE LISTED ENTITY

Name of material subsidiary	Date and Place of incorporation	Name of statutory Auditors	Date of appointment of statutory auditors
IndoStar Home Finance Private Limited	January 1, 2016 Mumbai, Maharashtra	G. D. Apte & Associates, Chartered Accountants	September 28, 2021

VI. GENERAL BODY MEETINGS

For Financial Year	Date	Time	Special Resolutions passed	Venue
2019-20	September 24, 2020	11:30 a.m.	• Issue of Non-Convertible Debentures under Private Placement for aggregate principal amount not exceeding ₹ 10,000 crore, during a year. • Policy on loans to employees of the Company and its Subsidiaries • Waiver of recovery of excess managerial remuneration paid to Mr. R. Sridhar, Executive Vice-Chairman & Chief Executive Officer of the Company • Waiver of recovery of excess managerial remuneration paid to Mr. Shailesh Shirali, former Whole-Time Director of the Company. • Approval of Contract executed with Mr. R. Sridhar, Whole-Time Director of the Company. • Amendment of IndoStar ESOP Plan 2012. • Amendment of IndoStar ESOP Plan 2016. • Amendment of IndoStar ESOP Plan 2016 — II. • Amendment of IndoStar ESOP Plan 2017. • Amendment of IndoStar ESOP Plan 2018. • Amended IndoStar ESOP Plan(s) - Grant of options to the eligible employees of subsidiary companies / holding company. • Adoption of Restated Articles of Association of the Company.	Held through Video Conferencing / Other Audio Visual Means

For Financial Year	Date	Time	Special Resolutions passed	Venue
2020-21	September 28, 2021	11:00 a.m.	• Appointment of Mr. Munish Dayal (DIN: 01683836) as Non-Executive Non-Independent Director. • Issue of Non-Convertible Debentures under Private Placement • Payment of remuneration to Non-Executive Independent Directors of the Company for the financial year 2020-21 • Waiver of recovery of excess managerial remuneration paid to Mr. Shailesh Shirali, former Whole-Time Director of the Company. • Approval for Selling, Leasing and Disposing Assets of IndoStar Home Finance Private Limited, a material subsidiary of the Company, exceeding 20% of its assets in aggregate, during any financial year. • Alteration of the object clause of the Memorandum of Association of the Company.	Held through Video Conferencing / Other Audio Visual Means
2021-22	September 29, 2022	11:00 a.m.	• Issue of Non-Convertible Debentures under Private Placement for aggregate principal amount not exceeding ₹ 3,000 crore, during a year. • Material Related Party Transaction for the amount not exceeding ₹ 1,000 crore with BCP V Multiple Holdings Pte Ltd., the holding company of the Company at arm's length and in the ordinary course of business of the Company	Held through Video Conferencing / Other Audio Visual Means

Postal Ballot

During the year under review, the Company sought the approval of the Members on the Special Resolutions by way of Postal Ballot notice dated March 30, 2023 which was passed with requisite majority on April 30, 2023, details of same are mentioned below:

Special Resolutions passed through Postal Ballot	Voting percentage of shareholders participated
Appointment of Mr. Hemant Kaul (DIN: 00551588) as a Director and re-appointment as Non-executive Independent Director for a second consecutive term of five years	**% of vote in Favour:** 99.9992% **% of vote in Against:** 0.0008%
Appointment of Ms. Naina Krishna Murthy (DIN: 01216114) as a Director and re-appointment as Non-executive Independent Director for a second consecutive term of five years	**% of vote in Favour:** 99.9992% **% of vote in Against:** 0.0008%
Appointment of Mr. Karthikeyan Srinivasan (DIN: 10056556) as a Whole-time Director of the Company designated as Chief Executive Officer	**% of vote in Favour:** 99.9993% **% of vote in Against:** 0.0007%

Mr. Mukesh Siroya (ICSI Membership No. F5682), Proprietor, M/s M Siroya & Company, Practicing Company Secretaries, acted as the Scrutinizer, for conducting the Postal Ballot process, in a fair and transparent manner.

Procedure for postal ballot

Pursuant to the provisions of the Act, the Listing Regulations, the Company provides facility to the members to exercise votes through electronic voting system ('e-voting') in addition to physical ballot. Postal ballot notices and forms are sent along with the postage pre-paid business reply envelope to members/beneficial owners through email at their registered email IDs and through physical copy to the members who have not registered their email IDs. The Company also publishes notice in the newspapers for the information of the members. Voting rights are reckoned on the equity shares held by the members as on the cut-off date.

Pursuant to the provisions of the Act, the Company appoints a scrutiniser for conducting the postal ballot process in a fair and transparent manner. The scrutiniser submits his consolidated report to the Chairman or any person authorized by him and the voting results are announced by the Chairman or any person authorized by him by placing the same along with the scrutiniser's report on the Company's website, besides being communicated to the stock exchanges. The resolution, if passed by requisite majority, is deemed to have been passed on the last date specified by the Company for receipt of duly completed postal ballot forms or remote e-voting.

In view of the COVID-19 pandemic and dispensation granted by MCA, postal ballot notice was sent through e-mail only, to all those members who had registered their e-mail ids with the Company/depositories and only e-voting facility was provided to the members to cast their votes. Arrangements were also made for other members to register their e-mail id to cast their vote online.

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

VII. MEANS OF COMMUNICATION

- Quarterly and annual financial results of the Company are disseminated to stock exchanges and hosted on Company's website;
- Quarterly and annual financial results are published in Free Press Journal and Navshakti, as required under applicable law;
- Presentations and media releases on financial position and important events/ material developments of the Company are issued by the Company for information of investors;
- The Company arranges for investors calls / conferences for discussing financial position of the Company from time to time;
- The shareholders can also access the details of corporate governance policies, Board committees, financial information, shareholding information, details of unclaimed dividends, etc. on the Company's website;
- Institutional investors / analysts presentations and media releases are submitted to the stock exchanges and are also hosted on the Company's website.

VIII. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting - Date, Time and Venue	14th Annual General Meeting Date: September 18, 2023 Time: 10.30 a.m. (IST) Mode of conducting the meeting: Video conferencing / other audio-visual means
Financial Year	April 1 to March 31
Dividend Payment Date	Not Applicable
Date of Book Closure	Tuesday, September 12, 2023 to Monday, September 18, 2023 (both days inclusive)
Listing on Stock Exchanges	The BSE Limited ('BSE") (Equity Shares and Non-Convertible Debentures) Phiroze Jeejeeboy Towers, Dalal Street, Fort, Mumbai - 400 001 The National Stock Exchange of India Limited ("NSE") (Equity Shares) Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051
Payment of Annual Listing Fees	Requisite Annual Listing Fees has been paid to both the Stock Exchanges.
Stock Code	BSE: 541336 NSE: INDOSTAR
In case the Securities are Suspended from Trading, the Directors Report shall explain the Reason thereof	Not applicable
Registrar and Transfer Agents	Link Intime India Private Limited Address: C 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083 Telephone: +91 22 49186270 Fax: +91 22 49186060 Email id: rnt.helpdesk@linkintime.co.in

Share Transfer System	In terms of the Listing Regulations w.e.f. April 1, 2019, the Equity Shares of the Company can be transferred only in dematerialised form, except in case of request received for transmission or transposition of securities, which shall be approved by the Stakeholders Relationship Committee.
Dematerialisation of Shares and Liquidity	Equity shares of the Company are available for trading only in dematerialised form under both the Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited. The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE896L01010. As on March 31, 2023, out of 13,60,79,295 Equity Shares, 12,40,10,329 Equity Shares of the Company (91.13% of the Equity Shares of the Company) were held in dematerialized form. The remaining 8.86% of Equity Shares are shown as held in physical form as listing of the same is in process.
Outstanding Global Depository Receipts or American Depository Receipts or Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity	The Company has not issued any global depository receipts or American depository receipts or warrants or any other convertible instruments.
Commodity Price Risk or Foreign Exchange Risk and Hedging Activities	Not applicable
Utilisation of Funds raised through Preferential Allotment/ Qualified Institutions Placement	During the year under review, the Company has not raised any funds by way of Preferential Allotment/ Qualified Institutions Placement
Plant Locations	Since the Company is engaged in the business of providing financial services, the Company does not have any manufacturing plant. It operates from its Registered & Corporate Office and branches located at different places throughout India.
Address for Correspondence	Ms. Shikha Jain Company Secretary & Compliance Officer Unit No. 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri - Ghatkopar Link Road, Chakala, Andheri (East), Mumbai – 400099 Telephone: +91 22 43157000; Email id: investor.relations@indostarcapital.com
List of Credit Ratings along with any revisions during the financial year	

LONG TERM

Debt Programme	May-22*	Aug-22#	Mar-23^
CARE Ratings Limited	AA-	A+	A+
CRISIL Limited	AA-	AA-	No change in outlook
Market Linked Debentures			
CARE Ratings Limited	PP-MLD AA-	PP-MLD A+	PP-MLD A+
SHORT TERM DEBT PROGRAMME/ COMMERCIAL PAPER:			
CARE Ratings Limited	CARE A1+	CARE A1+	CARE A1+
CRISIL Limited	CRISIL A1+	CRISIL A1+	CRISIL A1+
ICRA Limited	#ICRA A1+	-	-

* Watch with Developing Implications
# Watch with Negative Implications
^ Stable Outlook

Distribution of Shareholding as on March 31, 2023:

Sr. No.	No. of Equity Shares – Range	Shareholders		Shareholding	
		No. of equity shareholders	% of total equity shareholders	No. of equity shares held	% of total equity shares
1	1 - 500	73,469	97.96	30,06,455	2.21
2	501 - 1000	682	0.91	5,23,241	0.38
3	1001 - 2000	374	0.50	5,59,057	0.41
4	2001 - 3000	132	0.18	3,39,564	0.25
5	3001 - 4000	73	0.09	2,64,375	0.19
6	4001 - 5000	57	0.08	2,69,416	0.20
7	5001 - 10000	97	0.13	7,31,923	0.54
8	10001 & above	114	0.15	13,03,85,264	95.82
Total		**74,998**	**100.00**	**13,60,79,295**	**100.00**

Shareholding Pattern as on March 31, 2023:

Sr. No.	Category of Shareholder	No. of equity shares	% of total equity shares
A	**Promoter & Promoter Group**		
1	Promoter	11,79,50,221	86.68
2	Promoter Group	34,48,005	2.53
	Total (A)	**12,13,98,226**	**89.21**
B			
1	Mutual Funds	-	-
2	Alternative Investment Fund	-	-
3	Foreign Portfolio Investors	15,80,730	1.16
4	Financial Institutions / Banks	-	-
4	Insurance Companies	21,02,365	1.54
5	Directors and their relatives	1,000	0.00
6	Individuals	85,16,507	6.26
7	Non-Resident Indians	2,43,184	0.19
8	Foreign Nationals	-	-
9	Bodies Corporate	16,85,226	1.24
10	Others	5,52,057	0.41
	Total (B)	**1,46,81,069**	**10.79**
Total (A+B)		**12,37,30,329**	**100.00**

Monthly high and low prices of equity shares of the Company during the financial year ended March 31, 2023:

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2022	257.00	209.10	252.00	209.25
May 2022	233.50	140.45	234.90	140.10
June 2022	155.80	129.50	155.00	129.05
July 2022	149.70	116.80	142.00	117.25
August 2022	197.50	122.00	197.40	123.80
September 2022	197.00	145.80	197.25	148.00
October 2022	177.50	155.05	174.55	152.50
November 2022	171.00	142.15	167.85	143.50
December 2022	158.75	130.20	158.90	134.35
January 2023	170.50	145.20	168.45	147.85
February 2023	159.95	131.10	159.00	128.60
March 2023	146.00	104.10	144.50	103.15

Performance of Company's equity shares as compared with S&P BSE SENSEX during Financial Year ended March 31, 2023:

Performance of Company's equity shares as compared with NSE NIFTY 50 during Financial Year ended March 31, 2023:

IX. OTHER DISCLOSURES

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

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

For Financial Year	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc. for financial year 2022-23
FY 2022-23	BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")	*Non-maintenance of minimum public shareholding of at least 25% as required under Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations	Total penalty of ₹ 35,00,000 excluding applicable GST had been levied by NSE and BSE as detailed below: 1. BSE and NSE levied a penalty of ₹ 4,55,000 each excluding applicable GST during the quarter ended June 30, 2022 2. BSE and NSE levied a penalty of ₹ 8,85,000 each excluding applicable GST for the quarter ended September 30, 2022. 3. BSE and NSE levied a penalty of ₹ 9,20,000 each excluding applicable GST for the quarter ended December 31, 2022. 4. BSE and NSE levied a penalty of ₹ 12,40,000 each excluding applicable GST for the period January 1, 2023 to May 4, 2023. i.e. till the date of non-compliance. Mail dated March 14, 2023 from BSE and NSE intimating action of freezing against the Promoter and Promoter Group of the Company as per SEBI Circular No. SEBI Circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017
FY 2022-23	BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE")	Delay in submission of audited financial results (standalone and consolidated) of the Company for the quarter and financial year ended March 31, 2022 and other Company updates	1. BSE & NSE levied a fine of ₹ 1,50,000 each excluding applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022. 2. BSE & NSE levied a fine of ₹ 80,000 and ₹ 2,30,000 respectively excluding applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.
FY 2022-23	BSE Limited	Delay in disclosure of line items prescribed under Regulation 52(4) of Listing Regulations along with the half yearly / annual financial results	1. BSE levied a fine of ₹ 30,000 excluding applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022. 2. BSE levied a fine of ₹ 46,000 excluding applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.
FY 2022-23	BSE Limited	Delay in disclosure of extent and nature of security created and maintained with respect to secured listed NCDs in the financial statements as per Regulation 54(2) of the Listing Regulations	1. BSE levied a fine of ₹ 30,000 excluding applicable GST vide email dated June 29, 2022 for the quarter ended March 31, 2022. 2. BSE levied a fine of ₹ 46,000 excluding applicable GST vide email dated July 15, 2022 for the quarter ended March 31, 2022.

For Financial Year	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc. for financial year 2022-23
FY 2022-23	BSE Limited	Delay in submission of statement indicating the utilization of issue proceeds/ material deviation in the use of proceeds of nonconvertible debentures as per Regulation 52(7) of the Listing Regulations	BSE levied a fine of ₹ 10,000 excluding applicable GST vide email dated December 26, 2022 for the quarter ended March 31, 2022.

**Subsequent to the year under review, Indostar Capital and Everstone Capital Partners II LLC, members belonging to the promoter group, have completed the sale of 1,93,40,000 equity shares of the Company, representing 14.21% of the total paid-up equity share capital of the Company through an Offer for Sale through the stock exchanges on May 3, 2023 and May 4, 2023. Accordingly, the Company is now in compliance with the minimum public shareholding of at least 25% as required under Rule 19(2) and 19A of the Securities Contract (Regulations) Rules, 1957 read with Regulation 38 of the Listing Regulations.*

Compliance with Mandatory Requirements and adoption of the Non-Mandatory Requirements of Corporate Governance:

The Company has complied with the mandatory requirements including requirements of corporate governance norms as specified in Regulation 17 to Regulation 27 and clauses (b) to clause (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of schedule V of the Listing Regulations, as applicable to the Company for financial year ended March 31, 2023. A certificate from H Choudhary & Associates, Practicing Company Secretary, to that effect is annexed to this Corporate Governance Report. The Company has adopted the following non-mandatory requirements of the Listing Regulations:

- The Board of Directors of the Company has resolved not to pay any remuneration to the Chairman to act in the capacity of the Chairman;
- The positions of Chairperson and that of Chief Executive Officer, respectively, are held by two different persons.
- The internal auditors of the Company report directly to the Audit Committee of the Board.

Details of non-compliance with requirements of Companies Act, 2013

The Company is in compliance with the applicable provisions of the Companies Act, 2013, including with respect to compliance with accounting and secretarial standards.

Payment made to Statutory Auditor of the Company

Details relating to the fees paid to the statutory auditors of the Company and its subsidiaries, during the financial year 2022-23, is stated in note 28 of the notes to consolidated financial statements, which forms part of this Annual Report

Disclosure with respect to demat suspense account/unclaimed suspense account:

No equity shares of the Company were lying in demat suspense account/unclaimed suspense account as on March 31, 2023.

X. DECLARATION BY THE CEO OF THE COMPANY UNDER REGULATION 34(3) READ WITH PARAGRAPH D OF SCHEDULE V OF THE LISTING REGULATIONS

I, Karthikeyan Srinivasan, CEO of IndoStar Capital Finance Limited hereby declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Company's Code of Conduct for Directors and Senior Management for the financial year ended March 31, 2023.

Karthikeyan Srinivasan
CEO
DIN: 10056556

Place: Mumbai
Date: August 21, 2023

Corporate Governance Compliance Certificate

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records of IndoStar Capital Finance Limited ("the Company") for the purpose of certifying compliance of conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") as applicable, for financial year ended March 31, 2023.

Compliance of conditions of Corporate Governance under the Listing Regulations as mentioned above is the responsibility of the management of the Company. Our examination was limited to procedures adopted by the Company and implementation thereof for ensuring compliance of the conditions of Corporate Governance under the Listing Regulations. This certificate is neither an audit nor an expression of opinion on financial statements of the Company for the year ended March 31, 2023.

In our opinion based on the information and the explanations furnished to us by the Company, its

officers, agents and authorized representative, we certify that the Company has during the financial year ended March 31, 2023 complied with the conditions of Corporate Governance as specified in Regulation 17 to Regulation 27, clause (b) to (i) of sub-regulation 2 of Regulation 46 and paragraph C, D and E of Schedule V of the Listing Regulations.

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

For **H Choudhary & Associates**
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN: F008274E000836301

Place: Mumbai
Date: August 21, 2023

Certificate of Non-Disqualification of Directors pursuant to point 10(i) of paragraph C of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members,
IndoStar Capital Finance Limited

We have examined all the relevant records maintained by IndoStar Capital Finance Limited ("the Company") and disclosures, notices and confirmations submitted by Directors of the Company, for the purpose of issuing a certificate under Regulation 34 (3) read with point 10(i) of paragraph C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for financial year ended March 31, 2023.

In our opinion and to the best of our knowledge, based on the information furnished to us by the Company and the Directors of the Company and based on necessary verification by us, we certify that none of the following Directors, who were on the Board of Directors of the Company as on March 31, 2023, have been debarred or disqualified from being appointed or continuing as Director on the Board of the Company by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name of Director	Director Identification Number
1.	Mr. Bobby Parikh	00019437
2.	Mr. Dhanpal Jhaveri	02018124
3.	Mr. Vibhor Kumar Talreja	08768297
4.	Mr. Aditya Joshi	08684627
5.	Mr. Munish Dayal	01683836
6.	Mr. Hemant Kaul	00551588
7.	Ms. Naina Krishna Murthy	01216114
8.	*Mr. Deep Kumar Jaggi	09412860
9.	Mr. Karthikeyan Srinivasan	10056556

** Mr. Deep Kumar Jaggi resigned w.e.f. 14 February, 2023.*

For **H Choudhary & Associates**
Company Secretaries

CS Harnatharam Choudhary
Proprietor
Membership No.: F8274
C.P. No.: 9369
UDIN number: F008274E000836420

Place: Mumbai
Date: August 21, 2023

Independent Auditor's Report

To
The Members of
IndoStar Capital Finance Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of IndoStar Capital Finance Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

As explained in Note 41.2 to the standalone financial statement, the Company had recorded a charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the quarter and year ended March 31, 2022. The Company had concluded it was impracticable to determine the prior period-specific effects, if any, of this charge because significant judgements had been applied in determining the staging of the loan assets recorded at amortised cost and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Company believes it is not practicable to apply the same judgements without hindsight for the prior period(s).

As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Our opinion on the standalone financial statement for the year ended March 31, 2022 was modified accordingly. Our opinion on the financial statements for the year ended March 31, 2023 ("current year") is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures of the previous year.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response

1	**Allowance for Expected Credit Losses (ECL) on Loan Assets:**
	(Refer Notes 5 and 2.3(f)(i) to the standalone financial statements)
	As at 31 March, 2023, loan assets aggregated ₹ 519,562 lakhs (net of ECL ₹ 54,168 lakhs), which are measured at amortised cost, constituting 64% of the Company's total assets.
	As part of our risk assessment, we determined that significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following:
	• Staging the loan assets i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories
	• Basis used for estimating Probabilities of Default ("PD");
	• Basis used for estimating Loss Given Default ("LGD");
	• Adjustments to model driven ECL results, to address emerging trends.
	• Impact, if any, arising out of the findings of the Conduct Review in respect of Commercial Vehicle ("CV") loan assets portfolio and Small and Medium Enterprises ("SME") loan portfolio. (Refer note 41.1)
		Principal audit procedures performed:
		We have read and assessed the accounting policies and the governance framework approved by the Board of Directors of the Company.
		We have verified the methodology adopted for computation of ECL ("ECL Model") on loan assets that complies with policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on the loan assets measured at amortised cost.
		Our audit procedures related to the allowance for ECL on loan assets included the following, among others:
		• Testing the design and effectiveness of controls over the:
		  • completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors (including findings arising from Conduct Review) to be applied.
		  • appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and
		  • computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.
		  • Additional controls instituted and modifications to the existing controls that were carried out to address the findings of the Conduct Review.
		• Also, for the samples tested included the following, among others:
		  • the appropriateness of the qualitative factors applied by the Management for staging of loans as SICR or default categories in view of Company's policy on restructuring and arising from the findings of the Conduct Review;
		  • We tested the input data used in estimating the PD;
		  • We evaluated reasonableness of LGD estimates.
		• mathematical accuracy of the computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the management discussion and analysis and Board's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The management discussion and analysis and Board's report and its annexures are expected to be made available to us after the date of this auditor's report.

- Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the management discussion and analysis and Board's report and its annexures, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work

and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

    a) We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) Except for the possible effects of this matter on the comparability of the current year's figures and the corresponding figures of the previous year, in our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

    h) 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, as amended 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 standalone 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. (a) The Management has represented that, to the best of it's knowledge and belief, other than as disclosed in the note 41.4 to the standalone financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any

other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the note 41.4 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZU6540)

Place: Mumbai
Date: May 25, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of IndoStar Capital Finance Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS 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 with reference to standalone financial statements based on the internal control with reference to standalone financial statements 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 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 internal financial controls with reference to standalone financial statements of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to standalone financial statements

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

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

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

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the Company's internal financial controls with reference to standalone financial statements as at March 31, 2023:

The Company had concluded that it was impracticable to determine the prior period-specific effects, if any, of the charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the year ended March 31, 2022 in respect of account balances identified and explained by the Company in Note 41.2 of the standalone financial statements. As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Because of the deficiency in financial closing and reporting process, in respect of comparative information as aforesaid, we were unable to assess whether or not the current year's figures are comparable to those of the previous year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to standalone financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2023, and the material weakness does not affect our opinion on the said standalone Ind AS financial statements of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZU6540)

Place: Mumbai
Date: May 25, 2023

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) In respect of the Company's Property, Plant and Equipment:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of its Property, Plant and Equipment, and the relevant details of Right-of-Use assets.

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment, were physically verified during the year by the Management in accordance with a regular programme of verification which in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. No material discrepancies were noticed on such verification.

(c) Based on our examination of the registered conveyance deed provided to us, we report that, the title deed of the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, paragraph 3(i)(d), of the Order is not applicable.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company is engaged primarily in lending activities and consequently does not hold any physical inventories. Accordingly, paragraph 3(ii)(a) of the Order is not applicable.

(b) As stated in Note 16 to the standalone financial statements, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at points of time during the year, by banks or financial institutions on the basis of security of loans (assets). In our opinion and according to the information and explanations given to us and read with Note 16(b) to the standalone financial statements, the quarterly statements (asset cover statements as certified by another Chartered Accountant) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

(iii) As explained in Note 1 to the standalone financial statements, the Company is a non-deposit taking non-banking financial company ("NBFC") registered with the Reserve Bank of India ("RBI") and as part of its business activities, the Company is engaged in the business of lending across various types of loans.

During the year, in the ordinary course of its business, the Company has made investments in, provided guarantee / security to and granted loans and advances in the nature of loans, secured and unsecured, to companies, firms, limited liability partnerships and other parties. With respect to such investments, guarantees / security and loans and advances:

(a) The Company's principal business is to give loans, and hence reporting under paragraph 3(iii)(a) of the Order is not applicable;

(b) In our opinion, having regard to the nature of the Company's business, the loans and advances in the nature of loans given, the investments made, guarantees provided and security given, during the year are, prima facie, not prejudicial to the Company's interest;

(c) In respect of loans and advances in the nature of loans (together referred to as

"loan assets"), the schedule of repayment of principal and payment of interest has been stipulated. Note 2.3(f)(i) to the standalone financial statements explains the Company's accounting policy relating to impairment of financial assets which include loan assets. In accordance with that policy, loan assets were categorised as credit impaired ("Stage 3") and those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 31(E) to the standalone financial statements. Additionally, out of loans and advances in the nature of loans, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delinquencies in the repayment of principal and payment of interest aggregating ₹ 41,383 lakhs were also identified, albeit of less than 31 days. In all other cases, the repayment of principal and interest is regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

(d) The total amount overdue for more than ninety days (stage 3 loan assets), in respect of loans and advances in the nature of loans, as at the year-end is ₹ 46,224 lakhs as disclosed in Note 31(E) to the standalone financial statements. Reasonable steps are being taken by the Company for recovery of the principal and interest.

(e) The Company's principal business is to give loans, and hence reporting under paragraph 3(iii)(e) of the Order is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under paragraph 3(iii)(f) is not applicable.

(iv) In our opinion, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 (the "Act") in respect of loans granted, investments made and guarantees provided, as applicable. The Company has not provided any security to any parties covered under Section 185 and 186 of the Act.

(v) In our opinion and according to the information and explanations given to us, the Company being Non-Banking Financial Company registered with RBI, provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are not applicable to the Company. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.

(vi) Having regard to the nature of the Company's business/activities, reporting under paragraph 3 (vi) of the Order is not applicable.

(vii) In respect of statutory dues:

(a) Undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities. We have been informed that the Company did not have any dues payable on account of Sales Tax, Service Tax, duty of Customs, duty of Excise and Value Added Tax.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, cess and any other material statutory dues in arrears as at March 31, 2023, for a period of more than six months from the date they became payable.

(b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2023.

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

(b) The Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) Based on an overall examination of the disbursements and terms loans availed during the year, in our opinion, term loans availed by the Company during the year, were applied by

the Company for the purposes for which the loans were obtained, other than temporary deployment pending application.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes.

(e) On an overall examination of the standalone financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. As informed to us, the Company did not have any associate company or joint venture during the year.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies. Accordingly, paragraph 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not issued any of its securities (including debt instruments) during the year and hence reporting under paragraph 3(x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partially or optionally) during the year under review and hence reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) According to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under section 143(12) of the Companies Act, 2013, has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and up to the date of this report insofar it relates to the Company's transactions during the year.

(d) Consequent to the deficiencies in the Commercial Vehicle (CV) and Small and Medium Enterprise (SME) loan assets portfolio identified during the audit of the financial statements as at and for the year ended March 31, 2022, as explained in note 41.1 to the standalone financial statements, during the year, the Audit Committee of the Board of Directors of the Company, had initiated a review of certain transactions carried out during the financial years ended March 31, 2021 and March 31, 2022 with the objective of identifying the root cause for control deficiencies identified during the audit (for which it had engaged the services of a law firm and a professional services firm). The findings of the said law firm and professional services firm were evaluated and assessed with the assistance of another legal expert, as to whether any act, omission or conduct on the part of certain employee/ ex-employees was fraudulent as contemplated in section 447 of the Companies Act, 2013. Based on the opinion of the said legal expert, the Company concluded that the actions of the identified personnel did not constitute a 'fraud' as contemplated under section 447 of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.

(xiii) In our opinion, the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc., as required by the applicable accounting standards.

(xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports, issued to the Company during the year covering the period up to March 31, 2023.

(xv) In our opinion, during the year the Company has not entered into any non-cash transactions with any of its directors or directors of its holding company or subsidiary companies or persons connected with such director and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) (a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 ("RBI Act") and it has obtained the registration.

(b) During the year, the Company has conducted non-banking financial activities with a valid

Certificate of Registration ('CoR') from the RBI as per the RBI Act. The Company has not conducted any housing finance activities and is not required to obtain CoR for such activities from the RBI.

(c) The Company is not a Core Investment Company ("CIC") and hence reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.

(d) The Group does not have any CIC as part of the group and accordingly reporting under paragraph 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses in the financial year covered by our audit. Considering the standalone financial statements of the Company as at and for the year ended March 31, 2022 (immediately preceding financial year), and the matter of audit qualification as reported by us in Basis for Qualified Opinion section of our Audit Report (dated August 5, 2022) on those financial statements, the effect of which we are unable to determine, we are unable to state if the Company has incurred cash losses during the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, Asset Liability Maturity (ALM) pattern, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not required to spend any amount towards Corporate Social Responsibility ("CSR") and accordingly there are no unspent CSR amount for the year requiring a transfer to a fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under paragraph 3(xx) of the Order is not applicable for the year.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZU6540)

Place: Mumbai
Date: May 25, 2023

Balance Sheet

as at March 31, 2023
(Currency: Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	16,500.70	7,180.23
Bank balances other than cash and cash equivalents	4	20,343.50	38,867.95
Loans	5	519,561.53	649,096.68
Investments	6	145,705.73	97,713.42
Other financial assets	7	33,419.56	8,956.43
		735,531.02	**801,814.71**
Non-financial assets			
Current tax assets (net)	8	5,376.00	6,636.87
Deferred tax assets (net)	9	31,643.62	31,669.41
Property, plant and equipment	10	4,788.71	6,938.06
Assets acquired in satisfaction of claim	11	1,300.00	1,300.00
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	2,034.77	1,103.75
Other non-financial assets	13	3,234.49	2,945.40
		78,396.28	**80,612.18**
TOTAL ASSETS		**813,927.30**	**882,426.89**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		7.62	30.15
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		727.63	238.88
Debt securities	15	110,886.95	197,793.62
Borrowings (other than debt securities)	16	370,421.44	350,504.82
Other financial liabilities	17	28,211.11	44,874.67
		510,254.75	**593,442.14**
Non-financial liabilities			
Provisions	18	465.66	612.03
Other non-financial liabilities	19	951.60	571.06
		1,417.26	**1,183.09**
TOTAL LIABILITIES		**511,672.01**	**594,625.23**
EQUITY			
Equity share capital	20	13,607.93	13,607.93
Other equity	21	288,647.36	274,193.73
TOTAL EQUITY		**302,255.29**	**287,801.66**
TOTAL LIABILITIES AND EQUITY		**813,927.30**	**882,426.89**

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Statement of Profit and Loss

for the year ended 31 March 2023
(Currency: Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	22		
Interest income		88,947.05	95,574.81
Fees and commission income		4,706.70	3,846.81
Net gain on fair value changes		2,511.40	2,310.14
Net gain on derecognition of financial instruments measured at amortised cost category		722.80	2,486.64
Total revenue from operations		**96,887.95**	**104,218.40**
Other income	23	437.03	1,135.87
Total income		**97,324.98**	**105,354.27**
Expenses			
Finance costs	24	51,801.92	51,430.77
Impairment on financial instruments	25	(4,013.46)	115,076.93
Employee benefit expenses	26	13,255.60	17,627.03
Depreciation and amortisation expenses	27	3,634.76	3,381.93
Other expenses	28	13,919.11	11,923.30
Total expenses		**78,597.93**	**199,439.96**
Profit/(loss) before tax		**18,727.05**	**(94,085.69)**
Tax expense:	29		
1. Current tax		-	-
2. Tax of earlier years		-	-
3. Deferred tax expenses		-	(17,165.90)
Total tax expenses		**-**	**(17,165.90)**
Profit/(loss) after tax		**18,727.05**	**(76,919.79)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		119.17	55.66
- Income tax relating to items that will not be reclassified to profit or loss		(29.99)	(14.00)
		89.18	**41.66**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		(16.72)	6.72
- Income tax relating to items that will be reclassified to profit or loss		4.20	(1.69)
		(12.52)	**5.03**
Other comprehensive income for the year, net of tax		**76.66**	**46.69**
Total comprehensive income for the year		**18,803.71**	**(76,873.10)**
Earnings per equity share	30		
Basic earnings per share (₹)		13.76	(62.06)
Diluted earnings per share (₹)		13.76	(62.06)
(Equity Share of face value of ₹ 10 each)			

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Statement of Cash Flows

for the year ended 31 March 2023

(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A Cash Flow from Operating Activities		
Profit / (loss) before tax	18,727.05	(94,085.69)
Adjustments for:		
Interest income on financial assets	(88,947.05)	(95,574.81)
Finance costs	51,801.92	51,430.77
Depreciation and amortisation expense	3,634.76	3,381.93
Loss on sale of property plant and equipment	27.11	31.81
Impairment on financial instruments	(4,013.46)	115,076.93
Provision for employee benefits	186.20	193.09
Employee share based payment expense	(4,375.16)	1,955.84
Net gain on fair value changes	(2,511.40)	(2,310.14)
Net gain on derecognition of financial instruments measured at amortised cost category	(722.80)	(2,486.64)
	(26,192.83)	**(22,386.91)**
Interest income realised on financial assets	95,250.92	91,044.29
Finance costs paid	(56,293.31)	(56,183.85)
Cash generated from operating activities before working capital changes	**12,764.78**	**12,473.53**
Adjustments:		
(Increase)/Decrease in loans and advances	120,639.79	(137,882.93)
(Increase)/Decrease in other financial assets	(23,797.36)	3,476.25
(Increase)/Decrease in other non-financial assets	(289.09)	850.05
Increase/(Decrease) in trade payable	494.44	(159.22)
Increase/(Decrease) in other financial liabilities	(15,231.83)	6,047.01
Increase/(Decrease) in other non-financial liabilities	380.54	(37.26)
Cash (used in)/generated from operating activities	**94,961.27**	**(115,232.57)**
Taxes (paid) / refund	1,260.87	5,187.69
Net cash (used in)/generated operating activities (A)	**96,222.14**	**(110,044.88)**
B Cash flows from investing activities		
Purchase of property, plant and equipment	(462.29)	(2,225.72)
Sale of property, plant and equipment	14.01	9.70
Purchase of intangible assets	(1,621.25)	(1,154.78)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	18,524.45	(15,031.63)
(Acquisition)/redemption of investments measured at FVTPL (net)	(40,747.71)	100,108.25
(Acquisition)/redemption of investments measured at FVOCI (net)	(9,494.06)	12,672.72
(Acquisition)/redemption of investments measured at amortised cost (net)	10,479.23	25,273.03
Net cash (used in)/generated from investing activities (B)	**(23,307.62)**	**119,651.57**

Statement of Cash Flows

for the year ended 31 March 2023
(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
C Cash Flow from financing activities		
Proceeds from issue of shares (including securities premium and net off share issue expenses)	-	639.00
Proceeds from bank borrowings	280,098.46	150,625.81
Repayments towards bank borrowings	(257,877.76)	(175,551.88)
Proceeds from issuance of Non-Convertible Debentures	90,000.00	74,590.00
Repayments towards Non-Convertible Debentures	(129,000.00)	(104,579.99)
Proceeds from Commercial Papers	30,000.00	62,211.77
Repayments towards Commercial Papers	(75,500.00)	(30,000.00)
Payment of lease liabilities	(1,314.75)	(1,373.90)
Dividend paid on Compulsorily Convertible Preference Shares	-	(5,849.32)
Net cash (used in)/generated from financing activities (C)	**(63,594.05)**	**(29,288.51)**
Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**9,320.47**	**(19,681.82)**
Cash and Cash Equivalents at the beginning of the year	7,180.23	26,862.05
Cash and Cash Equivalents at the end of the year	**16,500.70**	**7,180.23**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	314.49	389.54
Balances with banks		
- in current accounts	11,682.07	6,786.64
Deposits with original maturity of less than three months	4,504.14	4.05
Total	**16,500.70**	**7,180.23**

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2023
(Currency: Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹ 10/- each

	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2023	13,607.93	-	13,607.93	-	13,607.93
As at 31 March 2022	12,373.03	-	12,373.03	1,234.90	13,607.93

(b) Preference share capital of face value of ₹ 10/- each

Period end	Balance at the beginning of the current reporting period	Changes in Preference Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Preference Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2023	-	-	-	-	-
As at 31 March 2022	1,206.90	-	1,206.90	(1,206.90)	-

(c) Other equity

Particulars	Reserves and surplus						Other comprehensive income	Total
	Securities Premium Account	Statutory Reserves U/s 45(IC)	Capital Reserve	Share options outstanding account	General reserves	Retained earnings		
(i) Balance at 1 April 2022	**292,207.63**	**25,905.39**	**0.43**	**7,081.96**	**2,026.78**	**(53,028.46)**	**-**	**274,193.73**
Profit after tax for the year	-	-	-	-	-	18,727.05	-	18,727.05
Debt instruments through other comprehensive income	-	-	-	-	-	-	(12.52)	(12.52)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	89.18	-	89.18
	-	**-**	**-**	**-**	**-**	**18,816.23**	**(12.52)**	**18,803.71**
Proceeds from issue of shares (net)	-	-	-	-	-	-	-	-
Transferred from Retained earnings	-	3,745.41	-	-	-	(3,745.41)	-	-
Dividend and Dividend Distribution Tax	-	-	-	-	-	-	-	-
Share based payment expense (refer note 26)	-	-	-	(4,350.08)	-	-	-	(4,350.08)
Transfer from ESOP reserves	-	-	-	(657.06)	657.06	-	-	-
Balance at 31 March 2023	**292,207.63**	**29,650.80**	**0.43**	**2,074.82**	**2,683.84**	**(37,957.64)**	**(12.52)**	**288,647.36**
(ii) Balance at 1 April 2021	291,370.27	25,905.39	0.43	5,375.17	1,971.29	29,698.99	(5.03)	354,316.51
Loss after tax for the year	-	-	-	-	-	(76,919.79)	-	(76,919.79)
Debt instruments through other comprehensive income	-	-	-	-	-	-	5.03	5.03
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	41.66	-	41.66
	-	**-**	**-**	**-**	**-**	**(76,878.13)**	**5.03**	**(76,873.10)**
Proceeds from issue of shares (net)	611.00	-	-	-	-	-	-	611.00
Transferred from Retained earnings	-	-	-	-	-	-	-	-
Dividend and Dividend Distribution Tax	-	-	-	-	-	(5,849.32)	-	(5,849.32)
Share based payment expense	-	-	-	1,988.64	-	-	-	1,988.64
Transfer from ESOP reserves	226.36	-	-	(281.85)	55.49	-	-	-
Balance at 31 March 2022	**292,207.63**	**25,905.39**	**0.43**	**7,081.96**	**2,026.78**	**(53,028.46)**	**-**	**274,193.73**

See accompanying notes forming part of the financial statements 1 to 52

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

1 Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21 July 2009 and is domiciled in India. The Company is registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) vide certificate No. N-13.02109. The Company is primarily engaged in lending business.

2 Basis of Preparation and Significant accounting policies

2.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III to Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business
- the event of default
- the event of insolvency of bankruptcy of the Company/ or its counterparties.

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

Financial instruments are recognised when the Company becomes a party to the contractual terms of the instruments.

(i) Classification of Financial Instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss (FVTPL) such as derivative liabilities. Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

Transaction costs directly pertaining to the acquisition or issue of financial instruments are added to or deducted from the initial measurement amount of the instrument

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

except where the instrument is initially measured as fair value through profit or loss.

(ii) Assessment of business model and contractual cash flow characteristics for financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model determines whether the cash flows will be generated by collecting contractual cash flows, selling financial assets or by both.

The Company's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed;

(iii) The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Company assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans and Debt instruments at amortised cost

A 'loan or debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those that are either held for trading and have been either

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met (such designation is determined on an instrument-by-instrument basis):

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

(d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

(e) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'Provisions') at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of (i) the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss and (ii) the amount of loss allowance. The premium/deemed premium is recognised in the Statement of Profit and Loss on a straight line basis over the life of the guarantee.

(f) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(v) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

(vi) Derecognition of financial assets in the following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially it becomes a new loan with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset; or

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

c) Property plant and equipment

Recognition and measurement

Property, plant and equipment (PPE) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably.

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance expenses are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

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

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act 2013
Computers	3 years	3 years
Office Equipment	5 years	5 years
Office Equipment - mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Property, plant and equipment items individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

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

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

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.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) Intangible assets

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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

e) Business Combination and goodwill thereon

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital reserve. When the transaction is of nature other than bargain purchase, then the gain is recognised in OCI and accumulated in equity as capital reserve.

f) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles

The Company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Company categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

amount remains due for 91 days or more are considered as to be stage 3 assets.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

(c) Calculation of ECL:

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments.

Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD): The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

ECL on Trade Receivables:

The Company applies the simplified approach for computation of ECL on trade receivables as allowed as per Ind AS

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

109. Thus, the Company is recognising lifetime ECL for trade receivables.

Significant increase in Credit Risk

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loan becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets.

For the purpose of counting of days past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID-19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of new covenants or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If this does not clearly indicate a substantial modification, then:

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12 month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Presentation of ECL allowance in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

(ii) Financial Liabilities

(a) Loan commitments

Undrawn loan commitments are commitments under which, over

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(b) Financial guarantee contracts

The Group's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Group has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

(iii) Non-financial assets

(a) Intangible 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 when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Company is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) **Recognition of income**

Revenue generated from the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Company. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer;

Step 2: Identify performance obligations in the contract(s);

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract(s);

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

(a) **Recognition of interest income**

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Company revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised as interest income in the statement of profit or loss.

(b) Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(c) Syndication, advisory & other fees

Syndication, advisory & other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) Origination fees

Origination fees, which the Company has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) Management Fees:

Management fees and other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(f) Assignment income

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the expected life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(g) Securitisation transactions:

In accordance with Ind AS 109, in case of securitisation transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

recognises a collateralised borrowing for the proceeds received.

(h) Net gain/(loss) on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

(i) Sourcing and servicing fee

The revenue from the contract as a service provider (sourcing and collection agent) on behalf of customer, is recognised upfront for services rendered as sourcing agent and on straight line basis over the loan tenure for services in the nature of collection and performance agent. The financial guarantee provided under the service contract is recognised at fair value on sourcing and is amortised over the period of contract with subsequent measurement at higher of the unamortised value as per Ind AS 115 or expected credit losses as per Ind AS 109.

h) Finance Costs

The Company recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

i) Retirement and other employee benefits

(i) Defined Contribution Plan

Provident Fund

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

(ii) Defined Benefit schemes

(a) 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.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Compensated absences

Compensated absences which are expected to occur within twelve months after the end of

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

the period in which the employee renders the related services are provided for based on estimates. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services 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.

j) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. ***Determination of lease term***

   Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. ***Discount Rate***

   The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) Foreign currency translation

Functional and presentational currency

The financial statements are presented in Indian Rupees which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

m) 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.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

n) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

o) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

p) 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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

q) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

i) Segment revenue includes operational revenue directly identifiable with/ allocable to the segment.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.

iii) Income which relates to the Company as a whole and not allocable to segments is included in "unallocable corporate income / (expenditure) (net)".

iv) Segment result includes the finance costs incurred on interest bearing advances with corresponding credit included in "unallocable corporate income/ (expenditure)(net)".

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit losses, fair value measurement, business projections for impairment assessment of goodwill etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 Securities premium account

a) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued;
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

b) The issue expenses of securities which qualify as equity instruments are written off against securities premium account/ retained earning in accordance with Ind AS.

2.6 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

a) Ind AS 1 - Presentation of Financial Statements- This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

b) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

c) Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents		
Cash on hand	314.49	389.54
Balances with banks		
- in current accounts	11,682.07	6,786.64
Deposits with original maturity of less than three months	4,504.14	4.05
	16,500.70	**7,180.23**

Note 4

Particulars	As at 31 March 2023	As at 31 March 2022
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	21.50	985.01
Earmarked deposits with banks	20,322.00	37,882.94
	20,343.50	**38,867.95**

Note 5

Particulars	As at 31 March 2023	As at 31 March 2022
Loans		
At amortised cost		
Business Loans		
Corporate lending	123,176.21	156,847.87
Small and medium enterprises lending (SME)	108,044.88	153,484.44
Commercial vehicle lending	340,293.96	448,398.97
Other loans	2,214.37	2,024.13
Total - Gross	**573,729.42**	**760,755.41**
Less: Impairment allowance	(54,167.89)	(111,658.73)
Total - Net	**519,561.53**	**649,096.68**
(a) Secured by tangible assets	555,087.38	718,173.66
(b) Unsecured	18,642.04	42,581.75
Total - Gross	**573,729.42**	**760,755.41**
Less: Impairment allowance	(54,167.89)	(111,658.73)
Total - Net	**519,561.53**	**649,096.68**
Loans in India		
(a) Public sector	-	-
(b) Others	573,729.42	760,755.41
Total - Gross	**573,729.42**	**760,755.41**
Less: Impairment allowance	(54,167.89)	(111,658.73)
Total - Net (a)	**519,561.53**	**649,096.68**
Loans outside India (b)	-	-
Total - Net (a)+(b)	**519,561.53**	**649,096.68**

Footnotes:

i) Security receipts are presented as part of "Note 6 - Investments"

ii) Stage classification of loans, investments and its impairment allowance is disclosed in Note 31(D) and Note 31(E)

iii) Secured indicates loans secured, wholly or partly, by way of hypothecation of vehicle and / or equitable mortgage of property and or equipment.

iv) Also refer Note 32.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 6

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
Investments as at 31 March 2023					
Mutual funds	-	-	72,662.12	-	72,662.12
Security Receipts*	42,871.31	-	-	-	42,871.31
Treasury Bills	-	9,477.34	-	-	9,477.34
Subsidiaries	-	-	-	45,271.60	45,271.60
Total - Gross	**42,871.31**	**9,477.34**	**72,662.12**	**45,271.60**	**170,282.37**
Investments in India	42,871.31	9,477.34	72,662.12	45,271.60	170,282.37
Investments outside India	-	-	-	-	-
Total - Gross	**42,871.31**	**9,477.34**	**72,662.12**	**45,271.60**	**170,282.37**
Less: Impairment loss allowance	(24,576.64)	-	-	-	(24,576.64)
Total - Net	**18,294.67**	**9,477.34**	**72,662.12**	**45,271.60**	**145,705.73**

(net of amount written off ₹ 58,728.33 lakhs)*

1. *Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)*

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	45,270.60	100%
Total	**45,271.60**	

** includes cross charge of ₹ 270.60 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.*

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
Investments as at 31 March 2022					
Mutual funds	-	-	29,403.01	-	29,403.01
Security Receipts*	41,280.54	-	-	-	41,280.54
Treasury Bills	-	-	-	-	-
Subsidiaries	-	-	-	45,246.51	45,246.51
Total - Gross	**41,280.54**	**-**	**29,403.01**	**45,246.51**	**115,930.06**
Investments in India	41,280.54	-	29,403.01	45,246.51	115,930.06
Investments outside India	-	-	-	-	-
Total - Gross	**41,280.54**	**-**	**29,403.01**	**45,246.51**	**115,930.06**
Less: Impairment loss allowance	(18,216.64)	-	-	-	(18,216.64)
Total - Net	**23,063.90**	**-**	**29,403.01**	**45,246.51**	**97,713.42**

*(*net of amount written off ₹ 17,609.05 lakhs)*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Investment in Subsidiaries comprises of:

Name of Subsidiary	Carrying Amount	% Holding
IndoStar Asset Advisory Private Limited	1.00	100%
IndoStar Home Finance Private Limited*	45,245.51	100%
Total	**45,246.51**	

** includes cross charge of ₹ 245.51 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.*

Note 7

Particulars	As at 31 March 2023	As at 31 March 2022
Other financial assets		
Security deposit	2,576.07	4,494.52
Assignment receivables	2,404.35	2,430.82
Deposits with Trustee for securitisation*	24,390.88	-
Other receivables	4,346.08	2,297.07
	33,717.38	**9,222.41**
Less: Impairment loss allowance	(297.82)	(265.98)
	33,419.56	**8,956.43**

** It represents fixed deposit held as collateral with trustee for pass through certificate transactions*

Footnote: Other receivable includes receivable from subsidiaries (refer note 32)

Note 8

Particulars	As at 31 March 2023	As at 31 March 2022
Current tax assets (net)		
Advance tax (net of provision)	5,376.00	6,636.87
	5,376.00	**6,636.87**

Note 9

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	20,366.64	32,731.69
Provision for gratuity	90.00	113.66
Provision for compensated absences	26.99	32.79
Debt instruments through OCI	4.20	-
Lease liabilities	57.95	43.37
Income amortisation	(124.62)	128.27
Other items of disallowance	121.29	581.14
Depreciation on PPE and intangible assets	825.88	682.80
Carried forward book losses	19,575.18	6,005.75
Total (A)	**40,943.51**	**40,319.47**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(605.13)	(611.79)
Borrowing cost amortisation	(1,139.66)	(483.17)
Total (B)	**(9,299.89)**	**(8,650.06)**
Net deferred tax asset (A-B) (also refer Note 29)	**31,643.62**	**31,669.41**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 10

DESCRIPTION	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Property, plant and equipment							
Cost as at 1 April 2021	**15.05**	**760.33**	**4,687.00**	**624.99**	**2,401.20**	**4,390.21**	**12,878.78**
Additions	-	52.89	913.53	89.80	1,169.50	2,704.12	4,929.84
Disposals	-	(0.28)	(280.08)	(1.88)	(22.35)	(1,208.41)	(1,513.00)
Cost as at 31 March 2022	**15.05**	**812.94**	**5,320.45**	**712.91**	**3,548.35**	**5,885.92**	**16,295.62**
Additions	-	30.61	281.33	68.62	81.73	1,035.81	1,498.10
Disposals	-	(84.30)	(1,163.20)	(25.52)	(83.06)	(3,351.79)	(4,707.87)
Cost as at 31 March 2023 (A)	**15.05**	**759.25**	**4,438.58**	**756.01**	**3,547.02**	**3,569.94**	**13,085.85**
Accumulated depreciation as at 1 April 2021	-	324.45	2,815.37	327.67	1,716.43	1,773.96	6,957.88
Depreciation for the year	-	189.95	999.85	131.54	499.02	1,162.09	2,982.45
Disposals	-	(0.22)	(214.34)	(1.52)	(21.37)	(345.32)	(582.77)
Accumulated depreciation as at 31 March 2022	**-**	**514.18**	**3,600.88**	**457.69**	**2,194.08**	**2,590.73**	**9,357.56**
Depreciation for the year	-	151.02	985.43	116.45	600.53	1,091.10	2,944.53
Disposals	-	(82.29)	(1,124.74)	(25.05)	(82.88)	(2,689.99)	(4,004.95)
Accumulated depreciation as at 31 March 2023 (B)	**-**	**582.91**	**3,461.57**	**549.09**	**2,711.73**	**991.84**	**8,297.14**
Net carrying amount as at 31 March 2023 (A) - (B)	**15.05**	**176.34**	**977.00**	**206.92**	**835.29**	**2,578.10**	**4,788.71**
Net carrying amount as at 31 March 2022	**15.05**	**298.76**	**1,719.57**	**255.22**	**1,354.27**	**3,295.19**	**6,938.06**

** Mortgaged as security against Secured Non-convertible Debentures*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2023	As at 31 March 2022
Assets acquired in satisfaction of claim	1,708.88	1,708.88
Less: Provision	(408.88)	(408.88)
	1,300.00	**1,300.00**

Note 12

a) Goodwill

DESCRIPTION	Total
Cost as at 1 April 2021	30,018.69
Acquisition of business	-
Cost as at 31 March 2022	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2023 (A)	**30,018.69**
Accumulated impairment as at 1 April 2021	-
Addition	-
Accumulated impairment as at 31 March 2022	**-**
Addition	-
Accumulated impairment as at 31 March 2023 (B)	**-**
Net carrying amount as at 31 March 2023 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2022	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2023. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections of commercial vehicle business based on financial budgets covering a five-year period and a discount rate of 19%. The Company has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of yield/spread during the budget period and the discounting rate. The management believes that any reasonably possible change in the key assumptions, on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

b) Intangible assets

DESCRIPTION	Computer Software	Total
Cost as at 1 April 2021	**1,001.65**	**1,001.65**
Additions	1,154.78	1,154.78
Disposals	-	-
Cost as at 31 March 2022	**2,156.43**	**2,156.43**
Additions	1,621.25	1,621.25
Disposals	-	-
Cost as at 31 March 2023 (A)	**3,777.68**	**3,777.68**
Accumulated amortisation as at 1 April 2021	653.20	653.20
Amortisation recognised for the year	399.48	399.48
Disposals	-	-
Accumulated amortisation as at 31 March 2022	**1,052.68**	**1,052.68**
Amortisation recognised for the year	690.23	690.23
Disposals	-	-
Accumulated amortisation as at 31 March 2023 (B)	**1,742.91**	**1,742.91**
Net carrying amount as at 31 March 2023 (A)-(B)	**2,034.77**	**2,034.77**
Net carrying amount as at 31 March 2022	**1,103.75**	**1,103.75**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at 31 March 2023	As at 31 March 2022
Other non-financial assets		
Prepaid expenses	1,269.22	1,121.28
Advances recoverable in cash or in kind or for value to be received	1,965.27	1,824.12
	3,234.49	**2,945.40**

Note 14

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
Dues to Micro, small and medium enterprises	7.62	30.15
Dues to Others	727.63	238.88
	735.25	**269.03**

Footnote: Also refer Note 36

Note 15

Particulars	As at 31 March 2023	As at 31 March 2022
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	110,886.95	153,269.65
Commercial paper (net of unamortised discount) (Refer note (b) below)	-	44,523.97
	110,886.95	**197,793.62**
Debt securities in India	110,886.95	197,793.62
Debt securities outside India	-	-
Total	**110,886.95**	**197,793.62**
Secured	110,886.95	95,769.65
Unsecured	-	102,023.97
Total	**110,886.95**	**197,793.62**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 7.78% <= 11.40%	>= 6.77% <= 11.40%
	Amount	Amount
24-36 Months	-	2,495.61
12-24 Months	78,876.60	36,704.48
0-12 Months	32,010.35	114,069.56
Total	**110,886.95**	**153,269.65**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Nature of Security:

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

   (i) First pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation of standard asset portfolio of receivables (Net of NPA) of the Issuer and / or cash / cash equivalent and / or such other asset, as may be identified by the Company of ₹ 459,596 lakhs (March 2022: ₹ 96,932 lakhs); 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.

(b) Commercial papers

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	-	>=6.30% <= 7.00%
	Amount	Amount
0-12 Months	-	44,523.97
Total	**-**	**44,523.97**

Note 16

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings		
At amortised cost		
Term loans		
Term loans from Banks (Refer note (a) below)*	208,043.70	191,966.39
Term loans from Financial Institutions (Refer note (a) below)*	25,023.11	35,957.50
Loans repayable on demand		
Working capital demand loans from banks **	25,784.06	25,600.00
Bank overdrafts **	-	1,363.40
Other borrowings (including Inter Corporate Deposits)	111,570.57	95,617.53
Total	**370,421.44**	**350,504.82**
Borrowings in India	370,421.44	350,504.82
Borrowings outside India	-	-
Total	**370,421.44**	**350,504.82**
Secured borrowings	299,977.23	349,386.71
Unsecured borrowings	70,444.21	1,118.11
Total	**370,421.44**	**350,504.82**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(a) Term loan from banks/FI:

Terms of repayment (based on contractual maturity):

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>=8% <= 11.50%	>=7.25% <= 11.00%
	Amount	Amount
48-60 Months	99.45	-
36-48 Months	8,354.12	10,647.81
24-36 Months	21,477.39	33,609.28
12-24 Months	114,033.00	82,888.78
0-12 Months	89,102.85	100,778.02
Total	**233,066.81**	**227,923.89**

** first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (net of provisions) of the Company and / or cash / cash equivalent and / or such other asset*

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

 # also refer 31(F)

(b) Working capital demand loans:

Terms of repayment (based on contractual maturity)

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 9.10% <= 12.51%	>= 6.75% <= 7.60%
	Amount	Amount
0-12 Months	25,784.06	25,600.00
Total	**25,784.06**	**25,600.00**

 # also refer 31(F)

Footnote: Quarterly returns/statements filed by the Company with Banks or Financial Institutions are in agreement with the unaudited books of accounts as on the respective submission dates and certified by Independent Chartered Accountants / Management, as relevant and relied upon by the Auditors.

Note 17

Particulars	As at 31 March 2023	As at 31 March 2022
Other financial liabilities		
Book overdraft	1,095.91	14,326.14
Employee benefits payable	2,282.94	908.58
Unamortised lease liabilities	2,749.03	3,467.38
Others	22,083.23	26,172.57
	28,211.11	**44,874.67**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 18

Particulars	As at 31 March 2023	As at 31 March 2022
Provisions		
Provision for employee benefits:		
- Gratuity	357.60	451.61
- Compensated absences	107.26	130.30
Others:		
- Expected credit loss on undrawn loan commitments	0.80	30.12
	465.66	**612.03**

Note 19

Particulars	As at 31 March 2023	As at 31 March 2022
Non-financial liabilities		
Statutory dues payable	951.60	571.06
	951.60	**571.06**

Footnote : The Statutory Dues includes contribution to Provident Fund of Rs. 134,907/- which the Company is unable to pay to the regulatory authority as the respective employee have not enabled the Company to make the payment by linking their Provident Fund Identifcation number to their Aadhar number issued by the UIDAI.

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹ 10/- each	152,500,000	15,250.00	152,500,000	15,250.00
Compulsorily Convertible Preference Shares of Face Value of ₹ 10/- each	12,500,000	1,250.00	12,500,000	1,250.00
Issued, subscribed and fully paid up				
Equity shares of ₹ 10/- each fully paid	136,079,295	13,607.93	136,079,295	13,607.93
Total	**136,079,295**	**13,607.93**	**136,079,295**	**13,607.93**

(b) Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	136,079,295	13,607.93	123,730,329	12,373.03
Add: Shares issued during the year	-	-	12,348,966	1,234.90
Shares outstanding at the end of the year	**136,079,295**	**13,607.93**	**136,079,295**	**13,607.93**

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2023		As at 31 March 2022	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	76,482,638	56.20%	76,482,638	56.20%

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

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(d) Particulars of shareholders holding more than 5% of the equity share capital

Name of shareholder	Relationship	As at 31 March 2023		As at 31 March 2022	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	76,482,638	56.20%	76,482,638	56.20%
Indostar Capital (Mauritius)	Promoter	41,467,583	30.47%	41,467,583	30.47%

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

(ii) As at 31 March 2023, the Company has not complied with Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) to maintain minimum public shareholding in accordance with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.

(iii) As on date of approval of these financial statements, the Company has complied with Regulation 38 of SEBI (LODR) regulations.

(e) Terms/rights attached to equity shares

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

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

(f) Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	12,068,966	1,206.90
Add: Shares issued during the year	-	-	-	-
Less: Shares converted into equity	-	-	12,068,966	1,206.90
Shares outstanding at the end of the year	-	-	-	-

Footnote: During the year ended 31 March 2022, 1,20,68,966 Equity Shares were allotted to BCP V Multiple Holdings Pte. Ltd., pursuant to conversion of 1,20,68,966 CCPS into equity shares of the Company in the agreed conversion ratio of 1:1.

(g) Objective of Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Company has adopted a dividend distribution policy and the Board reviews the capital position on a regular basis.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(h) Equity Shares held by promoters/holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2023			
BCP V Multiple Holdings Pte. Ltd.	76,482,638	56.20%	-
Indostar Capital (Mauritius)	41,467,583	30.47%	-
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	76,482,638	56.20%	4.14%
Indostar Capital (Mauritius)	41,467,583	30.47%	(8.00%)

(i) CCPS held by promoters/holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2023			
BCP V Multiple Holdings Pte. Ltd.	-	-	-
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)

Note 21

Particulars	As at 31 March 2023	As at 31 March 2022
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	29,650.80	25,905.39
Securities premium	292,207.63	292,207.63
Share options outstanding account	2,074.82	7,081.96
General reserve	2,683.84	2,026.78
Retained earnings	(37,957.64)	(53,028.46)
Debt instruments through other comprehensive income	(12.52)	-
	288,647.36	**274,193.73**

21.1 Other equity movement

Particulars	As at 31 March 2023	As at 31 March 2022
Capital Reserve		
Opening Balance	0.43	0.43
Add: Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	25,905.39
Add: Transferred from surplus	3,745.41	-
Closing Balance	**29,650.80**	**25,905.39**
Securities premium		
Opening Balance	292,207.63	291,370.27
Add: Transfer from ESOP reserves	-	226.36
Add: Premium collected on share allotment	-	611.00
Closing Balance	**292,207.63**	**292,207.63**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Share options outstanding account		
Opening Balance	7,081.96	5,375.17
Movement during the year	(5,007.14)	1,706.79
Closing Balance	**2,074.82**	**7,081.96**
General reserve		
Opening Balance	2,026.78	1,971.29
Movement during the year	657.06	55.49
Closing Balance	**2,683.84**	**2,026.78**
Retained earnings		
Opening Balance	(53,028.46)	29,698.99
Add: Remeasurement of defined benefit obligations	89.18	41.66
Add: Transferred from the statement of profit and loss	18,727.05	(76,919.79)
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(3,745.41)	-
Less: Payment of dividend on CCPS	-	(5,849.32)
Closing Balance	**(37,957.64)**	**(53,028.46)**
Other Comprehensive Income		
Opening balance	-	(5.03)
Add: Debt instruments through other comprehensive income	(12.52)	5.03
Closing balance	**(12.52)**	**-**

21.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised in accordance with the provision of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

General reserve

General reserve represents transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse/forfeiture of vested options by employees.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 22

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	86,393.11	93,823.06
Interest on investments		
- Debt instruments	159.71	-
Interest on deposits		
- Deposits with banks	1,449.67	1,188.02
- Deposits with Trustees	666.93	-
Interest income on financial assets measured at FVOCI:		
- Investments in debt instruments	277.63	563.73
	88,947.05	**95,574.81**
Fees and commission income		
- Syndication, advisory & other fees	4,706.70	3,846.81
	4,706.70	**3,846.81**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,511.40	2,374.08
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	-	(63.94)
Total fair value changes	**2,511.40**	**2,310.14**
Fair value changes:		
- Realised	2,346.07	2,305.66
- Unrealised	165.33	4.48
Total fair value changes	**2,511.40**	**2,310.14**
Net gain on derecognition of financial instruments under amortised cost category		
- Investments	-	2,196.16
- Assignment Income	722.80	290.48
	722.80	**2,486.64**
Total	**96,887.95**	**104,218.40**

Note 23

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other income		
Miscellaneous income	93.39	156.63
Interest on income tax refund	343.64	979.24
	437.03	**1,135.87**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 24

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from Banks/FI	29,255.14	24,622.33
Other borrowings (including Inter Corporate Deposits)	12,296.72	8,923.22
Interest expense on debt securities		
Debentures	7,083.30	16,228.69
Commercial paper	1,797.36	920.27
Other interest expense		
Bank charges & other related costs	1,369.40	736.26
	51,801.92	**51,430.77**

Note 25

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	(51,130.84)	56,181.20
Financial assets written off (net of recovery)	48,012.33	57,763.70
Impairment on others		
Undrawn loan commitments	(29.32)	(96.39)
Provision on co-lending arrangements	(897.47)	1,351.25
Others	31.84	(122.83)
	(4,013.46)	**115,076.93**

Note 26

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Employee Benefits Expenses		
Salaries, other allowances and bonus	16,970.39	15,109.41
Gratuity expenses	171.52	163.24
Compensated absences	14.68	29.85
Contribution to provident and other funds	667.76	631.87
Staff welfare expenses	133.98	109.78
Share based payment expense	(4,375.16)	1,955.84
Employee shared service costs recovered	(327.57)	(372.96)
	13,255.60	**17,627.03**

Footnote : During the quarter ended 31 March 2023, certain employees to whom stock options issued in accordance with ESOP plans disassociated from the Company. Accordingly, unvested and vested but not exercised options granted to these employees were cancelled. Employee cost includes effect of reversal of such cost of unvested options aggregating to Rs 4,421.94 lakh for the year ended 31 March 2023.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 27

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation		
Depreciation of property, plant and equipment (PPE)	2,944.53	2,982.45
Amortisation of intangible assets	690.23	399.48
	3,634.76	**3,381.93**

Note 28

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other Expenses		
Rent	1,009.97	805.84
Rates & taxes	0.94	120.04
Printing and stationery	105.08	184.83
Travelling & conveyance	1,012.60	716.97
Advertisement	68.93	64.39
Business Promotion	11.55	14.05
Commission & brokerage	10.80	16.04
Office expenses	1,944.28	1,496.93
Directors' fees & commission	40.54	58.97
Insurance	528.16	441.05
Communication expenses	513.77	527.45
Payment to auditors (note below)	388.63	305.84
CSR expenses (note below)	-	81.01
IT Support charges	2,101.73	2,178.08
Legal & professional charges	7,688.70	5,261.92
Loss on sale of property plant and equipment	27.11	31.81
Membership & subscriptions	96.62	102.35
Other shared service costs recovered	(1,655.55)	(651.41)
Other fees and commission	25.25	167.14
	13,919.11	**11,923.30**
Payment to auditor includes:		
a) Statutory Audit	341.01	293.00
b) Tax Audit	-	3.00
c) Certifications	8.50	5.10
d) Others	39.12	4.74
Total	**388.63**	**305.84**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	-	-
b) Amount of expenditure incurred	-	81.01
c) Shortfall at the end of the year	-	-
d) Total of previous years shortfall	-	-
e) Reason for short fall	NA	NA
f) Nature of CSR activities	-	Education, Women empowerment
g) Details of related party transactions	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 29

Income taxes

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax expense		
Current year	-	-
Tax expenses of earlier years	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	(17,165.90)
	-	**(17,165.90)**
Tax expense for the year	-	**(17,165.90)**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
- Remeasurements of the defined benefit plans	119.17	(29.99)	89.18	55.66	(14.00)	41.66
- Debt instruments through other comprehensive income	(16.72)	4.20	(12.52)	6.72	(1.69)	5.03
	102.45	**(25.79)**	**76.66**	**62.38**	**(15.69)**	**46.69**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit/(loss) before tax	**18,727.05**	**(94,085.69)**
Statutory income tax rate	25.168%	25.168%
Expected income tax expense	4,713.22	(23,679.49)
Difference in tax rate due to:		
- Effect of non-deductible expenses	23.28	925.75
- Effect of change in tax rate (refer footnote below)	-	-
- Tax expense of earlier years	-	-
- Others	(4,736.50)	5,587.84
Total tax expense	-	**(17,165.90)**
Effective tax rate	-	**18.24%**
Current tax	-	-
Tax of earlier years	-	-
Deferred tax	-	(17,165.90)
	-	**(17,165.90)**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(d) Movement in deferred tax balances

Particulars	As at 31 March 2023			
	Net balance 1 April 2022	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	32,731.69	(12,365.05)	-	20,366.64
Provision for gratuity	113.66	6.33	(29.99)	90.00
Provision for leave encashment	32.79	(5.80)	-	26.99
Debt instruments through OCI	-	-	4.20	4.20
Income amortisation	128.27	(252.89)	-	(124.62)
Depreciation on PPE and intangible assets	682.80	143.08	-	825.88
Lease liabilities	43.37	14.58	-	57.95
Carried forward losses	6,005.75	13,569.43	-	19,575.18
Other items of disallowance	581.14	(459.85)	-	121.29
Deferred tax liability				
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(611.79)	6.66	-	(605.13)
Borrowing cost amortisation	(483.17)	(656.49)	-	(1,139.66)
Deferred tax assets / (Liabilities)	**31,669.41**	**0.00**	**(25.79)**	**31,643.62**

(e) Movement in deferred tax balances

Particulars	As at 31 March 2022			
	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	15,066.92	17,664.77	-	32,731.69
Provision for gratuity	114.08	13.58	(14.00)	113.66
Provision for leave encashment	29.71	3.08	-	32.79
Debt instruments through OCI	1.69	-	(1.69)	-
Income amortisation	354.78	(226.51)	-	128.27
Depreciation on PPE and intangible assets	515.38	167.42	-	682.80
Lease liabilities	38.98	4.39	-	43.37
Carried forward losses	7,427.23	(1,421.48)	-	6,005.75
Other items of disallowance	-	581.14	-	581.14
Deferred tax liability				
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(677.38)	65.59	-	(611.79)
Borrowing cost amortisation	(797.09)	313.92	-	(483.17)
Deferred tax assets / (Liabilities)	**14,519.20**	**17,165.90**	**(15.69)**	**31,669.41**

The Management considers the deferred tax assets recognised on carried forward losses to be fully set-off against future available profits considering the expected net interest income (NIM) from the existing loan book over the tenure of the loan.

Deferred tax asset of ₹ 4,584.61 lakhs on Unused Carried forward losses is yet to be recognized.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 30

Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i. Profit attributable to equity holders (A)		
Profit/(loss) for the year	18,727.05	(76,919.79)
Less: Dividend on compulsorily convertible preference shares (CCPS)	-	(2,557.08)
Profit/(loss) attributable to equity holders for basic and diluted EPS	**18,727.05**	**(79,476.87)**
ii. Weighted average number of equity shares for calculating Basic EPS (B)	136,079,295	128,064,878
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	136,079,428	128,064,878
iv. Basic earnings per share (₹) (A/B)	13.76	(62.06)
v. Diluted earnings per share (₹) (A/C)	13.76	(62.06)

Note 31

Financial instruments – Fair values and Risk management

A. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. Risk Management Framework:

The Company's risk management framework is based on

(a) Clear understanding and identification of various risks

(b) Disciplined risk assessment by evaluating the probability and impact of each risk

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and

(d) Adequate review mechanism to monitor and control risks.

The Company's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the Company are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The Company has a an established risk reporting and monitoring framework. The Company identifies and monitors risks periodically. This Process enables the company to reassess all the critical risks in a changing environment that need to be focused on.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

C. Risk governance structure:

The Company's risk governance structure operates with a well-defined Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the Company directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, review and approval of exposures with conflict of interest and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Company's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Company.

The risk management committee has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Company about risk management.

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 2023							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	72,662.12	-	-	72,662.12	72,662.12	-	-	72,662.12
(b) Investments in Security Receipts	-	-	18,294.67	18,294.67	-	-	18,294.67	18,294.67
(c) Treasury Bills	-	9,477.34	-	9,477.34	9,477.34	-	-	9,477.34
Total	**72,662.12**	**9,477.34**	**18,294.67**	**100,434.13**	**82,139.46**	**-**	**18,294.67**	**100,434.13**

** based on NAV statements and other information received from ARC and adjusted for Expected credit losses as per Model.*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	29,403.01	-	-	29,403.01	29,403.01	-	-	29,403.01
(b) Investments in Security Receipts	-	-	23,063.90	23,063.90	-	-	23,063.90	23,063.90
(c) Treasury Bills	-	-	-	-	-	-	-	-
Total	**29,403.01**	**-**	**23,063.90**	**52,466.91**	**29,403.01**	**-**	**23,063.90**	**52,466.91**

An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to investments measured at amortised cost is as follows:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	41,280.54	41,280.54	-	-	22,452.41	22,452
New assets originated or purchased	-	-	12,070.00	12,070.00	-	-	41,905.00	41,905.00
Assets derecognised or repaid (excluding write offs)	-	-	(10,479.23)	(10,479.23)	-	-	(23,076.87)	(23,076.87)
Gross carrying amount closing balance	-	-	42,871.31	42,871.31	-	-	41,280.54	41,280.54

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	18,216.64	18,216.64	-	-	3,683.50	3,683.50
Incremental provisions	-	-	6,360.00	6,360.00	-	-	14,533.14	14,533.14
Impairment loss allowance - closing balance	-	-	24,576.64	24,576.64	-	-	18,216.64	18,216.64

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 2023							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	519,561.53	519,561.53	-	-	519,561.53	519,561.53
Total	-	-	519,561.53	519,561.53	-	-	519,561.53	519,561.53

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	649,096.68	649,096.68	-	-	649,096.68	649,096.68
Total	-	-	649,096.68	649,096.68	-	-	649,096.68	649,096.68

** Discounted cash flow approach adopted for fair valuation of level 3 instruments*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

E. Credit risk

Credit risk arises when a borrower is unable to meet his contractual obligations to the lender. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a well-defined post sanction monitoring process to identify portfolio-wise credit risk trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Grouping financial assets measured on a collective basis

The company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Customer i.e. corporate and retail
- Nature of product i.e. commercial vehicle and SME

Significant increase in credit risk

The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. The retail loans where the renegotiated terms are not substantially different and involve repayment terms to be extended including interest or the EMI amount readjusted over the tenure are classified as Stage 2. In case of corporate loan the assessment of significant increase in credit risk is performed on a case to case basis. Additionally, accounts identified and reviewed by the credit committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

Restructured financial assets

A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant increase in credit risk of the borrower are classified as stage 2. Such loans continue to be in stage 2 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done.

Overview of the Expected Credit Loss principles

The Company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Company categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 91 days or more are considered as to be stage 3 assets.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company undertakes the classification of exposures within the aforesaid stages at borrower level.

Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

The calculation of ECL

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Portfolio Segmentation:

For ECL purpose, the loan portfolio is broadly segmented as below:

1) Corporate lending
2) Small and medium enterprises lending ('SME')
3) Commercial vehicle lending

Exposure-At-Default (EAD): The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets. The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans.

Forward looking information

The company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- Gross national saving
- WPI (Wholesale price index)

For the purpose of determination of impact of forward looking information, the company applies macro economic (ME) variables as stated above to each product and assess the trend of the historical probability of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3$	Total	Stage 1	Stage 2	Stage 3$	Total
Gross carrying amount opening balance	471,747.78	170,915.70	118,091.93	760,755.41	519,657.58	185,611.90	32,486.91	737,756.39
New assets originated or purchased	145,430.17	5,057.35	2,402.59	152,890.11	265,517.66	45,218.59	65,901.08	376,637.33
Assets derecognised or repaid (excluding write offs)	(198,066.54)	(38,867.37)	(42,899.86)	(279,833.77)	(142,760.23)	(67,497.13)	(48,965.25)	(259,222.61)
Transfers to stage 1	46,463.08	(37,153.75)	(9,309.33)	-	5,300.36	(5,001.58)	(298.78)	-
Transfers to stage 2	(43,252.36)	48,670.87	(5,418.51)	-	(98,365.44)	98,417.37	(51.93)	-
Transfers to stage 3	(12,016.13)	(9,809.96)	21,826.09	-	(71,513.48)	(40,619.22)	112,132.70	-
Amounts written off (net of recovery)	-	(17,484.99)	(30,527.34)	(48,012.33)	(6,088.67)	(12,677.08)	(33,744.95)	(52,510.70)
Presented under Investment as Security Receipts*	-	(4,128.44)	(7,941.56)	(12,070.00)	-	(32,537.15)	(9,367.85)	(41,905.00)
Gross carrying amount closing balance	410,306.00	117,199.41	46,224.01	573,729.42	471,747.78	170,915.70	118,091.93	760,755.41

** Presented under Investment as Security Receipts (Refer to note 31(D))*

$ Reasonable steps are being taken by the Management for recovery of the principal and interest.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Reconciliation of Impairment loss allowance is given below:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**8,773.28**	**35,328.51**	**67,556.94**	**111,658.73**	**28,167.84**	**22,067.83**	**18,275.01**	**68,510.68**
New assets originated or purchased	5,849.81	198.57	1,114.79	7,163.17	4,316.49	10,124.09	35,115.17	49,555.75
Assets derecognised or repaid (excluding write offs)	(6,704.11)	(10,742.41)	(25,490.81)	(42,937.33)	(21,596.82)	(5,546.86)	285.09	(26,858.59)
Transfers to stage 1	10,086.52	(4,851.97)	(5,234.55)	-	843.28	(718.93)	(124.35)	-
Transfers to stage 2	(1,103.15)	4,114.05	(3,010.90)	-	(1,742.35)	1,780.39	(38.04)	-
Transfers to stage 3	(1,972.07)	(1,385.26)	3,357.33	-	(951.62)	(5,190.99)	6,142.61	-
Impact on year end ECL of exposures transferred between stages during the year	(3,945.10)	2,508.11	9,976.74	8,539.75	44.83	19,507.13	21,085.33	40,637.29
Amounts written off (net of recovery)	(64.73)	(7,435.21)	(22,756.49)	(30,256.43)	(308.37)	(6,694.15)	(13,183.88)	(20,186.40)
Impairment loss allowance - closing balance	**10,920.45**	**17,734.39**	**25,513.05**	**54,167.89**	**8,773.28**	**35,328.51**	**67,556.94**	**111,658.73**

F. Liquidity risk

Liquidity is the Company's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the company's financial conditions. The Asset Liability Management Policy of the Company stipulates a broad framework for Liquidity risk management to ensure that the Company can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Company tracks the cash flow mismatches for measuring and managing net funding requirement and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the company is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Company. Basis the liquidity position assessed under various stress scenarios; the Company reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

Maturity profile of cash flows for financial liabilities as on balance sheet date have been provided below:

As on 31 March 2023

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	735.25	-	-	-	735.25
Debt securities	14,336.24	17,674.11	78,876.60	-	110,886.95
Borrowings (other than debt securities)	47,238.71	109,717.16	191,165.08	22,300.49	370,421.44
Other financial liabilities	25,089.75	418.18	2,167.76	535.42	28,211.11
Total	**87,399.95**	**127,809.45**	**272,209.44**	**22,835.91**	**510,254.75**

Footnote:

Notes:

- *The above inflows and outflows is based on scheduled maturity of the financial instruments.*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

- *The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 7,486.11 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.*
- *in addition to above ₹ 60,321.50 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenants.*
- *Also refer note Note 42*

As on 31 March 2022

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	269.03	-	-	-	269.03
Debt securities	67,534.81	91,058.72	39,200.09	-	197,793.62
Borrowings (other than debt securities)	47,231.97	107,303.50	164,747.78	31,221.57	350,504.82
Other financial liabilities	41,687.86	690.52	1,983.56	512.73	44,874.67
Total	**156,723.67**	**199,052.74**	**205,931.43**	**31,734.30**	**593,442.14**

G. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework.

H. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Company are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Company has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis. To manage fraud risk effectively, the Company has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

I. Capital Disclosure

The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our regulator, Reserve Bank of India ('RBI'). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Company has adopted a dividend distribution policy and the Board reviews the capital position on a regular basis.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
CRAR – Tier I capital (%)	31.5%	25.8%
CRAR – Tier II capital (%)	0.0%	0.0%
CRAR (%)	**31.5%**	**25.8%**

Note 32

Related Party disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

I. **Ultimate Controlling Party**
Brookfield Asset Management Inc.

II. **Holding Company**
BCP V Multiple Holdings Pte. Ltd.

III. **Subsidiary Company**
IndoStar Asset Advisory Private Limited
IndoStar Home Finance Private Limited

IV. **Names of other related parties with whom the Company had transactions during the year:**
Key Managerial Personnel
Karthikeyan Srinivasan - CEO (from 14 February 2023); Whole time director (from 30 March 2023)
Deep Jaggi - CEO (upto 14 February 2023)
R. Sridhar - Vice-Chairman; (upto 17 April 2022)
Bobby Parikh - Non-Executive Independent Director
Hemant Kaul - Non-Executive Independent Director
Naina Krishna Murthy - Non-Executive Independent Director

b) Transactions with Holding Company

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Conversion of CCPS held by Holding Company to Equity shares of the Company	-	1,206.90
Dividend paid on CCPS to Holding Company	-	5,849.32
Upfront Fees Paid	4,018.68	-

c) Transactions with key management personnel:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Short-term employee benefits	209.11	305.57
Sitting fees to Non-Executive Independent Directors	40.54	58.97
Reimbursement of expenses	0.37	9.00

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits, bonus provision and contributions to post-employment defined benefit plan.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

d) Transactions other than those with key management personnel:

Particulars		Subsidiary Companies
Recovery of expenses	2023	2,007.29
	2022	1,140.67
Investment in subsidiary	2023	-
	2022*	25,000.00
Loan given to subsidiary	2023	9,000.00
	2022	37,500.00
Loan (repaid) to subsidiary	2023	(9,000.00)
	2022	(75,500.00)
Interest income on loan to subsidiary	2023	299.52
	2022	2,410.16

** Conversion of loan into Equity shares of subsidiary during the year ended 31 March 2022*

e) The related party balances outstanding at year end are as follows:

Particulars		Holding Company	Subsidiary Companies	Key Managerial Personnel*
Investment in subsidiary	2023	-	45,271.60	-
	2022	-	45,246.51	-
Reimbursement of expenses	2023	1,351.37	2,329.98	-
	2022	-	1,197.51	-
Loans outstanding	2023	-	-	2,500.00
	2022	-	-	2,500.00

** interest free loan receivable from KMP (upto 17 April 2022)*

Note 33

Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Type of Services or service		
Syndication, advisory & other fees	4,706.70	3,846.81
Total revenue from contracts with customers	**4,706.70**	**3,846.81**
Geographical markets		
India	4,706.70	3,846.81
Outside India	-	-
Total revenue from contracts with customers	**4,706.70**	**3,846.81**
Timing of revenue recognition		
Services transferred at a point in time	4,706.70	3,846.81
Services transferred over time	-	-
Total revenue from contracts with customers	**4,706.70**	**3,846.81**

Note 34

Contingent liabilities and Commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Contingent liabilities:		
Corporate guarantee given by Company to banks	2,875.00	4,125.00
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	291.55	102.21
Loans sanctioned not yet disbursed	43,254.53	21,751.49

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 35

Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	3,467.38	2,771.14
Add: Adjustments/additions during the year	1,010.62	2,659.71
Add: Interest on lease liability	306.33	311.00
Less: Deletions	(720.55)	(900.57)
Less: Lease rental payments	(1,314.75)	(1,373.90)
	2,749.03	**3,467.38**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2023	As at 31 March 2022
Not later than one year	785.94	1,250.51
Later than one year but not later than five years	2,141.91	2,562.85
Later than five years	604.93	652.50
	3,532.78	**4,465.86**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2023	As at 31 March 2022
Lease liability		
Less than 12 months	545.84	971.09
More than 12 months	2,203.19	2,496.29
	2,749.03	**3,467.38**

Note 36

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

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED:

Particulars	As at 31 March 2023	As at 31 March 2022
a. Principal and interest amount remaining unpaid	7.62	30.15
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	0.07	-
e. Interest accrued and remaining unpaid	-	-
f. 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 enterprises	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Company during the year to the suppliers registered under this Act.

Ageing analysis of Trade Payable

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	7.62	-	-	-	7.62
(ii) Others	695.93	31.70	-	-	727.63
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	26.78	3.37	-	-	30.15
(ii) Others	176.29	16.59	-	46.00	238.88
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Note 37

Gratuity and other post-employment benefit plans:

The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

Particulars	As at 31 March 2023	As at 31 March 2022
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	361.96	455.70
Fair value of plan assets as at the end of the year	4.36	4.09
Net (asset) / liability to be recognized in the balance sheet	**357.60**	**451.61**
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	455.70	457.11
Current service cost	146.28	138.87
Past service cost	-	-
Interest cost	30.32	27.89
Benefits paid	(146.37)	(109.24)
Actuarial (gain) / loss on obligation	(123.97)	(58.93)
Projected benefit obligation at the end of the year	**361.96**	**455.70**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	4.09	3.84
Return on plan assets	5.07	3.52
Actuarial gain/(loss)	(4.80)	(3.27)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**4.36**	**4.09**
D. Amount recognised in the statement of profit and loss		
Current service cost	146.28	138.87
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	25.24	24.37
Expenses recognised in the statement of profit and loss	**171.52**	**163.24**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(3.61)	(24.78)
- change in demographic assumption	(60.92)	-
- experience variation	(59.44)	(34.15)
Return on plan assets, excluding amount recognised in net interest expense	4.80	3.27
	(119.17)	**(55.66)**
F. Assumptions used		
Discount rate	7.30%	6.95%
Salary growth rate	6.00%	6.00%
Withdrawal rate	50% at younger ages reducing to 10% at older ages	10% at younger ages reducing to 6% at older ages

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	356.94	367.14	436.64	476.20
Salary growth rate (0.5% movement)	367.20	357.07	474.31	438.06
Withdrawal rate (10% movement)	355.80	368.55	454.73	456.42

H. Other information:

1. Plans assets comprises 100% of Insurance funds.
2. The expected contribution for the next year is ₹ 88.61 lakhs.
3. The average outstanding term of the obligations as at valuation date is 3.07 years.
4. The above disclosure is based on report and assumptions provided by the actuary and has been relied upon by the Auditors.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 38

Employee stock option plans

The Company provides share-based employee benefits to the employees of the Company, Subsidiary Company, the Directors, whether a whole time Director or otherwise but excluding Non-Executive Independent Directors, including the Directors of the 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 2023, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at 31 March 2023, the Company has the following share-based payment arrangements:

Share option plans (equity settled)

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.

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	09-May-16	17-Oct-16	28-Apr-17	15-Dec-17
Total Number of Options approved	1,500,000	2,700,000	3,000,000	2,000,000	6,000,000
Vesting Requirements	Vesting Criteria will specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options. For valid vesting of Options, the concerned Option Holder is required to be an Eligible Employee on the respective Vesting Date and must neither be serving his/her notice period for termination of service nor be subject to any disciplinary proceedings pending against him/her. Unless the NRC provides otherwise, the Vesting of Options granted hereunder shall be stalled / blocked during any unauthorised and unpaid leave of absence for such period as may prescribed by NRC or for any Cause as deemed fit by the NRC.				
The Pricing Formula	Options can be Exercised at any of the following Exercise Price, as may be determined by the NRC at its sole discretion at the time of grant of Options: (i) Fair Market Value rounded to the nearest rupee; or (ii) Market Price rounded to the nearest rupee; or (iii) such price as may be determined by the NRC. However, the Exercise Price shall not be less than the Fair Market Value of the Shares.				
Maximum term of Options granted (years)	Options granted under the ESOP Plans would vest not less than 1 (one) year from the date of grant of Options. Options shall be capable of being exercised within a period of 4 years from the Date of Vesting.				
Method of Settlement	Equity				
Source of shares	Primary				
Variation in terms of ESOP	None				
Method used for accounting of options	Fair Value Method				

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

II. Option Movement during the year ended March 2023

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of Options Outstanding at the beginning of the year	35,700	1,510,500	348,000	1,719,500	3,027,500
Options Granted during the year	-	984,500	-	-	-
Options Forfeited / Lapsed during the year	-	582,000	201,500	1,489,500	2,629,000
Options Exercised during the year	-	-	-	-	-
Total number of shares arising as a result of exercise of options	-	-	-	-	-
Money realised by exercise of options (₹ Lakhs)	-	-	-	-	-
Number of Options Outstanding at the end of the year	35,700	1,913,000	146,500	230,000	398,500
Number of Options exercisable at the end of the year	13,200	332,000	146,500	230,000	163,500
Weighted average market price of options exercised for the year ended 31 March 2023 (₹)	-	-	-	-	-

III. Option Movement during the year ended March 2022

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of Options Outstanding at the beginning of the year	10,700	512,500	378,000	1,729,500	3,023,000
Options Granted during the year	25,000	1,453,000	-	-	250,000
Options Forfeited / Lapsed during the year	-	205,000	-	10,000	245,500
Options Exercised during the year	-	250,000	30,000	-	-
Total number of shares arising as a result of exercise of options	-	250,000	30,000	-	-
Money realised by exercise of options (₹ Lakhs)	-	562.50	76.50	-	-
Number of options Outstanding at the end of the year	35,700	1,510,500	348,000	1,719,500	3,027,500
Number of Options exercisable at the end of the year	7,700	158,900	303,600	174,600	404,200
Weighted average market price of options exercised for the year ended 31 March 2022 (₹)	-	300.12	309.57	-	-

IV. Weighted Average remaining contractual life

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of Exercise Price (₹ per share)	149.37 - 437.00	139.00 - 437.00	255.00 - 328.00	437.00	288.20 - 437.00
No. of Options Outstanding as on 31 March 2023	35,700	1,913,000	146,500	230,000	398,500
Contractual Life (in years)	4.75	3.76	1.57	2.79	3.18

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

V. Method and Assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model.

The assumptions used in the model are as follows:

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
1. Risk Free Interest Rate	NA	6.25%	NA	NA	NA
2. Expected Life(in years)	NA	3.95	NA	NA	NA
3. Expected Volatility	NA	40.68%	NA	NA	NA
4. Dividend Yield	NA	0.0%	NA	NA	NA
5. Exercise Price	NA	141.67	NA	NA	NA
6. Price of the underlying share in market at the time of the option grant.(₹)	NA	141.48	NA	NA	NA

VI. Effect of share-based payment transactions on the Company's Profit or Loss for the year:

Particulars	As at 31 March 2023	As at 31 March 2022
Employee share based expense	(4,375.16)	1,955.84
Total ESOP reserve outstanding	2,074.82	7,081.96

Note 39 - Disclosure pursuant to Ind AS 108 'Operating Segments'

The Company is primarily engaged in business of financing and has provided segmental information in the Consolidated Financial Statements as per Ind AS 108 - Operating Segments.

Note 40 - Maturity pattern of Assets and Liabilities

An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	Note	As on 31 March 2023			As on 31 March 2022		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	16,500.70	-	16,500.70	7,180.23	-	7,180.23
Bank balances other than cash and cash equivalents	4	21.50	20,322.00	20,343.50	985.01	37,882.94	38,867.95
Loans	5	169,778.20	349,783.33	519,561.53	137,947.07	511,149.61	649,096.68
Investments	6	82,139.46	63,566.27	145,705.73	29,403.01	68,310.41	97,713.42
Other financial assets	7	4,346.08	29,073.48	33,419.56	2,297.07	6,659.36	8,956.43
Non-financial assets							
Current tax assets (net)	8	-	5,376.00	5,376.00	-	6,636.87	6,636.87
Deferred tax assets (net)	9	-	31,643.62	31,643.62	-	31,669.41	31,669.41
Property, plant and equipment	10	-	4,788.71	4,788.71	-	6,938.06	6,938.06
Assets acquired in satisfaction of claim	11	-	1,300.00	1,300.00	1,300.00	-	1,300.00
Goodwill		-	30,018.69	30,018.69	-	30,018.69	30,018.69
Intangible assets	12	-	2,034.77	2,034.77	-	1,103.75	1,103.75
Other non-financial assets	13	2,813.23	421.26	3,234.49	2,945.40	-	2,945.40
TOTAL ASSETS		**275,599.17**	**538,328.13**	**813,927.30**	**182,057.79**	**700,369.10**	**882,426.89**

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	Note	As on 31 March 2023			As on 31 March 2022		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities*							
Trade payables	14	735.25	-	735.25	269.03	-	269.03
Debt securities	15	32,010.36	78,876.59	110,886.95	158,593.53	39,200.09	197,793.62
Borrowings (other than debt securities)	16	156,955.87	213,465.57	370,421.44	154,535.46	195,969.36	350,504.82
Other financial liabilities	17	25,507.93	2,703.18	28,211.11	42,378.38	2,496.29	44,874.67
Non-financial liabilities							
Provisions	18	128.08	337.58	465.66	192.74	419.29	612.03
Other non-financial liabilities	19	951.60	-	951.60	571.06	-	571.06
TOTAL LIABILITIES		216,289.09	295,382.92	511,672.01	356,540.20	238,085.03	594,625.23

** also refer note 31(G)*

Note 41 - Other notes

Note 41.1

As indicated in the prior reporting periods, the Company engaged a leading professional services firm to assist it in undertaking a review of its loan portfolio. The final findings of this review were submitted to the Audit Committee on August 5, 2022. The Company made incremental ECL provisions based, among others, on the findings of this review in its financial statements for the financial year ended March 31, 2022. (also refer note 41.2 to the financial statements).

The Company subsequently engaged a leading law firm, to carry out a review for undertaking root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including of control gap/control override and individuals involved) focusing on the Company's commercial vehicles and SME businesses ("Conduct Review"). The final findings of this review were submitted to the Audit Committee.

The Company, under the guidance and supervision of the Audit Committee, has completed its review of the findings thereon, and has taken necessary remedial and accountability measures. Among others, the Company has initiated measures to strengthen controls and improve the process and control environment of the Company including by way of senior managerial level changes and appointments, improving entity level controls, policy related changes, process improvements and technological enhancements. The Company has also concluded that with respect to the findings in the Conduct Review Report, there is no further reporting requirement under the Companies Act, 2013.

Note 41.2

In the financial statements for the year ended 31 March 2022, the Company had made incremental provision for expected credit loss (ECL) allowances on account of certain deficiencies in the Company's internal controls that were identified during this period. Considering that these control deficiencies have since been remediated during the current year and the findings of the Conduct Review have been adequately evaluated (refer note 41.1), no incremental provisioning is considered necessary during the year ended 31 March 2023.

Although the possibility that the control deficiencies that were identified could potentially have had an impact on the financial statements for periods ending prior to 1 April, 2021, the Company had concluded that it was impracticable to determine the prior period – specific effects, if any, in respect of the charge to the Statement of Profit and Loss on account of the following:

(i) impairment allowance on loan assets and investment in security receipts;

(ii) loan assets written off; and

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(iii) changes in fair value of financial guarantee contracts

when it finalised its financial statements for the year ended 31 March 2022 because significant judgements had been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

Consequent to the above, in respect of such account balances, related income and the related disclosures, the figures for the year ended 31 March 2023 may not be strictly comparable with the figures for the year ended 31 March 2022.

Note 41.3 - Going Concern

As at 31 March 2023, the Company has equity which is significantly in excess of the minimum Capital Risk Adequacy Ratio (CRAR) that has been stipulated by the Reserve Bank of Indian (RBI) (including the proportion of Tier I Capital). Its liquid assets as of that date are also significantly in excess of the minimum stipulated by the RBI. Based on the Company's forecast of cashflows over the twelve months following 31 March 2023, the available liquid assets and the expected cash inflows would be sufficient to meet its liabilities even under a stressed scenario. Additionally, during the year ended 31 March 2023 and till the adoption of these financial statements, the Company has been successful in raising additional debt of ₹ 4,58,698.46 lakhs from banks and financial institutions and through securitisation (including ₹ 25,500.00 lakh subsequent to the balance sheet date). In view of the above, the Management has concluded that no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern exist as on the date of the balance sheet.

Note 41.4

In relation to the loans portfolio, the Management has on a best effort basis and knowledge, has not identified transactions with Nil financiers (previous year approximately 32) aggregating ₹ Nil (previous year ₹ 21,461.69 lakhs) used for refinancing loans of the customers.

The Company respectfully submits that it is unable to provide the disclosure relating to these transactions in the format as required under Division III of the Schedule III of the Companies Act, 2013 as the transactions are individually small and voluminous.

Note 41.5

The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered:

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

b) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

c) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

d) The Company has not entered into any scheme of arrangement.

e) Charges or satisfaction to be registered with Registrar of Companies (ROC) have been registered within the stipulated statutory timelines.

f) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 42- Asset liability management

Particulars	1 to 7 days	8 to 14 days	15 to 30 days	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	437.35	1,353.90	2,879.12	19,769.29	14,884.61	36,158.99	39,403.65	135,510.39	8,453.57	-
Market borrowings	-	-	-	9,189.02	13,061.67	13,758.96	38,069.66	122,221.25	3,856.47	22,300.49
Assets:										
Loans & advances (gross)	6,326.22	2,162.81	9,975.81	14,731.69	16,489.99	45,106.01	92,686.23	242,020.26	45,942.67	98,287.73
Investments	82,139.46	-	-	-	-	-	-	-	18,294.67	45,271.60

Notes:

- The above inflows and outflows is based on scheduled maturity of the financial instruments.

- The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 7,486.11 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.

- in addition to above ₹ 60,321.50 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenants.

In addition to the investments shown in the table above, the Company also has cash and cash equivalents as mentioned below and undrawn funding lines amounting to ₹ 13,500.00 lakhs

- Cash & Cash Equivalents (refer note 3)	16,500.70
- Bank balances other than cash and cash equivalents (refer note 4)	20,343.50
Total	**36,844.20**

Note 43 Exposure to real estate sector

Category	As at 31 March 2023	As at 31 March 2022
A Direct exposure		
i. Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to 15 lakhs ₹ NIL. (Previous year ₹ NIL)	78,619.90	111,973.95
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;	155,425.59	157,337.55
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	Nil	Nil
- Commercial Real Estate	Nil	Nil
B Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	50,474.53	49,370.51

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 44- Exposure to capital market

	Category	As at 31 March 2023	As at 31 March 2022
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;	-	-
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)	-	-
9	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
10	Financing to stockbrokers for margin trading	-	-
11	All exposures to Alternative Investment Funds:		
	i Category I	-	-
	ii Category II	-	-
	iii Category III	-	-

Note 45- Other disclosures pursuant to the RBI Master Directions, 2016

I Break up of 'Provisions and Contingencies' shown under the head Expenditure in statement of profit or loss

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1	Provisions for depreciation on Investment	6,360.00	14,533.14
2	Provision towards NPA#	(42,043.89)	49,281.93
3	Provision made towards Income tax	-	-
4	Other Provision and Contingencies	(894.95)	1,132.03
5	Provision for Standard Assets and other receivable*	(15,446.95)	(7,633.87)

 # represents provision on Stage 3 assets

** represents provision on Stage 1, Stage 2 and other receivables (net off amount transferred for provision towards NPA)*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

II Concentration of Advances

Particulars		As at 31 March 2023	As at 31 March 2022
1	Total Advances to twenty largest borrowers	128,625.09	165,504.12
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	22.4%	21.8%

III Concentration of Exposures

Particulars		As at 31 March 2023	As at 31 March 2022
1	Total Exposure to twenty largest borrowers /customers	171,733.50	184,097.53
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	27.8%	23.5%

IV Concentration of NPAs

Particulars		As at 31 March 2023	As at 31 March 2022
1	Total Exposure to top four NPA accounts	2,369.23	6,882.17

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

Particulars		As at 31 March 2023	As at 31 March 2022
1	Agriculture and allied activities	4.57%	3.48%
2	MSME	14.37%	4.71%
3	Corporate borrowers	-	13.56%
4	Services	6.42%	15.42%
5	Unsecured personal loans	-	-
6	Auto loans	5.38%	29.12%
7	Other personal loans	-	-

Note: Sector wise classification of NPA is compiled by the Management from internal MIS and relied by the Auditors.

VI Movement of NPAs

Particulars	As at 31 March 2023	As at 31 March 2022
Net NPAs to Net Advances (%)	3.78%	7.29%
Movement of NPAs (Gross)		
Opening balance	118,091.93	32,486.91
Additions during the year/period	24,228.68	178,033.78
Reductions during the year/period	(96,096.60)	(92,428.76)
Closing balance	46,224.01	118,091.93
Movement of Net NPAs		
Opening balance	50,534.98	14,211.90
Additions during the year/period	9,779.83	115,690.67
Reductions during the year/period	(39,603.85)	(79,367.58)
Closing balance	20,710.96	50,534.98

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	67,556.94	18,275.01
Provisions made during the year/period	14,448.86	62,343.11
Write-off / write-back of excess provisions	(56,492.75)	(13,061.18)
Closing balance	25,513.05	67,556.94

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

VII Details of assignment transactions undertaken during the period:

(including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021)

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1	No. of accounts	108.00	-
2	Aggregate value (net of provisions) of accounts assigned	9,838.25	-
3	Aggregate consideration	9,838.25	-
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / loss over net book value	-	-

VIII (A) Details of financial assets sold to Asset Reconstruction/Securitisation Companies during the period:

	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1	No. of accounts	8,295	11,704
2	Aggregate value (net of provisions) of accounts assigned	37,239.00	42,800.00
3	Aggregate consideration	37,239.00	49,300.00
4	Additional consideration realized in respect of accounts transferred in earlier years	-	-
5	Aggregate gain / (loss) over net book value	-	-

VIII (B) Details of stressed loan transferred during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	To Asset Reconstruction Companies (ARC)	
		NPA	SMA
1	Number of accounts	4,820	3,475
2	Aggregate principal outstanding of loans transferred	48,195	26,141
3	Weighted average residual tenor of the loans transferred (in months)	31	24
4	Net book value of loans transferred (at the time of transfer)	23,276	13,963
5	Aggregate consideration	23,276	13,963
6	Additional consideration realised in respect of accounts transferred in earlier years	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

VIII (C) Details of stressed loans acquired during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	From lenders listed Clause 3	
		NPA	SMA
1	Aggregate principal outstanding of loans acquired	-	4,588.98
2	Aggregate consideration paid	-	4,588.98
3	Weighted average residual tenor of loans acquired (in months)	-	39

VIII (D) Details of loans not in default acquired during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	For the year ended 31 March 2023
1	No. of accounts	2,052.00
2	Aggregate value of accounts acquired ₹ in Lakhs	5,927.65
3	Weighted average maturity (months)	49.94
4	Weighted average holding period (months)	NA
5	Retention of beneficial economic interest (in %)	90%
6	Coverage of tangible security (in %)	100%
7	Rating-wise distribution of rated loans	NA

VIII (E) Details of loans not in default transferred during the year including in terms of Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021, dated September 24, 2021

	Particulars	For the year ended 31 March 2023
1	No. of accounts	108
2	Aggregate value (net of provisions) of accounts assigned ₹ in Lakhs	9,838.25
3	Aggregate consideration	9,838.25
4	Additional consideration realized in respect of accounts transferred in earlier years	-
5	Aggregate gain / loss over net book value	-
6	Weighted average maturity (No. of Years)	13.41
7	Weighted average holding period (months)	13.00
8	Retention of beneficial economic interest	10.00%

VIII (F) - Details of STC securitisation transactions

(in terms of Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021)

	Particulars	As at 31 March 2023	As at 31 March 2022
1	No of SPVs sponsored by the NBFC for securitisation transactions	5.00	4.00
2	Total amount of securitised assets as per books of the SPVs sponsored	91,032.17	53,875.59
3	Total amount of exposures retained by the NBFC towards the MRR as on the date of balance sheet		
	(I) Off-balance sheet exposures towards Credit Enhancements	30,461.72	8,537.10
	(II) On-balance sheet exposures towards Credit Enhancements	-	-
	Amount of exposures to securitisation transactions	-	
4	Other than MRR		
	(I) Off-balance sheet exposures towards Credit Enhancements		
	a) Exposure to own securitizations	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

	Particulars	As at 31 March 2023	As at 31 March 2022
	b) Exposure to third party securitisations	-	-
	(II) On-balance sheet exposures towards Credit Enhancements		
	a) Exposure to own securitisations	931.83	931.83
	b) Exposure to third party securitisations	-	-
5	Sale Consideration received for the securitised assets and gain/ loss on sale on account of securitisation		
	a) Sale Consideration received	148,324.27	60,625.81
	b) gain/loss on sale on account of securitisation	-	-
6	Form & quantum of Services Provided:		
	a) Collection Agent Fees	57.37	10.26
7	Performance of facility provided		
	I) Credit Enhancement		
	(a) Amount Paid	30,461.72	8,537.10
	(b) Repayment Received	-	-
	(c) Outstanding Amount	30,461.72	8,537.10
	II) Collection Agent fees		
	(a) Amount Paid	57.37	10.26
	(b) Repayment Received	(57.37)	(10.26)
	(c) Outstanding Amount	-	-
8	Amount and number of additional/top up loan given on the same underlying asset	-	-
9	Investor Complaints		
	(a) Directly/Indirectly received	-	-
	(b) Complaints Outstanding	-	-

** The Company determines average rate of default on the entire portfolio of the product. Consequently, average rate of default for a selected pool under securitisation is not available*

IX Customer Complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

	Particulars	As at 31 March 2023	As at 31 March 2022
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	9	29
2	Number of complaints received during the year	687	407
3	Number of complaints disposed during the year	694	427
	3.1 Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	2	9
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	158	134
	5.1. Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
	5.2 Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	-	1
	5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	1	2
6	Number of Awards unimplemented within the stipulated time	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

2) Top five grounds of complaints received by the NBFCs from customer

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
		As at 31 March 2023			
Loans & Advances	1	120	-	-	-
NOC	-	73	-	-	-
Credit Score	2	66	-	-	-
Settlement	3	51	-	-	-
Service issue/ Misbehaviour of employee	1	44	-	-	-
Others	2	333	-	2	2
Totals	**9**	**687**	**-**	**2**	**2**

Footnote :

i) Current year being the first year of applicability of above disclosure, figures for column 4 in above tables are not disclosed.

ii) The above information of customer complaints is disclosed based on the information maintained at the corporate level by the Management on internal MIS and has been relied upon by the Auditors.

X Investments

Particulars	As at 31 March 2023	As at 31 March 2022
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	170,282.37	115,930.06
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	24,576.64	18,216.64
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	145,705.73	97,713.42
(b) Outside India	-	-
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	18,216.64	3,683.50
(ii) Add: Provisions made during the year	6,360.00	14,533.14
(iii) Less: Write-off/ write-back of excess provision during the year	-	-
(iv) Closing balance	24,576.64	18,216.64

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

XI Registration obtained from other financial sector regulators: None

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

As per Reserve Bank of India CIRCULAR NO. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22, limit for SBL and GBL have been revised with effective from 1 October, 2022. As per the revised limit, there are no loans outstanding which exceeds SBL and GBL limit.

XIII Details of financing of parent Company products: None

XIV Disclosure of penalties imposed by RBI and other regulators:

Current year ₹ 54.20 lakhs excluding taxes paid to Stock exchanges relating to "Minimum Public Shareholding (MPS) Requirements" (previous year 26.70 lakhs) and others -₹ 3.60 lakhs excluding taxes (previous year -Nil)

XV Draw down from reserves: None

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

Sr. No.	Instruments	Credit Rating Agency	As at 31 March 2023	As at 31 March 2022
1	Commercial Paper	CARE	A1+	A1+
		ICRA	A1+	A1+
		CRISIL	A1+	A1+
2	Long Term Facilities	CARE	A+	AA-
		CRISIL	AA-	AA-
3	NCD	CARE	A+	AA-
		CRISIL	AA-	-

XVII (A) Unsecured Advances against intangible securities: None

XVII (B) Off-balance Sheet Sponsored SPV: None

XVII (C) Fraud committed against the company:

Particulars		31 March 2023	31 March 2022
1	No. of cases of fraud reported during the year	-	2
2	Amount involved (₹ In Lakhs)	-	391.92
3	Amount recovered (₹ In Lakhs)	-	-
4	Amount written off (₹ In Lakhs)	-	391.92

Note: The above information is based on FMR 1 reported to RBI

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

XVIII Disclosures of restructured accounts

Sr. No.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others*#					Total
Asset Classification			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured account as on 1 April 2022 (Opening Figures)	Number of Borrowers	-	-	-	-	-	2,354	2,655	-	-	5,009	5,009
		Amount Outstanding	-	-	-	-	-	40,294.48	37,306.20	-	-	77,600.68	77,600.68
		Provision Thereon	-	-	-	-	-	8,622.59	19,531.34	-	-	28,153.93	28,153.93
2	Fresh Restructuring during the year -(Net of closure and repayment)	Number of Borrowers	-	-	-	-	-	2	85	-	-	87	87
		Amount Outstanding	-	-	-	-	-	0.21	30.09	-	-	30.30	30.30
		Provision Thereon	-	-	-	-	-	0.09	16.84	-	-	16.93	16.93
3	Repaid out of opening	Number of Borrowers	-	-	-	-	-	1,391	366	-	-	1,757	1,757
		Amount Outstanding	-	-	-	-	-	(3,675.43)	(545.29)	-	-	(4,220.72)	(4,220.72)
		Provision Thereon **	-	-	-	-	-	(3,186.95)	2,211.14	-	-	(975.81)	(975.81)
4	Upgradations to restructured standard category during the year	Number of Borrowers	-	-	-	-	-	524	(524)	-	-	-	-
		Amount Outstanding	-	-	-	-	-	4,578.88	(4,578.88)	-	-	-	-
		Provision Thereon	-	-	-	-	-	2,442.40	(2,442.40)	-	-	-	-
5	Restructured Standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
6	Downgradations of restructured accounts during FY 22-23 (Slipped to NPA as on 31 March 2023) - npa	Number of Borrowers	-	-	-	-	-	(205)	205	-	-	-	-
		Amount Outstanding	-	-	-	-	-	(3,542.75)	3,542.75	-	-	-	-
		Provision Thereon	-	-	-	-	-	(536.79)	536.79	-	-	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Sr. No.	Type of restructuring		Under CDR Mechanism / SME Debt Restructuring Mechanism					Others*#					Total
Asset Classification			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
7	Write-offs of the restructured accounts during FY 22-23	Number of Borrowers	-	-	-	-	-	1,014	1,616	-	-	2,630	2,630
		Amount Outstanding	-	-	-	-	-	(4,705.45)	(11,353.53)	-	-	(16,058.98)	(16,058.98)
		Provision Thereon	-	-	-	-	-	(2,342.34)	(7,403.04)	-	-	(9,745.38)	(9,745.38)
8	Closed / Paid-up POS of the restructured accounts during FY 22-23	Number of Borrowers	-	-	-	-	-	1,257	1,807	-	-	3,064	3,064
		Amount Outstanding	-	-	-	-	-	(7,484.58)	(10,646.17)	-	-	(18,130.75)	(18,130.75)
		Provision Thereon	-	-	-	-	-	(2,682.47)	(6,569.46)	-	-	(9,251.93)	(9,251.93)
9	Restructured account as on 31 March 2023 (Closing Figures)	Number of Borrowers	-	-	-	-	-	1,326	510	-	-	1,836	1,836
		Amount Outstanding	-	-	-	-	-	25,465.36	13,755.17	-	-	39,220.53	39,220.53
		Provision Thereon	-	-	-	-	-	2,316.53	5,881.21	-	-	8,197.74	8,197.74

**Includes restructuring covered under RBI Restructuring Circulars.*

 # The above amount represents principal outstanding of restructured loans.

***Includes impact of changes to models and inputs used*

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 46- DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/170 DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS#	Loss Allowances (Provisions) as required under Ind AS 109#	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	406,567.75	10,501.18	396,066.57	1,652.27	8,848.91
	Stage 2	114,149.66	16,949.25	97,200.41	3,694.20	13,255.05
Subtotal		**520,717.41**	**27,450.43**	**493,266.98**	**5,346.47**	**22,103.96**
Non-Performing Assets (NPA)						
Substandard	Stage 1	3,738.23	419.28	3,318.95	373.82	45.46
Substandard	Stage 2	3,049.77	785.13	2,264.64	304.98	480.15
Substandard	Stage 3	17,342.59	9,288.80	8,053.79	1,435.39	7,853.41
Subtotal for Substandard		**24,130.59**	**10,493.21**	**13,637.38**	**2,114.19**	**8,379.02**
Doubtful - up to 1 year	Stage 3	26,304.83	14,528.77	11,776.06	4,972.24	9,556.53
1 to 3 years	Stage 3	1,269.96	774.76	495.20	362.86	411.90
More than 3 years	Stage 3	1,306.63	920.72	385.91	659.07	261.65
Subtotal for doubtful		**28,881.42**	**16,224.25**	**12,657.17**	**5,994.17**	**10,230.08**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**53,012.01**	**26,717.46**	**26,294.55**	**8,108.36**	**18,609.10**
Total		**573,729.42**	**54,167.89**	**519,561.53**	**13,454.83**	**40,713.06**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	-	0.80	(0.80)	-	0.80
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**0.80**	**(0.80)**	**-**	**0.80**
Total	Stage 1	410,305.98	10,921.26	399,384.72	2,026.09	8,895.17
	Stage 2	117,199.43	17,734.38	99,465.05	3,999.18	13,735.20
	Stage 3	46,224.01	25,513.05	20,710.96	7,429.56	18,083.49
	Total	**573,729.42**	**54,168.69**	**519,560.73**	**13,454.83**	**40,713.86**

 # includes securitised loans in the scope of Ind-AS 109 and impairment loss allowance thereon.

Footnote - Sub Standard assets includes Stage 1 and Stage 2 assets considered as NPA for the limited purpose of regulatory disclosures and not assessed as credit impaired under Ind AS.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 47 - Disclosure persuant to Liquidity Risk Management Framework for NBFC

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Deposits	% of Total Liabilities
1	20	346,085.00	N/A	86.40%

(ii) Top 20 large deposits (amount in ₹ crore and % of total deposits) - Not applicable

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits

(iii) Top 10 borrowings

Total Amount[1]	% of Total Borrowings
281,824.00	76.13%

(iv) Funding concentration based on significant instrument/product

Sr. No.	Nature of instrument	Amount	% of Total Liabilities
1	Term Loan	233,066.81	58.19%
2	Non-Convertible Debentures	110,886.95	27.68%
3	Working Capital	25,784.06	6.44%

(v) Stock ratios

Sr. No.	Particulars	Ratios
1	**Commercial papers**	
	- as a % of total public funds	Nil
	- as a % of total liabilities	Nil
	- as a % of total assets	Nil
2	**Non-convertible debentures (original maturity of less than one year)**	
	- as a % of total public funds	Nil
	- as a % of total liabilities	Nil
	- as a % of total assets	Nil
3	**Other short-term liabilities**	
	- as a % of total public funds	7.25%
	- as a % of total liabilities	6.70%
	- as a % of total assets	3.82%

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has instituted the Asset Liability Management Committee to monitor and manage liquidity risk inter-alia by way of monitoring the asset liability composition, reviewing the liquidity and borrowing program of the Company, setting-up and monitoring prudential limits on negative mismatches w.r.t. liquidity and interest rate and forecasting and analysing 'what if scenario' and preparation of contingency plans. Further, the Audit Committee and the Risk Management Committee as a part of evaluation of the overall risks faced by the Company evaluate the liquidity risk faced by the Company.

Footnote - Amount of Securitization is excluded from total borrowing, total assets, total liabilities and public funds.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 48 - Liquidity coverage ratio:

	Particulars	Q1 FY 2022-23		Q2 FY 2022-23		Q3 FY 2022-23		Q4 FY 2022-23	
		Amounts (Average)		Amounts (Average)		Amounts (Average)		Amounts (Average)	
		Unweighted (average)1	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]	Unweighted (average)[1]	Weighted (average)[2]
	High Quality Liquid Assets								
1	**Total High Quality Liquid Assets (HQLA)[3]**	8,222.35	8,222.35	17,419.95	17,419.95	17,509.11	17,509.11	15,992.49	15,992.49
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured funding	-	-	-	-	-	-	-	-
4	Secured funding	39,233.60	45,118.64	47,880.04	55,062.04	17,352.31	19,955.16	15,178.73	17,455.53
5	Additional requirements, of which	6,773.08	7,789.04	10,645.16	12,241.94	14,809.78	17,031.25	20,411.04	23,472.70
(i)	Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	6,773.08	7,789.04	10,645.16	12,241.94	14,809.78	17,031.25	20,411.04	23,472.70
6	Other contractual funding obligations	5,368.21	6,173.44	4,838.95	5,564.79	6,185.88	7,113.76	5,717.97	6,575.67
7	Other contingent funding obligations	82.42	94.78	-	-	81.52	93.75	125.00	143.75
8	**TOTAL CASH OUTFLOWS**	**51,457.31**	**59,175.90**	**63,364.15**	**72,868.77**	**38,429.49**	**44,193.92**	**41,432.74**	**47,647.65**
	Cash Inflows								
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	**20,529.37**	**15,397.03**	**19,155.03**	**14,366.27**	**19,188.05**	**14,391.04**	**20,781.17**	**15,585.88**
11	Other cash inflows	**54,859.25**	**41,144.44**	**68,351.75**	**51,263.81**	**42,353.67**	**31,765.25**	**63,919.59**	**47,939.69**
12	**Total Cash Outflows**	**75,388.62**	**56,541.47**	**87,506.78**	**65,630.08**	**61,541.72**	**46,156.29**	**84,700.76**	**63,525.57**

		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13	Total HQLA	8,222.35		17,419.95		17,509.11		15,992.49
14	Total Net Cash Outflows	14,793.97		18,217.19		11,048.48		11,911.91
15	Liquidity Coverage Ratio (%)	55.58%		95.62%		158.48%		134.26%

1 Unweighted value calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

2 Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).

3 The Company, during the quarter ended 31 March 2023, had maintained average HQLA. HQLA primarily includes cash on hand, bank balances in current account and Government securities.

4 Company for purpose of computing outflows, have considered: (1) all the contractual debt repayments, and (2) other expected or contracted cash outflows. Inflows comprises of: (1) expected receipt from all performing loans, and (2) liquid investment which are unencumbered and have not been considered as part of HQLA.

5 In preparation of LCR, the management has made certain estimates/assumptions and compiled the information from internal MIS and records, which has been relied upon by the auditors.

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 49- DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23:

I Sectoral exposure

Sl No	Sectors	As at 31 March 2023			As at 31 March 2022		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1	Agriculture and Allied Activities	11,111.90	507.72	4.57%	9,489.14	330.68	3.48%
2	Industry						
	- Micro and Small	7,326.88	1,050.13	6.08%	13,024.86	610.65	2.22%
	- Large	9,941.31	-	-	14,466.94	1,961.29	7.13%
	Total (2)	**17,268.19**	**1,050.13**	**6.08%**	**27,491.80**	**2,571.94**	**9.36%**
3	Services						
	- Transport Operators	296,542.27	24,139.93	5.00%	388,701.58	85,813.23	14.49%
	- Computer Software	721.93	25.94	0.01%	443.10	-	-
	- Tourism, Hotel and Restaurants	964.56	30.02	0.01%	1,888.60	187.56	0.03%
	- Professional Services	9,566.21	893.52	0.18%	14,440.61	377.65	0.06%
	- Retail Trade	7,129.53	1,103.77	0.23%	10,572.04	519.67	0.09%
	- Commercial Real Estate	155,152.14	-	-	156,669.58	-	-
	- NBFCs	1,191.18	-	-	4,304.77	-	-
	- Other Services	11,948.64	2,483.79	0.51%	15,277.62	1,385.17	0.23%
	Total (3)	**483,216.46**	**28,676.97**	**5.93%**	**592,297.90**	**88,283.28**	**14.91%**
4	Personal Loan	-	-	-	-	-	-
5	Retail Loans						
	- Vehicle/Auto Loans	33,713.66	1,814.04	1.72%	52,148.30	15,185.31	9.91%
	- Other Retail loans	71,673.74	14,175.15	13.45%	101,079.76	11,720.72	7.65%
	Total (5)	**105,387.40**	**15,989.19**	**15.17%**	**153,228.06**	**26,906.03**	**17.56%**
	Total (1+2+3+4+5+6)	**616,983.95**	**46,224.01**	**7.49%**	**782,506.90**	**118,091.93**	**15.09%**

Note: Sector wise classification of NPA is compiled by the Management from internal MIS and relied by the Auditors.

II Intra-group exposures

	Particulars	31 March 2023	31 March 2022
1	Total amount of intra-group exposures	-	-
2	Total amount of top 20 intra-group exposures	-	-
3	Percentage of intra-group exposures to total exposure of the NBFC on borrowers / customers	-	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

III Related Party Disclosure

SL No	Particulars	Transaction	Financial year	Parent	Subsidiaries	Associates/ Joint Ventures	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
1	Borrowings	Outstanding as at Year End	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
2	Deposits	Outstanding as at Year End	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
3	Placement of deposits	Outstanding as at Year End	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
4	Advances	Outstanding as at Year End	2022-23 (CY)	-	-	-	2,500.00	-	-	2,500.00
			2021-22 (PY)	-	-	-	2,500.00	-	-	2,500.00
		Maximum Outstanding during the year	2022-23 (CY)	-	8,000.00	-	2,500.00	-	-	10,500.00
			2021-22 (PY)	-	43,000.00	-	2,500.00	-	-	45,500.00
5	Investments	Outstanding as at Year End	2022-23 (CY)	-	45,271.60	-	-	-	-	45,271.60
			2021-22 (PY)	-	45,246.51	-	-	-	-	45,246.51
		Maximum Outstanding during the year	2022-23 (CY)	-	45,285.17	-	-	-	-	45,285.17
			2021-22 (PY)	-	45,246.51	-	-	-	-	45,246.51
6	Purchase of fixed/other assets		2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
7	Sale of fixed/ other assets		2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
8	Interest paid		2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
9	Interest received		2022-23 (CY)	-	299.52	-	-	-	-	299.52
			2021-22 (PY)	-	2,410.16	-	-	-	-	2,410.16
10	Others	Upfront Fees	2022-23 (CY)	4,018.68	-	-	-	-	-	4,018.68
			2021-22 (PY)	-	-	-	-	-	-	-
		Conversion of CCPS	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	1,206.90	-	-	-	-	-	1,206.90
		Dividend on CCPS	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	5,849.32	-	-	-	-	-	5,849.32
		Short-term employee benefits	2022-23 (CY)	-	-	-	341.38	-	-	288.50
			2021-22 (PY)	-	-	-	373.54	-	-	373.54
		Recovery of Expenses	2022-23 (CY)	-	2,007.29	-	-	-	-	2,007.29
			2021-22 (PY)	-	1,140.67	-	-	-	-	1,140.67
		Loan Given/(Repaid) net (including conversion of loan to Equity)	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	(13,000.00)	-	-	-	-	(13,000.00)

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 50 - Disclosure of details as required by Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

Particulars	As at March 31, 2023	
	Amount outstanding	Amount overdue
Liabilities side:		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debenture: Secured	110,886.95	-
: Unsecured	-	-
(b) Deferred Credits	-	-
(c) Term Loans	233,066.81	-
(d) Inter-corporate loans and borrowing	444.21	-
(e) Commercial Paper	-	-
(f) Public Deposits (Refer Note 2 below)	-	-
(g) Other Loans	136,910.42	-
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(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:	As at March 31, 2023
	Amount outstanding
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a) Secured	555,087.38
(b) Unsecured	18,642.04
(4) Break up of Leased Assets and stock on hire counting towards AFC activities	
(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:	
Current Investments:	
1. Quoted:	
(I) Shares: (a) Equity	-
(b) Preference	-

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Assets side:	As at March 31, 2023 Amount outstanding
(ii) Debenture and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	9,477.34
(v) Others (Please specify)	-
2. Unquoted :	
(I) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	72,662.12
(iv) Government Securities	-
(v) Others (Please specify)	-
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	45,271.60
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others: Securities receipts	18,294.67

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

Category	Amount (Net of provisions)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	502,593.11	16,968.42	519,561.53

Notes to the Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	45,271.60	45,271.60
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	100,434.13	100,434.13

(8) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	46,224.01
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	20,710.96
(iii) Assets acquired in satisfaction of debt	1,300.00

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

Note 51

The Company does not have any unhedged foreign currency exposure for the year ended 31 March 2023

Note 52

Figures for the previous year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current year presentation.

For and on behalf of the Board of Directors of

IndoStar Capital Finance Limited

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Independent Auditor's Report

To
The Members of
IndoStar Capital Finance Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of IndoStar Capital Finance Limited (the "Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as the "Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditor on separate financial statements of the subsidiary referred to in the Other Matters section below, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and its consolidated profit, its consolidated total comprehensive income, its consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Qualified Opinion

As explained in Note 42.2 to the consolidated financial statement, the Parent had recorded a charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the quarter and year ended March 31, 2022. The Group had concluded that it was impracticable to determine the prior period-specific effects, if any, of this charge because significant judgements had been applied in determining the staging of the loan assets recorded at amortised cost at amortised cost and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Group believes it is not practicable to apply the same judgements without hindsight for the prior period(s).

As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the quarter and year ended March 31, 2022 and consequently, adjustments to the income from interest, fees and commission on the corresponding assets and related disclosures.

Our opinion on the consolidated financial statements for the year ended March 31, 2022 was modified accordingly. Our opinion on the consolidated financial statements for the year ended March 31, 2023 ("current year") is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures of the previous year.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters section below is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response

1	**Allowance for Expected Credit Losses (ECL) on Loan Assets:**
	
	(Refer Notes 5 and 2.3(f)(i) to the consolidated financial statements)
	
	As at 31 March, 2023, loan assets aggregated ₹ 651,567 lakhs (net of ECL ₹ 55,415 lakhs), which are measured at amortised cost, constituting 71% of the Group's total assets.
	
	As part of our risk assessment, we determined that significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following:
	
	• Staging the loan assets i.e. classification in 'significant increase in credit risk' ('SICR') and 'default' categories
	• Basis used for estimating Probabilities of Default ("PD");
	• Basis used for estimating Loss Given Default ("LGD");
	• Adjustments to model driven ECL results, to address emerging trends.
	• Impact, if any, arising out of the findings of the Conduct Review in respect of Commercial Vehicle ("CV") loan assets portfolio and Small and Medium Enterprises ("SME") loan portfolio. (Refer note 42.1)
		Principal audit procedures performed:
		
		We have read and assessed the accounting policies and the governance framework approved by the Board of Directors of the respective Companies.
		
		We have verified the methodology adopted for computation of ECL ("ECL Model") on loan assets that complies with policies approved by the respective Board of Directors, procedures and controls for assessing and measuring credit risk on the loan assets measured at amortised cost.
		
		Our audit procedures related to the allowance for ECL on loan assets included the following, among others:
		
		• Testing the design and effectiveness of controls over the:
		  • completeness and accuracy of the Exposure at Default ("EAD") and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors of the respective companies including the appropriateness of the qualitative factors (including findings arising from Conduct Review) to be applied.
		  • appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and
		  • computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.
		  • Additional controls instituted and modifications to the existing controls that were carried out to address the findings of the Conduct Review.
		• Also, for the samples tested included the following, among others:
		  • the appropriateness of the qualitative factors applied by the Management for staging of loans as SICR or default categories in view of Company's policy on restructuring and arising from the findings of the Conduct Review;
		  • We tested the input data used in estimating the PD;
		  • We evaluated reasonableness of LGD estimates.
		• mathematical accuracy of the computation of the ECL including methodology used to determine macro-economic overlays and adjustments to the output of the ECL Model.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the management discussion and analysis and Board's report and its annexures, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The management discussion and analysis and Board's report and its annexures are expected to be made available to us after the date of this auditor's report.
- Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary audited by the other auditor, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated

financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.

- When we read the management discussion and analysis and Board's report and its annexures, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events

or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entity included in the consolidated financial statements, which have been audited by the other auditor, such other auditor remain responsible for the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 145,427 lakh as at March 31, 2023, total revenues of ₹ 20,830 lakh and net cash inflows amounting to ₹ 618 lakh for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditor on the separate financial statements of the subsidiary referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and except for the matter described in the Basis for Qualified Opinion section above obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditor.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes

in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, except for the possible effects of this matter on the comparability of the current year's figures and the corresponding figures of the previous year, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is, disqualified as on March 31, 2023 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 with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses qualified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements of those companies, for the reasons stated therein.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies, the remuneration paid by the Parent and such subsidiary companies to their directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies.

iv) (a) The respective Managements of the Parent and its subsidiaries, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, other than as disclosed in the note 42.4 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries, respectively that, to the best of their knowledge and belief, other than as disclosed in the note 42.4 to the

consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries, from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The Parent and its subsidiaries, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 1, 2023 to the Parent/ Holding Company and its subsidiaries, associates and joint ventures which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said respective companies included in the consolidated financial statements except for the following:

Name of the company	CIN	Nature of relationship	Clause Number of CARO report with qualification or adverse remark
IndoStar Capital Finance Limited	L65100MH2009PLC268160	Parent	(xvii)

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZV9152)

Place: Mumbai
Date: May 25, 2023

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of IndoStar Finance Capital Limited (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India, 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which is company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

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

Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements

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

Basis for Qualified opinion

With respect to the Parent, according to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Parent's internal financial controls with reference to consolidated financial statements as at March 31, 2023:

The Group had concluded that it was impracticable to determine the prior period-specific effects, if any, of the charge to the Statement of Profit and Loss on account of impairment allowance, loan assets written off and changes in fair value of financial-guarantee contracts recorded during the year ended March 31, 2022 in respect of account balances identified and explained by the Company in Note 42.2 of the consolidated financial statements. As a result, we were unable to determine whether any adjustments were required for prior period(s) relating to the impairment charge recorded for the year ended March 31, 2022 and consequently, adjustments to income from interest, fees and commission on the corresponding assets and related disclosures.

Because of the deficiency in financial closing and reporting process, in respect of comparative information as aforesaid, we were unable to assess whether or not the current year's figures are comparable to those of the previous year.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to consolidated financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls with reference to consolidated financial statements as of March 31, 2023, based on the criteria for internal financial control with reference to consolidated financial statements established by the respective companies 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, and except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Parent's and its subsidiary companies, internal financial controls with reference to consolidated financial statements were operating effectively as of March 31, 2023.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Company for the year ended March 31, 2023, and the material weakness does not affect our opinion on the said consolidated financial statements of the Company.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company, which is company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN 23039826BGXRZV9152)

Place: Mumbai
Date: May 25, 2023

Consolidated Balance Sheet

as at March 31, 2023

(Currency: Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	17,974.12	8,027.20
Bank balances other than cash and cash equivalents	4	23,603.59	40,938.43
Loans	5	6,51,567.00	7,70,693.86
Investments	6	1,03,934.67	54,767.03
Other financial assets	7	35,156.36	10,098.19
		8,32,235.74	**8,84,524.71**
Non-financial assets			
Current tax assets (net)	8	5,607.74	6,896.18
Deferred tax assets (net)	9	31,643.62	31,669.41
Property, plant and equipment	10	5,353.44	7,271.54
Assets acquired in satisfaction of claim	11	1,300.00	1,300.00
Goodwill	12	30,018.69	30,018.69
Intangible assets	12	2,351.56	1,311.70
Other non-financial assets	13	3,707.97	3,155.26
		79,983.02	**81,622.78**
TOTAL ASSETS		**9,12,218.76**	**9,66,147.49**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		10.89	30.20
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		783.32	241.12
Debt securities	15	1,10,886.95	1,97,793.62
Borrowings (other than debt securities)	16	4,53,918.00	4,24,550.02
Other financial liabilities	17	33,215.07	49,135.97
		5,98,814.23	**6,71,750.93**
Non-financial liabilities			
Current tax liabilities (net)	8	-	0.57
Provisions	18	555.93	701.89
Deferred tax liabilities (net)	9	579.54	80.75
Other non-financial liabilities	19	1,110.35	705.28
		2,245.82	**1,488.49**
TOTAL LIABILITIES		**6,01,060.05**	**6,73,239.42**
EQUITY			
Equity share capital	20	13,607.93	13,607.93
Other equity	21	2,97,550.78	2,79,300.14
TOTAL EQUITY		**3,11,158.71**	**2,92,908.07**
TOTAL LIABILITIES AND EQUITY		**9,12,218.76**	**9,66,147.49**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Consolidated Statement of Profit and Loss

for the year ended 31 March 2023
(Currency: Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations	22		
Interest income		1,05,840.89	1,06,716.39
Fees and commission income		5,416.58	4,439.22
Net gain on fair value changes		2,794.52	2,403.03
Net gain on derecognition of financial instruments measured at amortised cost category		3,381.81	2,710.60
Total revenue from operations		**1,17,433.80**	**1,16,269.24**
Other income	23	531.54	1,159.79
Total income		**1,17,965.34**	**1,17,429.03**
Expenses			
Finance cost	24	58,025.73	53,953.96
Impairment on financial instruments	25	(4,036.08)	1,15,847.44
Employee benefit expenses	26	17,781.43	20,503.62
Depreciation and amortization expenses	27	3,956.35	3,538.48
Other expenses	28	18,374.89	13,221.68
Total expenses		**94,102.32**	**2,07,065.18**
Profit/(loss) before tax		**23,863.02**	**(89,636.15)**
Tax expense:	29		
1. Current tax		853.23	1,325.75
2. Tax of earlier years		(0.50)	2.36
3. Deferred tax expenses		495.63	(17,313.03)
Total tax expenses		**1,348.36**	**(15,984.92)**
Profit/(loss) after tax		**22,514.66**	**(73,651.23)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		131.73	64.26
- Income tax relating to items that will not be reclassified to profit or loss		(33.15)	(16.17)
		98.58	**48.09**
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		(16.72)	6.72
- Income tax relating to items that will be reclassified to profit or loss		4.20	(1.69)
		(12.52)	**5.03**
Other comprehensive income for the year, net of tax		**86.06**	**53.12**
Total comprehensive income for the year		**22,600.72**	**(73,598.11)**
Earnings per equity share	30		
Basic earnings per share (₹)		16.55	(59.51)
Diluted earnings per share (₹)		16.55	(59.51)
(Equity Share of face value of ₹ 10 each)			

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Consolidated Statement of Cash flows

for the year ended 31 March 2023
(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A Cash Flow from Operating Activities		
Profit/(loss) before tax	23,863.02	(89,636.15)
Adjustments for:		
Interest income on financial assets	(1,05,840.89)	(1,06,716.39)
Finance costs	58,025.73	53,953.96
Depreciation and amortisation expense	3,956.35	3,538.48
Loss on sale of property plant and equipment	27.11	31.86
Impairment on financial instruments	(4,036.08)	1,15,847.44
Provision for asset acquired in satisfaction of claim	-	(117.79)
Provision for employee benefits	223.98	228.12
Employee share based payment expense	(4,350.07)	1,989.44
Net gain on fair value changes	(2,794.52)	(2,403.03)
Net gain on derecognition of financial instruments measured at amortised cost category	(3,381.81)	(2,710.60)
	(34,307.18)	**(25,994.66)**
Interest income realised on financial assets	1,10,789.35	1,01,788.45
Finance costs paid	(62,736.83)	(58,752.78)
Cash generated from operating activities before working capital changes	**13,745.34**	**17,041.01**
Adjustments:		
(Increase)/Decrease in loans and advances	1,11,669.54	(1,93,618.90)
(Increase)/Decrease in other financial assets	(20,903.11)	4,591.31
(Increase)/Decrease in other non-financial assets	(552.71)	866.22
Increase/(Decrease) in trade payable	522.89	(123.09)
Increase/(Decrease) in other financial liabilities	(15,464.01)	11,029.71
Increase/(Decrease) in other non-financial liabilities	405.07	5.08
Cash generated from / (used in) operating activities	**89,423.01**	**(1,60,208.66)**
Taxes (paid) / refund	435.14	3,830.08
Net cash generated from / (used in) operating activities (A)	**89,858.15**	**(1,56,378.58)**
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(715.41)	(2,278.23)
Sale of property, plant and equipment	14.02	15.38
Sale / (Purchase) of Assets acquired in satisfaction of claim	-	595.28
Purchase of intangible assets	(1,891.56)	(1,333.87)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	17,334.84	(16,841.83)
(Acquisition)/redemption of investments measured at FVTPL (net)	(41,665.01)	98,401.04
(Acquisition)/redemption of investments measured at FVOCI (net)	(9,494.06)	12,672.72
(Acquisition)/redemption of investments measured at amortised cost (net)	10,479.23	25,273.03
Net cash (used in) / generated from investing activities (B)	**(25,937.95)**	**1,16,503.52**

Consolidated Statement of Cash flows

for the year ended 31 March 2023
(Currency: Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
C. Cash Flow from Financing Activities		
Proceeds from issue of shares (including securities premium and net off of share issue expenses)	-	540.97
Proceeds from bank borrowings	3,08,167.23	2,13,596.03
Repayments towards bank borrowings	(2,76,245.12)	(1,89,104.67)
Proceeds from issuance of Non-Convertible Debentures	90,000.00	74,590.00
Repayments towards Non-Convertible Debentures	(1,29,000.00)	(1,04,580.00)
Proceeds from Commercial Papers	35,000.00	62,211.77
Repayment of Commercial Papers	(80,500.00)	(30,000.00)
Payment of lease liabilities	(1,395.39)	(1,420.09)
Dividend paid on Compulsorily Convertible Preference Shares	-	(5,849.32)
Net cash (used in) / generated from financing activities (C)	**(53,973.28)**	**19,984.69**
Net Increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	**9,946.92**	**(19,890.37)**
Cash and Cash Equivalents at the beginning of the year	**8,027.20**	**27,917.57**
Cash and Cash Equivalents at the end of the year	**17,974.12**	**8,027.20**
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	323.90	393.96
Balances with banks		
- in current accounts	12,228.54	7,229.19
Deposits with original maturity of less than 3 months	5,421.68	404.05
Total	**17,974.12**	**8,027.20**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Statement of Changes in Equity (SOCIE)

for the year ended 31 March 2023

(Currency: Indian Rupees in Lakhs)

(a) Equity share capital of face value of ₹ 10/- each

	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period error	Restated balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2023	13,607.93	-	13,607.93	-	13,607.93
As at 31 March 2022	12,373.03	-	12,373.03	1,234.90	13,607.93

(b) Preference share capital of face value of ₹ 10/- each

	Balance at the beginning of the current reporting period	Changes in Preference Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Preference Share Capital during the current year	Balance at the end of the current reporting period
As at 31 March 2023	-	-	-	-	-
As at 31 March 2022	1,206.90	-	1,206.90	(1,206.90)	-

(c) Other equity

Particulars	Reserves and surplus							Other comprehensive income	Total
	Securities Premium Account	Statutory Reserves U/s 45-1C	Statutory Reserve U/s Section 29C	Capital Reserve	Share options outstanding account	General reserves	Retained earnings		
(i) Balance at 1 April 2022	**2,92,207.63**	**25,905.39**	**1,537.68**	**0.43**	**7,081.96**	**2,026.78**	**(49,459.73)**	**-**	**2,79,300.14**
Profit after tax for the year	-	-	-	-	-	-	22,514.66	-	22,514.66
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	(12.52)	(12.52)
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	98.58	-	98.58
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**22,613.24**	**(12.52)**	**22,600.72**
Transferred from Retained earnings	-	3,745.41	755.51	-	-	-	(4,500.92)	-	-
Dividend on CCPS	-	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-	-
Share based payment expense (refer note 26)	-	-	-	-	(4,350.08)	-	-	-	(4,350.08)
Transfer from ESOP reserves	-	-	-	-	(657.06)	657.06	-	-	-
Shares issued during the year	-	-	-	-	-	-	-	-	-
Balance at 31 March 2023	**2,92,207.63**	**29,650.80**	**2,293.19**	**0.43**	**2,074.82**	**2,683.84**	**(31,347.41)**	**(12.52)**	**2,97,550.78**
(ii) Balance at 1 April 2021	**2,91,369.61**	**25,905.39**	**851.51**	**0.43**	**5,375.17**	**1,970.49**	**30,777.59**	**(5.03)**	**3,56,245.16**
Loss after tax for the year	-	-	-	-	-	-	(73,651.23)	-	(73,651.23)
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	5.03	5.03
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	48.09	-	48.09
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(73,603.14)**	**5.03**	**(73,598.11)**
Transferred from Retained earnings	-	-	686.17	-	-	-	(686.17)	-	-
Dividend on CCPS	-	-	-	-	-	-	(5,849.32)	-	(5,849.32)
Share issue expenses	-	-	-	-	-	-	(98.69)	-	(98.69)
Share based payment expense	-	-	-	-	1,989.44	-	-	-	1,989.44
Transfer from ESOP reserves	226.36	-	-	-	(282.65)	56.29	-	-	-
Shares issued during the year	611.66	-	-	-	-	-	-	-	611.66
Balance at 31 March 2022	**2,92,207.63**	**25,905.39**	**1,537.68**	**0.43**	**7,081.96**	**2,026.78**	**(49,459.73)**	**-**	**2,79,300.14**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 25 May 2023

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

1 Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21 July 2009 and is domiciled in India. The Company is registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) vide Certificate No. N-13.02109. The Company together with its subsidiaries (collectively, the Group), is primarily engaged in lending activities.

IndoStar Capital Finance Limited is engaged in business of lending to used and new Commercial Vehicles, Corporates and SME businesses. The Company has two subsidiaries, IndoStar Asset Advisory Private Limited which is primarily engaged in business of investment advisory and asset management services and IndoStar Home Finance Private Limited which is engaged in housing finance business.

2 Basis of Preparation, Basis for Consolidation and Significant accounting policies

2.1.a Basis of Preparation

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Financial Companies ("NBFC"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Group shall be able to continue its business for the foreseeable future. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources.

2.1.b Basis for Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2023. The Company consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March 2023.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

2.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Financial Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Division III to Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business;
- the event of default;
- the event of insolvency of bankruptcy of the Group or its counterparties.

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

Financial instruments are recognised when the Company becomes a party to the contractual terms of the instruments.

(i) Classification of Financial Instruments

The Group classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Group's business model for managing financial assets.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss (FVTPL) such as derivative liabilities. Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

(ii) Assessment of business model and cash flows for financial assets

Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model determines whether the cash flows will be generated by collecting contractual cash flows, selling financial assets or by both.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

The Group's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed; and

(iii) The expected frequency, value and timing of sales are also important aspects of the Group's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Group assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans and Debt instruments at amortised cost

A 'loan or debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(b) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are those that are either held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met (such designation is determined on an instrument-by-instrument basis):

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

(d) Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

(e) Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'Provisions') at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss. The premium/deemed premium is recognised in the statement of Profit and Loss on a straight line basis over the life of the guarantee.

(f) Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(v) Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line.

(vi) Derecognition of financial assets in following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially it becomes a new loan with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Write off

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Group measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

reporting period during which the change has occurred, if any.

c) **Property plant and equipments**

Recognition and measurement

Property, plant and equipment (PPE) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably.

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Group and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repair and maintenance expenses are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

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

Particulars	Estimated useful life by the Group	Useful life as prescribed by Schedule II of the Companies Act 2013
Computers	3 years	3 years
Office Equipments	5 years	5 years
Office Equipments - mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Property, plant and equipment items individually costing less than ₹ 5,000 are depreciated fully in the year of purchase.

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

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

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.

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) **Intangible assets**

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Amortisation

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

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

e) Business Combination and goodwill thereon

Business combinations other than under common control are accounted for using the acquisition method. The cost of an acquisition is measured at the value which is aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The identifiable assets acquired and the liabilities assumed are recognised at their fair values, as on date of acquisition. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

Measurement

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. In case the excess is on account of bargain purchase, the gain is recognised directly in equity as capital reserve. When the transaction is of nature other than bargain purchase, then the gain is recognised in OCI and accumulated in equity as capital reserve.

f) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles for Financial assets

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Advances where the amount remains due for more than 90 days are considered to be stage 3 assets.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

(c) Calculation of ECL:

ECL is a probability weighted credit losses (i.e. present value of all cash

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD): The Exposure at Default is the amount the Group is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12-months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Group computes the ECL allowance on either individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group has grouped its loan portfolio into Corporate loans, SME loans, Commercial vehicle loans and Home loans

ECL on Trade Receivables:

The Group applies the simplified approach for computation of ECL on trade receivables as allowed as per Ind AS 109. Thus, the Group is recognising lifetime ECL for trade receivables.

Significant increase in Credit Risk

The Group monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change in absolute terms in the PD will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loan becomes 30 days past due, the Group considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets.

For the purpose of counting of days past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the Group.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of new covenants or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants.

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If this does not clearly indicate a substantial modification, then:

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition, the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Presentation of ECL allowance in the Balance Sheet

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in Balance Sheet as the carrying amount is at fair value.

(ii) Financial Liabilities

(a) Loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

(b) Financial guarantee contracts

The Group's liability under financial guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss, and the ECL provision. For this purpose, the Group estimates ECLs by applying a credit conversion factor. The ECLs related to financial guarantee contracts are recognised within Provisions. Currently, the Group has not recognised any ECL in respect of financial guarantee based on estimate of expected cash flows.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(iii) Non-financial assets

(a) Intangible 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 when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

(b) Goodwill

Goodwill is recorded at the cost less any accumulated impairment losses in the previous years. Goodwill on acquisition is tested for impairment where the same allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit (CGU) to which goodwill has been allocated is tested for impairment on annual basis or whenever required in case where the Group is of the opinion that goodwill may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. Such impairment loss already recognised for goodwill is not reversed in subsequent periods.

g) Recognition of income

Revenue generated form the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Group. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer;

Step 2: Identify performance obligations in the contract;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations in the contract;

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

(a) Recognition of interest income

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Group revises

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(b) **Dividend income**
Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(c) **Syndication, advisory & other fees**
Syndication, advisory & other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(d) **Origination fees**
Origination fees, which the Group has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(e) **Management Fees:**
Management fees and other fees are recognised as income when the performance obligation as per the contract with customer is fulfilled and when the right to receive the payment against the services has been established.

(f) **Assignment income**
In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(g) **Securitisation transactions:**
In accordance with Ind AS 109, in case of securitisation transactions, the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

(h) **Net gain/(loss) on Fair value changes**
Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

(i) **Sourcing and servicing fee**
The revenue from the contract as a service provider (sourcing and collection agent) on behalf of customer, is recognised upfront for services rendered as sourcing agent and on straight line basis over the loan tenure for services in the nature of collection and performance agent. The financial guarantee provided under the service contract is recognised at fair value on sourcing and is amortised over the period of contract with subsequent measurement at higher of the unamortised value as per Ind AS 115 or expected credit losses as per Ind AS 109.

h) **Finance Costs**
The Group recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

i) **Retirement and other employee benefits**

(i) **Defined Contribution Plan**
Provident Fund
All the employees of the Group are entitled to receive benefits under the Provident Fund, a

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

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

(ii) Defined Benefit schemes

(a) Gratuity

The Group 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 Group 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.

Net interest recognised in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognised as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Compensated absences

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.

j) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

k) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Group as a lessee

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. Determination of lease term

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. ***Discount Rate***

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

l) Foreign currency translation

Functional and presentational currency

The financial statements are presented in Indian Rupees which is also functional currency of the Group and the currency of the primary economic environment in which the Group operates.

m) Provisions

A provision is recognised when the Group 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.

n) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

o) Earnings Per Share

The Group reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

p) 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 Group or a present obligation that is not recognised 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 recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

q) Segment reporting

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Group to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Group. In addition, the following specific accounting policies have been followed for segment reporting:

i) Segment revenue includes operational revenue directly identifiable with/allocable to the segment.

ii) Expenses that are directly identifiable with/ allocable to segments are considered for determining the segment result.

iii) Income which relates to the Group as a whole and not allocable to segments is included in "unallocable corporate income / (expenditure)(net)".

iv) Segment result includes the finance costs incurred on interest bearing advances with corresponding credit included in "unallocable corporate income/ (expenditure)(net)".

v) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Group as a whole.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Group makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for expected credit losses, fair value measurement, business projections used for the purpose of goodwill impairment etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 Securities premium account

a) Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued;
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

b) The issue expenses of securities which qualify as equity instruments are written off against securities premium account/ retained earning in accordance with Ind AS.

2.6 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time.

a) Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the Consolidated financial statements.

b) Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Consolidated financial statements.

c) Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Consolidated financial statement

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 3

Particulars	As at 31 March 2023	As at 31 March 2022
Cash and cash equivalents		
Cash on hand	323.90	393.96
Balances with banks		
- in current accounts	12,228.54	7,229.19
Deposits with original maturity of less than three months	5,421.68	404.05
	17,974.12	**8,027.20**

Note 4

Particulars	As at 31 March 2023	As at 31 March 2022
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	3,281.59	3,055.49
Earmarked deposits with banks	20,322.00	37,882.94
	23,603.59	**40,938.43**

Note 5

Particulars	As at 31 March 2023	As at 31 March 2022
Loans		
At amortized cost		
Business Loans		
Corporate lending	1,23,176.21	1,56,847.87
Small and medium enterprises lending (SME)	1,08,044.88	1,53,484.44
Commercial vehicle lending	3,40,293.96	4,48,398.97
Home Loans	1,33,252.18	1,23,577.53
Other loans	2,214.37	2,024.13
Total - Gross	**7,06,981.60**	**8,84,332.94**
Less: Impairment allowance	(55,414.60)	(1,13,639.08)
Total - Net	**6,51,567.00**	**7,70,693.86**
(a) Secured by tangible assets	6,88,339.56	8,41,751.19
(b) Unsecured	18,642.04	42,581.75
Total - Gross	**7,06,981.60**	**8,84,332.94**
Less: Impairment allowance	(55,414.60)	(1,13,639.08)
Total - Net	**6,51,567.00**	**7,70,693.86**
Loans in India		
(a) Public sector	-	-
(b) Others	7,06,981.60	8,84,332.94
Total - Gross	**7,06,981.60**	**8,84,332.94**
Less: Impairment allowance	(55,414.60)	(1,13,639.08)
Total - Net (a)	**6,51,567.00**	**7,70,693.86**
Loans outside India (b)	-	-
Total - Net (a)+(b)	**6,51,567.00**	**7,70,693.86**

Footnotes:

i) Security receipts are presented as part of "Note 6 - Investments"

ii) Stage classification of loans, investments and its impairment allowance is disclosed in Note 31(D) and Note 31(E)

iii) Secured indicates loans secured, wholly or partly, by way of hypothecation of vehicle and / or equitable mortgage of property and or equipment.

iv) Also refer Note 33.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 6

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Investments as on 31 March 2023				
Mutual funds	-	-	76,162.66	76,162.66
Security Receipts*	42,871.31	-	-	42,871.31
Treasury Bills	-	9,477.34	-	9,477.34
Total - Gross	**42,871.31**	**9,477.34**	**76,162.66**	**1,28,511.31**
Investments in India	42,871.31	9,477.34	76,162.66	1,28,511.31
Investments outside India	-	-	-	-
Total - Gross	**42,871.31**	**9,477.34**	**76,162.66**	**1,28,511.31**
Less: Impairment loss allowance	(24,576.64)	-	-	(24,576.64)
Total - Net	**18,294.67**	**9,477.34**	**76,162.66**	**1,03,934.67**

(net of amount written off ₹ 58,728.33 lakhs)*

1. *Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)*

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Investments as on 31 March 2022				
Mutual funds	-	-	31,703.13	31,703.13
Security Receipts*	41,280.54	-	-	41,280.54
Treasury Bills	-	-	-	-
Total - Gross	**41,280.54**	**-**	**31,703.13**	**72,983.67**
Investments in India	41,280.54	-	31,703.13	72,983.67
Investments outside India	-	-	-	-
Total - Gross	**41,280.54**	**-**	**31,703.13**	**72,983.67**
Less: Impairment loss allowance	(18,216.64)	-	-	(18,216.64)
Total - Net	**23,063.90**	**-**	**31,703.13**	**54,767.03**

(net of amount written off ₹ 17,609.05 lakhs)*

Note 7

Particulars	As at 31 March 2023	As at 31 March 2022
Other financial assets		
Security deposit	2,644.83	4,525.55
Assignment receivables	5,972.93	4,841.54
Deposits with Trustee for securitisation*	24,983.01	-
Other Receivables	2,017.65	1,100.47
	35,618.42	**10,467.56**
Less: Impairment allowance	(462.06)	(369.37)
	35,156.36	**10,098.19**

** It represents fixed deposit held as collateral with trustee for pass through certificate transactions*

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 8

Particulars	As at 31 March 2023	As at 31 March 2022
Current tax assets (net)		
Advance Tax (net of provision)	5,607.74	6,896.18
	5,607.74	**6,896.18**
Current tax liabilities (net)		
Provision for tax (net of advance tax)	-	0.57
	-	**0.57**

Note 9

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	20,724.50	33,220.00
Provision for gratuity	105.61	127.89
Provision for compensated absences	31.35	38.22
Debt instruments through OCI	4.20	-
Lease liabilities	64.21	47.95
Income amortisation	(87.35)	172.39
Other items of disallowance	121.29	581.14
Depreciation on PPE and intangible assets	845.78	705.55
Carried forward book losses	19,575.18	6,005.75
Total (A)	**41,384.77**	**40,898.89**
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(1,503.28)	(1,218.54)
Borrowing cost amortisation	(1,262.31)	(536.59)
Total (B)	**(10,320.69)**	**(9,310.23)**
Net deferred tax asset (A-B)	**31,064.08**	**31,588.66**
Deferred tax assets		
IndoStar Capital Finance Limited	31,643.62	31,669.41
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax assets (A)	**31,643.62**	**31,669.41**
Deferred tax liabilities		
IndoStar Capital Finance Limited	-	-
IndoStar Home Finance Private Limited	579.54	80.75
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax liabilities (B)	**579.54**	**80.75**
Net deferred tax asset (A-B) (also refer Note 29)	**31,064.08**	**31,588.66**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 10

DESCRIPTION	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Property, plant and equipment							
Cost as at 1 April 2021	**15.05**	**761.35**	**4,795.24**	**644.63**	**2,655.66**	**4,515.10**	**13,387.03**
Additions	-	57.37	935.42	97.51	1,187.93	2,900.58	5,178.81
Disposals	-	(0.28)	(304.76)	(2.89)	(25.99)	(1,216.75)	(1,550.67)
Cost as at 31 March 2022	**15.05**	**818.44**	**5,425.90**	**739.25**	**3,817.60**	**6,198.93**	**17,015.17**
Additions	-	69.75	357.74	94.29	193.63	1,251.35	1,966.76
Disposals	-	(84.30)	(1,163.20)	(25.52)	(83.06)	(3,461.68)	(4,817.76)
Cost as at 31 March 2023 (A)	**15.05**	**803.89**	**4,620.44**	**808.02**	**3,928.17**	**3,988.60**	**14,164.17**
Accumulated depreciation as at 1 April 2021	**-**	**325.47**	**2,882.52**	**339.16**	**1,957.24**	**1,789.95**	**7,294.34**
Depreciation charged during the year	-	193.79	1,020.74	136.36	510.18	1,202.81	3,063.88
Disposals	-	(0.22)	(233.56)	(2.31)	(24.96)	(353.54)	(614.59)
Accumulated depreciation as at 31 March 2022	**-**	**519.04**	**3,669.70**	**473.21**	**2,442.46**	**2,639.22**	**9,743.63**
Depreciation charged during the year	-	168.28	1,014.05	126.60	632.28	1,163.44	3,104.65
Disposals	-	(82.29)	(1,124.74)	(25.05)	(82.87)	(2,722.60)	(4,037.55)
Accumulated depreciation as at 31 March 2023 (B)	**-**	**605.03**	**3,559.01**	**574.76**	**2,991.87**	**1,080.06**	**8,810.73**
Net carrying amount as at 31 March 2023 (A) - (B)	**15.05**	**198.86**	**1,061.43**	**233.26**	**936.30**	**2,908.54**	**5,353.44**
Net carrying amount as at 31 March 2022	**15.05**	**299.40**	**1,756.20**	**266.04**	**1,375.14**	**3,559.71**	**7,271.54**

** Mortgaged as security against Secured Non-convertible Debentures*

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2023	As at 31 March 2022
Assets acquired in satisfaction of claim		
Assets acquired in satisfaction of claim	1,708.88	1,708.88
Provision on Assets acquired in satisfaction of claim	(408.88)	(408.88)
	1,300.00	**1,300.00**

Note 12

a) Goodwill

DESCRIPTION	Total
Cost as at 1 April 2021	30,018.69
Acquisition of business	-
Cost as at 31 March 2022	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2023 (A)	**30,018.69**
Accumulated impairment as at 1 April 2021	-
Addition	-
Accumulated impairment as at 31 March 2022	**-**
Addition	-
Accumulated impairment as at 31 March 2023 (B)	**-**
Net carrying amount as at 31 March 2023 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2022	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2023. The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections of commercial vehicle business based on financial budgets covering a five-year period and a discount rate of 19%. The Company has determined that the recoverable amount calculations are most sensitive to changes in the assumptions of yield/spread during the budget period and the discounting rate. The management believes that any reasonably possible change in the key assumptions, on which recoverable amount is based would not cause carrying amount to exceed its recoverable amount.

b) Intangible assets

DESCRIPTION	Computer Software	Total
Cost as at 1 April 2021	**1,294.97**	**1,294.97**
Additions	1,333.86	1,333.86
Disposals	(0.28)	(0.28)
Cost as at 31 March 2022	**2,628.55**	**2,628.55**
Additions	1,891.56	1,891.56
Disposals	-	-
Cost as at 31 March 2023 (A)	**4,520.11**	**4,520.11**
Accumulated amortisation as at 1 April 2021	842.53	842.53
Amortisation recognised for the year	474.60	474.60
Disposals	(0.28)	(0.28)
Accumulated amortisation as at 31 March 2022	**1,316.85**	**1,316.85**
Amortisation recognised for the year	851.70	851.70
Disposals	-	-
Accumulated amortisation as at 31 March 2023 (B)	**2,168.55**	**2,168.55**
Net carrying amount as at 31 March 2023 (A)- (B)	**2,351.56**	**2,351.56**
Net carrying amount as at 31 March 2022	**1,311.70**	**1,311.70**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 13

Particulars	As at 31 March 2023	As at 31 March 2022
Other non-financial assets		
Prepaid expenses	1,393.55	1,189.13
Advances recoverable in cash or in kind or for value to be received	2,314.42	1,966.13
	3,707.97	**3,155.26**

Note 14

Particulars	As at 31 March 2023	As at 31 March 2022
Trade payables		
Dues to Micro, small and medium enterprises	10.89	30.20
Dues to Others	783.32	241.12
	794.21	**271.32**

Also refer Note 37.

Note 15

Particulars	As at 31 March 2023	As at 31 March 2022
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	1,10,886.95	1,53,269.65
Commercial paper (net of unamortised discount) (Refer note (b) below)	-	44,523.97
	1,10,886.95	**1,97,793.62**
Debt securities in India	1,10,886.95	1,97,793.62
Debt securities outside India	-	-
Total	**1,10,886.95**	**1,97,793.62**
Secured	1,10,886.95	95,769.65
Unsecured	-	1,02,023.97
Total	**1,10,886.95**	**1,97,793.62**

(a) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 7.78% <= 11.40%	>= 6.77% <= 11.40%
	Amount	Amount
24-36 Months	-	2,495.61
12-24 Months	78,876.60	36,704.48
0-12 Months	32,010.35	1,14,069.56
Total	**1,10,886.95**	**1,53,269.65**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Nature of Security:

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

(i) first pari-passu charge (along with banks and financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation on the standard asset portfolio of receivables (net of NPA) of the issuer and / or cash / cash equivalent and/or such other asset, as may be identified by the Company of ₹ 4,59,596 lakhs (March 2022: ₹ 96,932 lakhs); and

(ii) first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat

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

(b) Commercial papers

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	-	>=6.30% <= 7.00%
	Amount	Amount
0-12 Months	-	44,523.97
Total	**-**	**44,523.97**

Note 16

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings		
At amortised cost		
Term loans		
Term loans from Banks (Refer note (a) below)*	2,40,596.28	2,16,685.00
Term loans from Financial Institutions (Refer note (a) below)*	25,023.11	35,957.50
Term loans from NHB (Refer note (b) below)	22,756.77	28,313.20
Loans repayable on demand		
Working capital demand loans from banks **	25,784.06	25,600.00
Bank overdrafts **	-	1,363.40
Other borrowings (including Inter Corporate Deposits)	1,39,757.78	1,16,630.92
Total	**4,53,918.00**	**4,24,550.02**
Borrowings in India	4,53,918.00	4,24,550.02
Borrowings outside India	-	-
Total	**4,53,918.00**	**4,24,550.02**
Secured borrowings	3,83,473.79	4,23,431.91
Unsecured borrowings	70,444.21	1,118.11
Total	**4,53,918.00**	**4,24,550.02**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(a) Term loan from banks/FI:

Terms of repayment (based on contractual maturity):

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 7.90% <= 11.50%	>=7.25% <= 11.00%
	Amount	Amount
Above 60 Months	1,259.79	2,915.73
48-60 Months	3,627.27	2,104.57
36-48 Months	12,730.59	13,820.85
24-36 Months	26,916.78	38,488.73
12-24 Months	1,23,230.55	89,337.33
0-12 Months	97,854.41	1,05,975.29
Total	**2,65,619.39**	**2,52,642.50**

(b) Term loans from NHB:

Terms of repayment (based on contractual maturity):

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 6.60% <= 8.95%	>= 5.25% <= 6.65%
	Amount	Amount
Above 60 Months	6,145.00	8,224.86
48-60 Months	1,832.90	3,387.59
36-48 Months	3,388.68	3,590.28
24-36 Months	3,599.19	4,440.98
12-24 Months	4,452.00	4,440.98
0-12 Months	3,339.00	4,228.51
Total	**22,756.77**	**28,313.20**

** first pari-passu charge by way of hypothecation of standard asset portfolio of receivables (Net of provisions) of the Company and / or cash / cash equivalent and / or such other asset*

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

 # also refer note 31 (F)

(c) Working capital demand loans:

Terms of repayment (based on contractual maturity)

Redeemable within#	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 9.10% <= 12.51%	>= 6.75% <= 7.60%
	Amount	Amount
0-12 Months	25,784.06	25,600.00
Total	**25,784.06**	**25,600.00**

 # also refer 31(F)

Footnote: Quarterly returns/statements filed by the Company with Banks or Financial Institutions are in agreement with the unaudited books of accounts as on the respective submission dates and certified by Independent Chartered Accountants / Management, as relevant and relied upon by the Auditors.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 17

Particulars	As at 31 March 2023	As at 31 March 2022
Other financial liabilities		
Book overdraft	2,992.51	15,851.09
Employee benefits payable	2,589.64	1,135.87
Unamortised lease liabilities	3,103.51	3,749.94
Others	24,529.41	28,399.07
	33,215.07	**49,135.97**

Note 18

Particulars	As at 31 March 2023	As at 31 March 2022
Provisions		
Provision for employee benefits:		
- Gratuity	419.61	508.13
- Compensated absences	124.60	151.88
Others:		
- Expected credit loss on undrawn loan commitments	11.72	41.88
	555.93	**701.89**

Note 19

Particulars	As at 31 March 2023	As at 31 March 2022
Non-financial liabilities		
Statutory dues payable	1,110.35	705.28
	1,110.35	**705.28**

Footnote : The Statutory Dues includes contribution to Provident Fund of Rs. 134,907/- which the Company is unable to pay to the regulatory authority as the respective employee have not enabled the Company to make the payment by linking their Provident Fund Identifcation number to their Aadhar number issued by the UIDAI.

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹10/- each	15,25,00,000	15,250.00	15,25,00,000	15,250.00
Compulsorily Convertible Preference Share of Face Value of ₹10/- each	1,25,00,000	1,250.00	1,25,00,000	1,250.00
Issued, subscribed and fully paid up				
Equity shares of ₹10/- each fully paid	13,60,79,295	13,607.93	13,60,79,295	13,607.93
Total	**13,60,79,295**	**13,607.93**	**13,60,79,295**	**13,607.93**

(b) Reconciliation of number of equity shares and amount outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	13,60,79,295	13,607.93	12,37,30,329	12,373.03
Add: Shares issued during the year	-	-	1,23,48,966	1,234.90
Shares outstanding at the end of the year	**13,60,79,295**	**13,607.93**	**13,60,79,295**	**13,607.93**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2023		As at 31 March 2022	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	7,64,82,638	56.20%	7,64,82,638	56.20%

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

(d) Particulars of shareholders holding more than 5% of the equity share capital

Name of shareholder	Relationship	As at 31 March 2023		As at 31 March 2022	
		No of equity shares held	Percentage	No of equity shares held	Percentage
BCP V Multiple Holdings Pte. Ltd.	Holding Company	7,64,82,638	56.20%	7,64,82,638	56.20%
Indostar Capital (Mauritius)	Promoter	4,14,67,583	30.47%	4,14,67,583	30.47%

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

(ii) As at 31 March 2023, the Company has not complied with Regulation 38 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) to maintain minimum public shareholding in accordance with Rule 19(2) and Rule 19A of the Securities Contracts (Regulation) Rules, 1957.

(iii) As on date of approval of these financial statements, the Company has complied with Regulation 38 of SEBI (LODR) regulations.

(e) Terms/rights attached to equity shares

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

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

(f) Reconciliation of number of Compulsorily Convertible Preference Shares ("CCPS") and amount outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2023		As at 31 March 2022	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	-	-	1,20,68,966	1,206.90
Add: Shares issued during the year	-	-	-	-
Less: Shares converted into equity	-	-	1,20,68,966	1,206.90
Shares outstanding at the end of the year	-	-	-	-

Footnote: During the year ended 31 March 2022, 1,20,68,966 Equity Shares were allotted to BCP V Multiple Holdings Pte. Ltd., pursuant to conversion of 1,20,68,966 CCPS into equity shares of the Company in the agreed conversion ratio of 1:1.

(g) Objective of Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities. The Company has adopted a dividend distribution policy and the Board reviews the capital position on a regular basis.

(h) Equity Shares held by promoters/holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2023			
BCP V Multiple Holdings Pte. Ltd.	7,64,82,638	56.20%	-
Indostar Capital (Mauritius)	4,14,67,583	30.47%	-
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	7,64,82,638	56.20%	4.14%
Indostar Capital (Mauritius)	4,14,67,583	30.47%	(8.00%)

(i) CCPS held by promoters/ holding company at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% change during the year
As at 31 March 2023			
BCP V Multiple Holdings Pte. Ltd.	-	-	-
As at 31 March 2022			
BCP V Multiple Holdings Pte. Ltd.	-	-	(100%)

Note 21

Particulars	As at 31 March 2023	As at 31 March 2022
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	29,650.80	25,905.39
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	2,293.19	1,537.68
Securities premium	2,92,207.63	2,92,207.63
Share options outstanding account	2,074.82	7,081.96
General reserve	2,683.84	2,026.78
Retained earnings	(31,347.41)	(49,459.73)
Debt instruments through other comprehensive income	(12.52)	-
	2,97,550.78	**2,79,300.14**

21.1 Other equity movement

Particulars	As at 31 March 2023	As at 31 March 2022
Capital Reserve		
Opening Balance	0.43	0.43
Add: Transferred from surplus	-	-
Closing Balance	**0.43**	**0.43**
Statutory reserves u/s 45-IC of The RBI Act, 1934		
Opening Balance	25,905.39	25,905.39
Add: Transferred from surplus	3,745.41	-
Closing Balance	**29,650.80**	**25,905.39**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory reserves u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	1,537.68	851.51
Add: Transferred from surplus	755.51	686.17
Closing Balance	**2,293.19**	**1,537.68**
Securities premium		
Opening Balance	2,92,207.63	2,91,369.61
Add: Transfer from ESOP reserves	-	226.36
Add: Premium collected on share allotment	-	611.66
Closing Balance	**2,92,207.63**	**2,92,207.63**
Share options outstanding account		
Opening Balance	7,081.96	5,375.17
Movement during the year	(5,007.14)	1,706.79
Closing Balance	**2,074.82**	**7,081.96**
General reserve		
Opening Balance	2,026.78	1,970.49
Movement during the year	657.06	56.29
Closing Balance	**2,683.84**	**2,026.78**
Retained earnings		
Opening Balance	(49,459.73)	30,777.59
Add: Remeasurement of defined benefit plan/obligations	98.58	48.09
Add: Transferred from the statement of profit and loss	22,514.66	(73,651.23)
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(3,745.41)	-
Less: Transfer to statutory reserves u/s 29C of the National Housing Bank Act, 1987	(755.51)	(686.17)
Less: Appropriation towards dividend	-	(5,849.32)
Less: Share issue expenses	-	(98.69)
Closing Balance	**(31,347.41)**	**(49,459.73)**
Other Comprehensive Income		
Opening balance	-	(5.03)
Add: Debt instruments through other comprehensive income	(12.52)	5.03
Closing balance	**(12.52)**	**-**

21.2 Nature and purpose of reserves

Capital Reserve

Capital reserve comprises of the amount received on shares forfeited by the Company on non-payment of call money.

Statutory reserves u/s 45-IC of The RBI Act, 1934

Statutory reserves fund is required to be created by a Non-Banking Financial Company as per Section 45-IC of the Reserve Bank of India Act, 1934. The Company is not allowed to use the reserve fund except with authorisation of Reserve Bank of India.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Statutory reserves u/s 29C of the National Housing Bank Act, 1987

Statutory reserves fund is required to be created by Housing Finance Company as per Section 29C of the National Housing Bank of India Act, 1987. The Housing Finance Subsidiary is not allowed to use the reserve fund except with authorisation of National Housing Bank.

As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Housing Finance Subsidiary is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Housing Finance Subsidiary under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. Special reserve u/s 29C of the NHB Act includes amount transferred for Special Reserve in terms of Section 36(1)(viii) of the Income tax Act, 1961.

Securities premium

Securities premium is used to record the premium on issue of shares. It can be utilised in accordance with the provision of the Companies Act, 2013.

Share options outstanding account

The shares options outstanding account is used to recognise the grant date fair value of options issued to employees under stock option schemes of the Company.

Retained earnings

Retained earnings represents surplus of accumulated earnings of the Company and which are available for distribution to shareholders.

General resesrve

General reserve represents transfer of fair value of options granted to employees from ESOP Reserve to General Reserve on lapse/forfeiture of vested options by employees.

Note 22

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,03,156.81	1,04,937.87
Interest on investments		
- Debt instruments	159.71	-
Interest on deposits		
- Deposits with banks	1,569.29	1,214.79
- Deposits with Trustees	677.45	-
Interest Income on financial assets measured at FVOCI:		
- Investments in debt instruments	277.63	563.73
	1,05,840.89	**1,06,716.39**
Fees and commission income		
- Syndication, advisory & other fees	5,416.58	4,439.22
	5,416.58	**4,439.22**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,794.52	2,466.97

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	-	(63.94)
Total fair value changes	**2,794.52**	**2,403.03**
Fair value changes:		
- Realised	2,628.72	2,398.31
- Unrealised	165.80	4.72
Total fair value changes	**2,794.52**	**2,403.03**
Net gain on derecognition of financial instruments measured at amortised cost category		
- Investments	-	2,196.16
- Assignment Income	3,381.81	514.44
	3,381.81	**2,710.60**
Total	**1,17,433.80**	**1,16,269.24**

Note 23

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other income		
Miscellaneous income	158.72	162.03
Interest on income tax refund	372.82	997.76
	531.54	**1,159.79**

Note 24

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks/FI	33,628.51	26,827.42
Other borrowings (including Inter Corporate Deposits)	13,904.56	9,197.48
Interest expense on debt securities		
Debentures	7,083.30	16,228.69
Commercial paper	1,975.70	920.27
Other interest expense		
Bank charges & other related costs	1,433.66	780.10
	58,025.73	**53,953.96**

Note 25

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	(51,864.48)	56,786.59
Financial assets written off (net of recovery)	48,663.34	57,889.84
Impairment on others		
Undrawn loan commitments	(30.16)	(89.49)
Provision on co-lending arrangements	(897.47)	1,351.25
Others	92.69	(90.75)
	(4,036.08)	**1,15,847.44**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 26

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Employee Benefits Expenses		
Salaries, other allowances and bonus	20,798.99	17,398.18
Gratuity expenses	201.54	186.71
Compensated absences	22.44	41.41
Contribution to provident and other funds	836.57	725.68
Staff welfare expenses	242.48	129.13
Share based payment expense	(4,350.07)	1,989.44
Employee shared service costs recovered	29.48	33.07
	17,781.43	**20,503.62**

Footnote : During the quarter ended 31 March 2023, certain employees to whom stock options issued in accordance with ESOP plans disassociated from the Company. Accordingly, unvested and vested but not exercised options granted to these employees were cancelled. Employee cost includes effect of reversal of such cost of unvested options aggregating to Rs 4,421.94 lakh for the year ended 31 March 2023.

Note 27

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation		
Depreciation of property, plant and equipment (PPE)	3,104.65	3,063.88
Amortisation of intangible assets	851.70	474.60
	3,956.35	**3,538.48**

Note 28

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other Expenses		
Rent	1,087.03	838.61
Rates & taxes	57.52	210.63
Printing and stationery	135.75	201.59
Travelling & conveyance	1,277.22	871.96
Advertisement	130.59	71.54
Business Promotion	11.55	14.05
Commission & brokerage	100.92	52.25
Office expenses	2,561.03	1,688.73
Directors' fees & commission	44.85	59.79
Insurance	528.16	441.05
Communication expenses	569.73	555.42
Payment to auditors (note below)	403.28	329.08
CSR expenses (note below)	62.86	100.42
IT Support charges	2,101.73	2,178.07
Legal & professional charges	9,001.40	5,349.72
Loss on sale of property plant and equipment	27.11	31.86
Membership & subscriptions	96.62	102.35
Other shared service costs recovered	151.92	74.95

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Other fees and commission	25.25	167.14
Impairment allowance on assets acquired in satisfaction of claim	-	(117.79)
Provision for doubtful advances	0.37	0.26
	18,374.89	**13,221.68**
Payment to auditor includes:		
a) Statutory Audit	351.16	307.02
b) Tax Audit	1.50	4.50
c) Certifications	11.50	12.82
d) Others	39.12	4.74
Total	**403.28**	**329.08**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	62.86	19.41
b) Amount of expenditure incurred	62.86	100.42
c) Shortfall at the end of the year	-	-
d) Total of previous years shortfall	-	-
e) Reason for short fall	NA	NA
f) Nature of CSR activities	Women Empowerment, Education, Healthcare and Sanitation	
g) Details of related party transactions (refer note 33)	-	-

Note 29

Income taxes

Tax expense

(a) Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax expense		
1. Current tax	853.23	1,325.75
2. Tax of earlier years	(0.50)	2.36
	852.73	**1,328.11**
Deferred tax expense		
3. Deferred tax expenses	495.63	(17,313.03)
	495.63	**(17,313.03)**
Tax expense for the year	**1,348.36**	**(15,984.92)**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2023			For the year ended 31 March 2022		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
- Remeasurements of the defined benefit plans	131.73	(33.15)	98.58	64.26	(16.17)	48.09
- Debt instruments through other comprehensive income	(16.72)	4.20	(12.52)	6.72	(1.69)	5.03
Tax expense for the year	**115.01**	**(28.95)**	**86.06**	**70.98**	**(17.86)**	**53.12**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before tax	**23,863.02**	**(89,636.15)**
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	6,005.84	(22,559.63)
Difference in tax rate due to:		
- Effect of non-deductible expenses	79.51	944.54
- Tax expense of earlier years	(0.50)	2.36
- Effect of inter-Company transactions	-	(39.86)
- Others	(4,736.49)	5,667.67
Total tax expense	**1,348.36**	**(15,984.92)**
	5.65%	**17.83%**
Current tax	853.23	1,325.75
Tax expense of earlier year	(0.50)	2.36
Deferred tax	495.63	(17,313.03)
	1,348.36	**(15,984.92)**

(d) Movement in deferred tax balances

Particulars	As at 31 March 2023			
	Net balance 1 April 2022	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	33,220.00	(12,495.50)	-	20,724.50
Provision for gratuity	127.89	10.87	(33.15)	105.61
Provision for leave encashment	38.22	(6.87)	-	31.35
Income amortisation	172.39	(259.74)	-	(87.35)
Depreciation on PPE and intangible assets	705.55	140.23	-	845.78
Carried forward losses	6,005.75	13,569.43	-	19,575.18
Debt instruments through OCI	-	-	4.20	4.20
Lease liabilities	47.95	16.26	-	64.21
Other items of disallowance	581.14	(459.85)	-	121.29
Deferred tax liability				
Borrowing cost amortisation	(536.59)	(725.72)	-	(1,262.31)
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(1,218.54)	(284.75)	-	(1,503.28)
Deferred tax assets / (Liabilities)	**31,588.66**	**(495.63)**	**(28.95)**	**31,064.08**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2022			
	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/ liability
Deferred Tax Assets				
Provision for expected credit loss	15,432.92	17,787.08	-	33,220.00
Provision for gratuity	124.57	19.49	(16.17)	127.89
Provision for leave encashment	33.14	5.08	-	38.22
Income amortisation	408.29	(235.90)	-	172.39
Depreciation on PPE and intangible assets	539.71	165.84	-	705.55
Impairment loss allowance on assets acquired in satisfaction of claim	32.79	(32.79)	-	-
Carry forward losses	7,427.23	(1,421.48)	-	6,005.75
Debt instruments through OCI	1.69	-	(1.69)	-
Lease liabilities	40.04	7.91	-	47.95
Other items of disallowance	-	581.14	-	581.14
Deferred tax liability				
Borrowing cost amortisation	(834.93)	298.34	-	(536.59)
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(1,356.86)	138.32	-	(1,218.54)
Deferred tax assets / (Liabilities)	**14,293.49**	**17,313.03**	**(17.86)**	**31,588.66**

The Management considers the deferred tax assets recognised on carried forward losses to be fully set-off against future available profits considering the expected net interest income (NIM) from the existing loan book over the tenure of the loan.

Deferred tax asset of ₹ 4,584.61 lakhs on Unused Carried forward losses is yet to be recognized.

Note 30

Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
i. Profit attributable to equity holders (A)		
Profit / (loss) for the year	22,514.66	(73,651.23)
Less: Dividend on Compulsorily convertible preference shares (CCPS)	-	(2,557.08)
Profit attributable to equity holders for basic and diluted EPS	22,514.66	(76,208.31)
ii. Weighted average number of equity shares for calculating Basic EPS (B)	13,60,79,295	12,80,64,878
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	13,60,79,428	12,80,64,878
iv. Basic earnings per share (₹)	16.55	(59.51)
v. Diluted earnings per share (₹)	16.55	(59.51)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 31

Financial instruments – Fair values

A. Accounting classification and fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other current liabilities are a reasonable approximation to their fair value.

B. Risk Management Framework:

The Group's risk management framework is based on:

(a) Clear understanding and identification of various risks;

(b) Disciplined risk assessment by evaluating the probability and impact of each risk;

(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks; and

(d) Adequate review mechanism to monitor and control risks.

The Group's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the Group are credit risk, liquidity risk, interest rate risk, operational risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The Group has a an established risk reporting and monitoring framework. The Group identifies and monitors risks periodically. This process enables the Group to reassess the all critical risks in a changing environment that need to be focused on.

C. Risk governance structure:

The Group's risk governance structure operates with a well-defined Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the Group directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, review and approval of exposures with conflict of interest and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Group's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Group.

The risk management committee has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Group about risk management.

D. Fair value hierarchy

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 2023							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	76,162.66	-	-	76,162.66	76,162.66	-	-	76,162.66
(b) Investments in Security Receipts	-	-	18,294.67	18,294.67	-	-	18,294.67	18,294.67
(c) Treasury Bills	-	9,477.34	-	9,477.34	9,477.34	-	-	9,477.34
Total	**76,162.66**	**9,477.34**	**18,294.67**	**1,03,934.67**	**85,640.00**	**-**	**18,294.67**	**1,03,934.67**

** based on NAV statements and other information received from assets reconstruction company and adjusted for Expected credit losses as per Model.*

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments in Mutual funds	31,703.13	-	-	31,703.13	31,703.13	-	-	31,703.13
(b) Investments in Security Receipts	-	-	23,063.90	23,063.90	-	-	23,063.90	23,063.90
(c) Treasury Bills	-	-	-	-	-	-	-	-
Total	**31,703.13**	**-**	**23,063.90**	**54,767.03**	**31,703.13**	**-**	**23,063.90**	**54,767.03**

An analysis of changes in the gross carrying amount and the corresponding impairment loss allowances in relation to investments measured at amortised cost is as follows:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**-**	**-**	**41,280.54**	**41,280.54**	**-**	**-**	**22,452.41**	**22,452.41**
Reclassified from Loan Assets*	-	-	12,070.00	12,070.00	-	-	41,905.00	41,905.00
Assets derecognised or repaid (excluding write offs)	-	-	(10,479.23)	(10,479.23)	-	-	(23,076.87)	(23,076.87)
Gross carrying amount closing balance	**-**	**-**	**42,871.31**	**42,871.31**	**-**	**-**	**41,280.54**	**41,280.54**

** net of amount written-off*

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	18,216.64	18,216.64	-	-	3,683.50	3,683.50
Incremental provision	-	-	6,360.00	6,360.00	-	-	14,533.14	14,533.14
	-	-	24,576.64	24,576.64	-	-	18,216.64	18,216.64

Particulars	As at 31 March 2023							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	6,51,567.00	6,51,567.00	-	-	6,51,567.00	6,51,567.00
Total	-	-	6,51,567.00	6,51,567.00	-	-	6,51,567.00	6,51,567.00

Particulars	As at 31 March 2022							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	Total
Loans covered under Ind AS 109	-	-	7,70,693.86	7,70,693.86	-	-	7,70,693.86	7,70,693.86
Total	-	-	7,70,693.86	7,70,693.86	-	-	7,70,693.86	7,70,693.86

** Discounted cash flow approach adopted for fair valuation of level 3 instruments*

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, investments in pass-through-certificates, other financial assets, trade payables, borrowings, bank overdrafts and other current liabilities are a reasonable approximation to their fair value.

E. Credit risk

Credit risk arises when a borrower is unable to meet his contractual obligations to the lender. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a well-defined post sanction monitoring process to identify portfolio-wise credit risk trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

Grouping financial assets measured on a collective basis

The Group splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:

- Customer i.e. corporate and retail
- Nature of product i.e. Commercial Vehicle, Corporate loan, SME and Housing Finance

Significant increase in credit risk

The credit risk on a financial asset of the Group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. The retail loans where the renegotiated terms are not substantially different and involve repayment terms to be extended including interest or the EMI amount readjusted over the tenure are classified as Stage 2. In case of corporate loan the assessment of significant increase in credit risk is performed on a case to case basis. Additionally, accounts

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

identified and reviewed by the credit committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in Statement of profit and loss.

Restructured financial assets

A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant increase in credit risk of the borrower are classified as stage 2. Such loans continue to be in stage 2 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done.

Overview of the Expected Credit Loss principles

The Group records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, undrawn loan commitments (referred to as 'financial instruments').

For the computation of ECL on the financial instruments, the Group categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Group classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days. All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 91 days or more are considered as to be stage 3 assets.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group undertakes the classification of exposures within the aforesaid stages at borrower level.

Definition of default

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been more than 90 days past due. Non-payment on another obligation of the same customer is also considered as a Stage 3.

The calculation of ECL

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Portfolio Segmentation:
For ECL purpose, the loan portfolio is broadly segmented as below:

1) Corporate lending
2) Small and medium enterprises lending ('SME')
3) Commercial vehicle lending
4) Housing finance

Exposure-At-Default (EAD): The Exposure at Default is the amount the Group is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD): The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

Loss Given Default (LGD): The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets. the Group computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments. the Group has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle loans and Housing Finance.

Forward looking information
The Group employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- Gross national saving
- WPI (Wholesale price index)

For the purpose of determination of impact of forward looking information, the company applies macro economic (ME) variables as stated above to each product and assess the trend of the historical probability of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3$	Total	Stage 1	Stage 2	Stage 3$	Total
Gross carrying amount opening balance	**5,87,022.07**	**1,76,994.63**	**1,20,316.24**	**8,84,332.94**	**5,60,953.25**	**1,88,829.43**	**34,037.81**	**7,83,820.49**
New assets originated or purchased*	1,92,543.01	5,190.64	2,621.02	2,00,354.67	3,23,834.80	45,400.02	66,190.37	4,35,425.19
Assets derecognised or repaid (excluding write offs)	(2,33,124.09)	(40,047.22)	(43,752.64)	(3,16,923.95)	(1,22,498.97)	(68,088.79)	(49,783.12)	(2,40,370.88)
Transfers to stage 1	49,084.52	(39,642.81)	(9,441.71)	-	7,627.39	(7,100.48)	(526.91)	-
Transfers to stage 2	(44,291.26)	49,720.05	(5,428.79)	-	(1,05,046.54)	1,06,239.95	(1,193.41)	-
Transfers to stage 3	(12,477.50)	(10,268.63)	22,746.13	-	(71,755.34)	(43,062.73)	1,14,818.07	-
Amounts written off (net of recovery)	-	(17,484.99)	(31,227.07)	(48,712.06)	(6,092.52)	(12,685.62)	(33,858.72)	(52,636.86)
Presented under Investments as Security Receipts*	-	(4,128.44)	(7,941.56)	(12,070.00)	-	(32,537.15)	(9,367.85)	(41,905.00)
Gross carrying amount closing balance	**5,38,756.75**	**1,20,333.23**	**47,891.62**	**7,06,981.60**	**5,87,022.07**	**1,76,994.63**	**1,20,316.24**	**8,84,332.94**

** Presented under Investments in Security Receipts (Refer to Note 31(D))*

$ Reasonable steps are being taken by the Management for recovery of the principal and interest.

Reconciliation of ECL balance is given below:

Particulars	2022-23				2021-22			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**9,667.70**	**35,594.30**	**68,377.07**	**1,13,639.07**	**28,606.01**	**22,655.17**	**18,625.70**	**69,886.88**
New assets originated or purchased	6,084.87	202.04	1,140.31	7,427.22	4,777.12	10,133.31	35,189.91	50,100.34
Assets derecognised or repaid (excluding write offs)	(6,986.04)	(10,799.98)	(25,614.06)	(43,400.08)	(21,574.18)	(5,588.49)	74.13	(27,088.54)
Transfers to stage 1	10,172.55	(4,909.63)	(5,262.92)	-	966.84	(786.97)	(179.87)	-
Transfers to stage 2	(1,111.17)	4,124.28	(3,013.11)	-	(1,790.08)	2,094.40	(304.32)	-
Transfers to stage 3	(1,975.63)	(1,407.02)	3,382.65	-	(953.35)	(5,303.39)	6,256.74	-
Impact on year end ECL on exposures transferred between stages during the year	(4,233.25)	2,517.07	10,248.39	8,532.21	(56.27)	19,084.66	21,930.92	40,959.31
Amounts written off (net of recovery)	(64.73)	(7,435.21)	(23,283.88)	(30,783.82)	(308.39)	(6,694.39)	(13,216.14)	(20,218.92)
ECL allowance - closing balance	**11,554.30**	**17,885.85**	**25,974.45**	**55,414.60**	**9,667.70**	**35,594.30**	**68,377.07**	**1,13,639.07**

F. Liquidity risk

Liquidity is the Group's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the Group's financial conditions. The Asset Liability Management Policy of the Group stipulates a broad framework for Liquidity risk management to ensure that the Group can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Group tracks the cash flow mismatches for measuring and managing net funding requirement through Maturity Ladder approach and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not breached.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the Group is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Group. Basis the liquidity position assessed under various stress scenarios; the Group reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

Maturity profile of undiscounted cash flows for financial liabilities as on balance sheet date have been provided below:

As on 31 March 2023

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	794.21	-	-	-	794.21
Debt securities	14,336.24	17,674.11	78,876.60	-	1,10,886.95
Borrowings (other than debt securities)	49,396.40	1,21,484.26	2,35,993.88	47,043.46	4,53,918.00
Other financial liabilities	29,755.45	467.91	2,391.82	599.89	33,215.07
Total	**94,282.30**	**1,39,626.28**	**3,17,262.30**	**47,643.35**	**5,98,814.23**

Footnote:

Notes:

- The above inflows and outflows is based on scheduled maturity of the financial instruments.

- The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, ₹ 7,486.11 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.

- in addition to above ₹ 60,321.50 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenants.

- Also refer Note 41

As on 31 March 2022

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	271.32	-	-	-	271.32
Debt securities	67,534.81	91,058.72	39,200.09	-	1,97,793.62
Borrowings (other than debt securities)	49,202.75	1,15,368.79	2,00,792.14	59,186.34	4,24,550.02
Other financial liabilities	45,677.86	725.65	2,196.63	535.83	49,135.97
Total	**1,62,686.74**	**2,07,153.16**	**2,42,188.86**	**59,722.17**	**6,71,750.93**

G. Market risk

Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Group's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The Group is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The Group continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Group's risk management framework.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

H. Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Group are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Group has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Group has Independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

Note 32

Disclosure pursuant to Ind AS 108 "Operating Segment"

Business segments

The Group has identified operating segments based on performance assessment and resource allocation by the chief operating decision maker. Revenue and expenses directly attributable to segments are reported under each reportable segment. All other revenue/expenses which primarily consists of tax expenses and other income are not attributable or allocable to segments have been disclosed as unallocated. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable, which primarily consists of current tax and deferred tax assets/liabilities and investments. As the operations of the Group are carried out within India, there are no geographical segments. The Group operates in the following segments:

Large Corporate segment provides loans to medium and large-sized corporates, institutional customers and real estate developers.

SME segment provides lending to small and medium enterprises for business financing needs including working capital, business expansion or other requirements.

Commercial vehicle segment primarily consists of financing for used and new vehicles.

Housing Finance segment consists of affordable home financing to self-employed and salaried customers.

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
I	**Gross segment revenue from continuing operations**		
(a)	Large corporate	17,684.75	27,440.15
(b)	SME	17,315.66	17,978.00
(c)	Commercial vehicles	56,312.04	52,079.89
(d)	Housing finance	20,924.18	14,482.30
(e)	Unallocated*	5,728.71	5,448.69
	Segment revenue from continuing operations	**1,17,965.34**	**1,17,429.03**
II	**Segment results**		
(a)	Large corporate	5,746.03	19,308.40
(b)	SME	4,233.45	(3,627.49)
(c)	Commercial vehicles	16,196.75	(96,586.39)
(d)	Housing finance	5,123.21	4,608.68
(e)	Unallocated**	(7,436.42)	(13,339.35)
	Profit/(loss) before tax	**23,863.02**	**(89,636.15)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars		For the year ended 31 March 2023	For the year ended 31 March 2022
III	**Segment assets**		
(a)	Large corporate	1,08,709.00	1,43,630.67
(b)	SME	1,01,804.00	1,47,258.62
(c)	Commercial vehicles	3,87,379.00	4,18,206.72
(d)	Housing finance	1,45,427.00	1,29,449.21
(e)	Unallocated***	1,68,899.76	1,27,602.27
	Total assets	**9,12,218.76**	**9,66,147.49**
IV	**Segment liabilities**		
(a)	Large corporate	62,953.00	90,027.42
(b)	SME	66,821.00	1,05,897.18
(c)	Commercial vehicles	2,78,394.00	2,92,185.14
(d)	Housing finance	91,714.00	79,806.71
(e)	Unallocated****	1,01,178.05	1,05,322.97
	Total liabilities	**6,01,060.05**	**6,73,239.42**

* *Unallocated includes income from treasury assets and other income*

** *Unallocated includes other operating expenses*

*** *Unallocated includes treasury assets and advance/tax deducted (net), deferred tax asset (net)*

**** *Unallocated includes other liabilities, deferred tax liabilities*

Note 33

Related Party disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

a) Relationships

I. Ultimate Controlling Party

Brookfield Asset Management Inc.

II. Holding Company

BCP V Multiple Holdings Pte. Ltd.

III. Names of other related parties with whom the Group had transactions during the year:

Key Managerial Personnel

Karthikeyan Srinivasan - CEO (from 14 February 2023); Whole time director (from 30 March 2023)

Deep Jaggi - CEO (upto 14 February 2023)

R. Sridhar - Vice-Chairman; (upto 17 April 2022)

Bobby Parikh - Non-Executive Independent Director

Hemant Kaul - Non-Executive Independent Director

Naina Krishna Murthy - Non-Executive Independent Director

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

b) Transactions with Holding Company

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Conversion of CCPS held by Holding Company to Equity shares of the Company	-	1,206.90
Dividend on CCPS paid to Holding Company	-	5,849.32
Upfront Fees	4,018.68	-

c) Transactions with key management personnel:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Short-term employee benefits	209.11	305.57
Sitting fees to Non-Executive Independent Directors	40.54	58.97
Reimbursement of expenses	0.37	9.00

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

d) Transactions other than those with key management personnel: Nil

e) The related party balances outstanding at year end are as follows:

Particulars		Key Managerial Personnel*
Loans outstanding	2023	2,500.00
	2022	2,500.00

** interest free loan receivable from KMP (upto 17 April 2022)*

Note 34

Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Type of Services or service		
Syndication, advisory & other fees	5,416.58	4,439.22
Total revenue from contracts with customers	**5,416.58**	**4,439.22**
Geographical markets		
India	5,416.58	4,439.22
Outside India	-	-
Total revenue from contracts with customers	**5,416.58**	**4,439.22**
Timing of revenue recognition		
Services transferred at a point in time	5,416.58	4,439.22
Services transferred over time	-	-
Total revenue from contracts with customers	**5,416.58**	**4,439.22**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 35

Contingent liabilities and Commitments

Particulars	As at 31 March 2023	As at 31 March 2022
Contingent liabilities		
Corporate guarantee given by Company to banks	2,875.00	4,125.00
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	291.55	102.21
Loans sanctioned not yet disbursed	48,695.89	28,495.54

Note 36

Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	3,749.94	2,884.20
Add: additions during the year	1,132.85	2,856.07
Add: Interest on lease liability	336.66	330.32
Less: Deletions	(720.55)	(900.56)
Less: Lease rental payments	(1,395.39)	(1,420.09)
	3,103.51	**3,749.94**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2023	As at 31 March 2022
Not later than one year	882.80	1,321.01
Later than one year but not later than five years	2,427.27	2,825.51
Later than five years	680.81	675.59
	3,990.88	**4,822.11**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2023	As at 31 March 2022
Lease liability		
Less than 12 months	611.79	1,017.48
More than 12 months	2,491.72	2,732.46
	3,103.51	**3,749.94**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 37

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

The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED:

Particulars	As at 31 March 2023	As at 31 March 2022
a. Principal and interest amount remaining unpaid	10.89	30.20
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	0.07	-
e. Interest accrued and remaining unpaid	-	-
f. 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 enterprises	-	-

The aforementioned is based on the responses received by the Group to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Group during the year to the suppliers registered under this Act.

Ageing analysis of Trade Payable

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	10.89	-	-	-	10.89
(ii) Others	751.62	31.70	-	-	783.32
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	26.83	3.37	-	-	30.20
(ii) Others	178.53	16.59	-	46.00	241.12
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 38

Gratuity and other post-employment benefit plans:

The Group 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 Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

Particulars	As at 31 March 2023	As at 31 March 2022
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	423.97	512.22
Fair value of plan assets as at the end of the year	4.36	4.09
Net asset / (liability) to be recognized in the balance sheet	**419.61**	**508.13**
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	512.22	498.76
Current service cost	172.41	159.70
Past service cost	3.89	-
Interest cost	17.76	30.53
Benefits paid	(158.34)	(109.24)
Actuarial (gain) / loss on obligation	(123.97)	(67.53)
Projected benefit obligation at the end of the year	**423.97**	**512.22**
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	4.09	3.84
Return on plan assets	5.07	3.52
Actuarial gain/(loss)	(4.80)	(3.27)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**4.36**	**4.09**
D. Amount recognised in the statement of profit and loss		
Current service cost	172.41	159.70
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	29.13	27.01
Expenses recognised in the statement of profit and loss	**201.54**	**186.71**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	(4.26)	(28.25)
- change in demographic assumption	(74.44)	-
- experience variation	(57.83)	(34.15)
Return on plan assets, excluding amount recognised in net interest expense	4.80	(1.86)
	(131.73)	**(64.26)**
F. Assumptions used		
Discount rate	7.30%	6.95%
Salary growth rate	6.00%	6.00%
Withdrawal rates	50% at younger ages reducing to 10% at older ages	10% at younger ages reducing to 6% at older ages

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2023		As at 31 March 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	418.04	430.08	874.59	953.95
Salary growth rate (0.5% movement)	430.11	418.20	948.93	878.41
Withdrawal rate (10% movement)	416.57	431.92	909.53	915.66

H. Other information:

1. Plans assets comprises 100% of Insurance funds
2. The expected contribution for the next year is ₹ 88.61 lakhs.
3. The average outstanding term of the obligations as at valuation date is 3.24 years.

Note 39

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Net assets i.e. total assets minus total liabilities

Particulars	As at 31 March 2023		As at 31 March 2022	
	As % of Consolidated Net assets	₹ Lakhs	As % of Consolidated Net assets	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	97.14%	3,02,255.29	98.26%	2,87,801.66
Subsidiaries				
IndoStar Home Finance Private Limited	17.26%	53,713.50	17.04%	49,901.47
IndoStar Asset Advisory Private Limited	0.15%	461.52	0.15%	451.45
Less: Inter-Company eliminations	-14.55%	(45,271.60)	-15.45%	(45,246.51)
Total	**100.00%**	**3,11,158.71**	**100.00%**	**2,92,908.07**

Share of Profit or Loss

Particulars	For the year ended 31 March 2023		For the year ended 31 March 2022	
	As % of Consolidated Net assets	₹ Lakhs	As % of Consolidated Net assets	₹ Lakhs
Parent				
IndoStar Capital Finance Limited	83.17%	18,727.05	104.44%	(76,919.79)
Subsidiaries				
IndoStar Home Finance Private Limited	16.78%	3,777.54	-4.66%	3,430.83
IndoStar Asset Advisory Private Limited	0.04%	10.07	0.01%	(3.87)
Less: Inter-Company eliminations	0.00%	-	0.22%	(158.40)
Total	**100.00%**	**22,514.66**	**100.00%**	**(73,651.23)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 40

Employee stock option plans

The Group provides share-based employee benefits to the employees of the parent Company, or Subsidiary Company, the Director, whether a whole time Director or otherwise but excluding Non-Executive Independent Director, including the Director of the 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 2023, employee stock option plans (ESOPs) were in existence. The relevant details of the schemes and the grant are as below.

A. Description of share-based payment arrangements

As at 31 March 2023, the Company has the following share-based payment arrangements:

Share option plans (equity settled)

According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years.

I. Details of the ESOP

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Date of Shareholder's Approval	30-Jul-12	09-May-16	17-Oct-16	28-Apr-17	15-Dec-17
Total Number of Options approved	15,00,000	27,00,000	30,00,000	20,00,000	60,00,000
Vesting Requirements	Vesting Criteria will specified for each Option Holder by the Nomination and Remuneration Committee at the time of grant of Options. For valid vesting of Options, the concerned Option Holder is required to be an Eligible Employee on the respective Vesting Date and must neither be serving his/her notice period for termination of service nor be subject to any disciplinary proceedings pending against him/her. Unless the NRC provides otherwise, the Vesting of Options granted hereunder shall be stalled / blocked during any unauthorised and unpaid leave of absence for such period as may prescribed by NRC or for any Cause as deemed fit by the NRC.				
The Pricing Formula	Options can be Exercised at any of the following Exercise Price, as may be determined by the NRC at its sole discretion at the time of grant of Options: (i) Fair Market Value rounded to the nearest rupee; or (ii) Market Price rounded to the nearest rupee; or (iii) Such price as may be determined by the NRC. However, the Exercise Price shall not be less than the Fair Market Value of the Shares.				
Maximum term of Options granted (years)	Options granted under the ESOP Plans would vest not less than 1 (one) year from the date of grant of Options. Options shall be capable of being exercised within a period of 4 years from the Date of Vesting.				
Method of Settlement	Equity				
Source of shares	Primary				
Variation in terms of ESOP	None				
Method used for accounting of options	Fair Value Method				

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

II. Option Movement during the year ended 31 March 2023

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of options outstanding at the beginning of the year	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Options granted during the year	-	9,84,500	-	-	-
Options forfeited / lapsed during the year	-	5,82,000	2,01,500	14,89,500	26,29,000
Options exercised during the year	-	-	-	-	-
Total number of shares arising as a result of exercise of options	-	-	-	-	-
Money realised by exercise of options (₹ Lakhs)	-	-	-	-	-
Number of options outstanding at the end of the year	35,700	19,13,000	1,46,500	2,30,000	3,98,500
Number of options exercisable at the end of the year	13,200	3,32,000	1,46,500	2,30,000	1,63,500
The weighted average market price of shares exercised during the year ended 31 March 2023 (₹ Per share)	-	-	-	-	-

III. Option Movement during the year ended 31 March 2022

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
No. of options outstanding at the beginning of the year	10,700	5,12,500	3,78,000	17,29,500	30,23,000
Options granted during the year	25,000	14,53,000	-	-	2,50,000
Options forfeited / lapsed during the year	-	2,05,000	-	10,000	2,45,500
Options exercised during the year	-	2,50,000	30,000	-	-
Total number of shares arising as a result of exercise of options	-	2,50,000	30,000	-	-
Money realised by exercise of options (₹ Lakhs)	-	562.50	76.50	-	-
Number of options outstanding at the end of the year	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Number of options exercisable at the end of the year	7,700	1,58,900	3,03,600	1,74,600	4,04,200
The weighted average market price of shares exercised during the year ended 31 March 2022 (₹ Per share)	-	300.12	309.57	-	-

IV. Weighted Average remaining contractual life

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Range of Exercise Price (₹ per share)	149.37-437.00	139.00-437.00	255.00-328.00	437	288.20-437.00
No. of Options Outstanding as on 31 March 2023	35,700	19,13,000	1,46,500	2,30,000	3,98,500
Contractual Life (in years)	4.75	3.76	1.57	2.79	3.18

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

V. Method and Assumptions used to estimate the fair value of options granted:

The fair value has been calculated using the Black Scholes Option Pricing model.

The Assumptions used in the model are as follows:

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017	ESOP Plan 2018
Risk free interest rate	NA	6.25%	NA	NA	NA
Weighted average expected life (in years)	NA	394.92%	NA	NA	NA
Expected volatility	NA	40.68%	NA	NA	NA
Dividend yield	NA	0.00%	NA	NA	NA
Exercise Price	NA	141.67	NA	NA	NA
Weighted average exercise price (₹ per share)	NA	141.48	NA	NA	NA

VI. Effect of share-based payment transactions on the entity's Profit or Loss for the period:

Particulars	As at 31 March 2023	As at 31 March 2022
Employee share based expense	(4,350.07)	1,989.44
Total ESOP reserve outstanding	2,074.82	7,081.96

Note 41 - Maturity pattern of Assets and Liabilities

An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	As on 31 March 2023			As on 31 March 2022		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	17,974.12	-	**17,974.12**	8,027.20	-	**8,027.20**
Bank balances other than cash and cash equivalents	1,880.49	21,723.10	**23,603.59**	2,783.97	38,154.46	**40,938.43**
Loans	1,75,355.77	4,76,211.23	**6,51,567.00**	1,42,864.10	6,27,829.76	**7,70,693.86**
Investments	85,640.00	18,294.67	**1,03,934.67**	31,703.13	23,063.90	**54,767.03**
Other financial assets	2,023.38	33,132.98	**35,156.36**	1,100.47	8,997.72	**10,098.19**
Non-financial assets						
Current tax assets (net)	-	5,607.74	**5,607.74**	-	6,896.18	**6,896.18**
Deferred tax assets (net)	-	31,643.62	**31,643.62**	-	31,669.41	**31,669.41**
Property, plant and equipment	-	5,353.44	**5,353.44**	-	7,271.54	**7,271.54**
Assets acquired in satisfaction of claim	-	1,300.00	**1,300.00**	1,300.00	-	**1,300.00**
Goodwill	-	30,018.69	**30,018.69**	-	30,018.69	**30,018.69**
Intangible assets	-	2,351.56	**2,351.56**	-	1,311.70	**1,311.70**
Other non-financial assets	3,286.71	421.26	**3,707.97**	3,155.26	-	**3,155.26**
TOTAL ASSETS	**2,86,160.46**	**6,26,058.30**	**9,12,218.76**	**1,90,934.13**	**7,75,213.36**	**9,66,147.49**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Particulars	As on 31 March 2023			As on 31 March 2022		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES						
Financial liabilities						
Trade payables	794.21	-	**794.21**	271.32	-	**271.32**
Debt securities	32,010.36	78,876.59	**1,10,886.95**	1,58,593.53	39,200.09	**1,97,793.62**
Borrowings (other than debt securities)*	1,70,880.66	2,83,037.34	**4,53,918.00**	1,64,571.53	2,59,978.49	**4,24,550.02**
Other financial liabilities	30,223.36	2,991.71	**33,215.07**	46,403.51	2,732.46	**49,135.97**
Non-financial liabilities						
Current tax liabilities (net)	-	-	**-**	0.57	-	**0.57**
Provisions	162.18	393.75	**555.93**	192.74	509.15	**701.89**
Deferred Tax Liability	-	579.54	**579.54**	-	80.75	**80.75**
Other non-financial liabilities	1,110.35	-	**1,110.35**	705.28	-	**705.28**
TOTAL LIABILITIES	**2,35,181.12**	**3,65,878.93**	**6,01,060.05**	**3,70,738.48**	**3,02,500.94**	**6,73,239.42**

** also refer note 31(G)*

Note 42 - Other notes

Note 42.1

As indicated in the prior reporting periods, the Company engaged a leading professional services firm to assist it in undertaking a review of its loan portfolio. The final findings of this review were submitted to the Audit Committee on August 5, 2022. The Company made incremental ECL provisions based, among others, on the findings of this review in its financial statements for the financial year ended March 31, 2022. (also refer note 42.2 to the financial statements).

The Company subsequently engaged a leading law firm, to carry out a review for undertaking root cause analysis of deviations to policies and gaps in the internal financial controls and systems (including of control gap/control override and individuals involved) focusing on the Company's commercial vehicles and SME businesses ("Conduct Review"). The final findings of this review were submitted to the Audit Committee.

The Company, under the guidance and supervision of the Audit Committee, has completed its review of the findings thereon, and has taken necessary remedial and accountability measures. Among others, the Company has initiated measures to strengthen controls and improve the process and control environment of the Company including by way of senior managerial level changes and appointments, improving entity level controls, policy related changes, process improvements and technological enhancements. The Company has also concluded that with respect to the findings in the Conduct Review Report, there is no further reporting requirement under the Companies Act, 2013.

Note 42.2

In the financial statements for the year ended 31 March 2022, the Company had made incremental provision for expected credit loss (ECL) allowances on account of certain deficiencies in the Company's internal controls that were identified during this period. Considering that these control deficiencies have since been remediated during the current year and the findings of the Conduct Review have been adequately evaluated (refer note 42.1), no incremental provisioning is considered necessary during the year ended 31 March 2023.

Although the possibility that the control deficiencies that were identified could potentially have had an impact on the financial statements for periods ending prior to 1 April, 2021, the Company had concluded that it was impracticable to determine the prior period – specific effects, if any, in respect of the charge to the Statement of Profit and Loss on account of the following:

(i) impairment allowance on loan assets and investment in security receipts;

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

(ii) loan assets written off; and

(iii) changes in fair value of financial guarantee contracts

when it finalised its financial statements for the year ended 31 March 2022 because significant judgements had been applied in determining the staging of the loan assets and the related impairment allowance for events and conditions which existed as on 31 March 2022. The Company believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

Consequent to the above, in respect of such account balances, related income and the related disclosures, the figures for the year ended 31 March 2023 may not be strictly comparable with the figures for the year ended 31 March 2022.

Note 42.3

Going Concern

As at 31 March 2023, the Company has equity which is significantly in excess of the minimum Capital Risk Adequacy Ratio (CRAR) that has been stipulated by the Reserve Bank of Indian (RBI) (including the proportion of Tier I Capital). Its liquid assets as of that date are also significantly in excess of the minimum stipulated by the RBI. Based on the Company's forecast of cashflows over the twelve months following 31 March 2023, the available liquid assets and the expected cash inflows would be sufficient to meet its liabilities even under a stressed scenario. Additionally, during the year ended 31 March 2023 and till the adoption of these financial statements, the Company has been successful in raising additional debt of ₹ 4,58,698.46 lakhs from banks and financial institutions and through securitisation (including ₹ 25,500.00 lakh subsequent to the balance sheet date). In view of the above, the Management has concluded that no material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern exist as on the date of the balance sheet.

Note 42.4

In relation to the loans portfolio, the Management has on a best effort basis and knowledge, has not identified transactions with Nil financiers (previous year approximately 32) aggregating ₹ Nil (previous year ₹ 21,461.69 lakhs) used for refinancing loans of the customers.

The Company respectfully submits that it is unable to provide the disclosure relating to these transactions in the format as required under Division III of the Schedule III of the Companies Act, 2013 as the transactions are individually small and voluminous.

Note 42.5

The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Group, same are not covered:

a) The Group has not traded or invested in crypto currency or virtual currency during the financial year.

b) No proceedings have been initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

c) The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

d) The Group has not entered into any scheme of arrangement.

e) Charges or satisfaction to be registered with Registrar of Companies (ROC) have been registered within the stipulated statutory timelines.

f) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2023

(Currency : Indian Rupees in Lakhs)

Note 43

Figures for the previous year have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

For and on behalf of the Board of Directors of

IndoStar Capital Finance Limited

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Currency : Indian Rupees Lakhs)

Sl. No.	Particulars	1	2
1	Name of the subsidiary	IndoStar Asset Advisory Private Limited	IndoStar Home Finance Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	1 April 2022 to 31 March 2023	1 April 2022 to 31 March 2023
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
4	Share capital		
	Authorised capital	10.00	100,000.00
	Paid-up Capital	1.00	45,000.00
5	Reserves & surplus	460.52	8,713.50
6	Total Assets	465.80	145,427.24
7	Total Liabilities	465.80	145,427.24
8	Investments	-	3,500.54
9	Turnover	-	20,829.67
10	Profit / (loss) before taxation	12.80	5,123.17
11	Provision for taxation	2.73	1,345.63
12	Profit / (loss) after taxation	10.07	3,777.54
13	Proposed Dividend	Nil	Nil
14	Extent of shareholding (in percentage)	100%	100%

Notes:

Names of subsidiaries which are yet to commence operations: Not applicable

Names of subsidiaries which have been liquidiated or sold during the year: Not applicable

Part B Associates and Joint Ventures - Not applicable

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

Bobby Parikh
Non-Executive Independent Chairman
DIN: 00019437

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 25 May 2023

INDOSTAR

REGISTERED & CORPORATE OFFICE:

5th Floor, Corporate Avenue, Wing 2/E,
Andheri - Ghatkopar Link Road,
Chakala, Andheri (East), Mumbai,
Maharashtra 400099.
Tel No.: +91 22 4315 7000
E-mail: investor.relations@indostarcapital.com

www.indostarcapital.com

Concept, Content & Design wp (info@wyatt.co.in)

Deloitte
Haskins & Sells LLP

Chartered Accountants
One International Center
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai-400 013
Maharashtra, India

Tel: +91 22 6185 4000
Fax: +91 22 6185 4101

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
INDOSTAR CAPITAL FINANCE LIMITED

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **INDOSTAR CAPITAL FINANCE LIMITED** ("the Company"), for the quarter ended June 30, 2023 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
UDIN: 23039826BGXSBF6843

Place: Mumbai
Date: August 2, 2023

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended
		30 June 2023	31 March 2023	30 June 2022	31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income**				
	(a) Revenue from operations				
	Interest income	22,286	21,625	23,449	88,947
	Fees and commission income	1,232	1,151	1,062	4,707
	Net gain on fair value changes	603	820	450	2,511
	Net gain on derecognition of financial instruments measured at amortised cost category	-	-	886	723
	Total revenue from operations	**24,121**	**23,596**	**25,847**	**96,888**
	(b) Other income	10	388	17	437
	Total income (a+b)	**24,131**	**23,984**	**25,864**	**97,325**
2	**Expenses**				
	(a) Finance costs	13,313	13,427	13,240	51,802
	(b) Impairment on financial instruments	(1,280)	(123)	(330)	(4,013)
	(c) Employee benefits expenses (refer note 5)	4,913	(661)	4,573	13,256
	(d) Depreciation and amortisation expense	666	825	933	3,634
	(e) Other expenses	3,428	3,208	2,956	13,919
	Total expenses (a+b+c+d+e)	**21,040**	**16,676**	**21,372**	**78,598**
3	**Profit/(loss) before tax (1-2)**	**3,091**	**7,308**	**4,492**	**18,727**
4	**Tax expenses**				
	Current tax	-	-	-	-
	Deferred tax	-	-	-	-
	Tax expenses	-	-	-	-
5	**Profit/(loss) after tax (3-4)**	**3,091**	**7,308**	**4,492**	**18,727**
6	**Other comprehensive income, net of tax**				
	(a) Items that will not be reclassified to profit or loss				
	- Remeasurements of the defined benefit plans	(40)	4	31	89
	(b) Items that will be reclassified to profit or loss				
	- Debt instruments through other comprehensive income	11	(13)	-	(12)
	Total other comprehensive income (a+b)	**(29)**	**(9)**	**31**	**77**
7	**Total comprehensive income (5+6)**	**3,062**	**7,299**	**4,523**	**18,804**
8	**Paid up equity share capital** (Face value of Rs. 10)	**13,608**	**13,608**	**13,608**	**13,608**
9	**Other equity**				**2,88,647**
10	**Earnings per share** (* not annualised)				
	Basic (Rs.)	*2.27	*5.37	*3.30	13.76
	Diluted (Rs.)	*2.27	*5.37	*3.30	13.76

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited

INDOSTAR CAPITAL FINANCE LIMITED
Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023

Notes

1 The unaudited standalone financial results of IndoStar Capital Finance Limited ("ICFL" or "the Company") for the quarter ended 30 June 2023 have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 2 August 2023. The unaudited financial results have been subjected to limited review by the Statutory Auditor of the Company.

2 The Company has provided segmental information as per Ind AS 108 - Operating Segments in the consolidated financial results.

3 The Secured Listed Non-Convertible Debentures of the Company as on 30 June 2023 are secured by first pari-passu charge on a freehold land owned by the Company and/or standard receivables and / or cash / cash equivalent and / or such other asset as mentioned in the respective offer documents. The total asset cover required for secured listed non-convertible debentures has been maintained as per the terms and conditions stated in the respective offer documents.

4 Disclosure pursuant to RBI Notification - RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated 24 September 2021, as amended, on "Transfer of Loan Exposures" are given below:

(a) Details of stressed loans transferred during the quarter ended 30 June 2023 : Nil

(b) Details of stressed loans acquired during the quarter ended 30 June 2023:

(Rs. in Lakhs)

Description	From lenders listed in Clause 3	
	NPA	SMA
Aggregate principal outstanding of loans acquired	-	741.82
Aggregate consideration paid	-	741.82
Weighted average residual tenor of the loans acquired (in month)	-	30

(c) Details of loans not in default that are transferred through assignment during the quarter ended 30 June 2023: Nil

(d) Details of loans not in default that are acquired during the quarter ended 30 June 2023:

Description	*Quarter ended 30 June 2023*
(i) No. of accounts	482
(ii) Aggregate value of accounts acquired Rs. in Lakhs	1,537
(iii) Weighted average maturity (months)	30
(iv) Weighted average holding period (months)	NA
(v) Retention of beneficial economic interest (in %)	90%
(vi) Coverage of tangible security (in %)	100%
(vii) Rating-wise distribution of rated loans	NA

5 During the quarter ended 31 March 2023, certain employees to whom stock options issued in accordance with ESOP plan disassociated from the Company. Accordingly, unvested and vested but not exercised options granted to these employees were cancelled. Employee cost includes effect of reversal of such cost of unvested options aggregating to Rs. 5,054.50 lakh for the quarter ended 31 March 2023 and Rs 4,421.94 lakh for the year ended 31 March 2023.

6 The figures for the last quarter of the previous year are the balancing figures between audited figures in respect of the full financial year and the published year-to-date unaudited figures upto third quarter of the financial years.

7 Figures for the previous periods / year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current periods / year presentation.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 2 August 2023

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

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Deloitte
Haskins & Sells LLP

Chartered Accountants
One International Center
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai-400 013
Maharashtra, India

Tel: +91 22 6185 4000
Fax: +91 22 6185 4101

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
INDOSTAR CAPITAL FINANCE LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **INDOSTAR CAPITAL FINANCE LIMITED** (the "Parent" / the "Company") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended June 30, 2023 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:
   a. IndoStar Capital Finance Limited – Parent
   b. IndoStar Home Finance Private Limited – Subsidiary
   c. IndoStar Asset Advisory Private Limited – Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of the other auditor referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, has not been prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the financial information of one subsidiary included in the consolidated unaudited financial results, whose financial information reflect total revenue from operations of ₹5,926 lakhs for the quarter ended June 30, 2023, total net profit after tax of ₹797 lakhs for the quarter ended June 30, 2023 and total comprehensive income of ₹791 lakhs for the quarter ended June 30, 2023, as considered in the Statement. This financial information has been reviewed by other auditor whose report has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditor and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion on the Statement is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 039826)
UDIN: 23039826BGXSBG4624

Place: Mumbai
Date: August 2, 2023

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023

(Rs. in Lakhs)

Sr. No.	Particulars	Quarter ended			Year ended
		30 June 2023	31 March 2023	30 June 2022	31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income**				
	(a) Revenue from operations				
	Interest income	27,227	25,789	27,700	1,05,841
	Fees and commission income	1,505	1,368	1,254	5,417
	Net gain on fair value changes	714	914	515	2,795
	Net gain on derecognition of financial instruments measured at amortised cost category	463	446	1,913	3,381
	Total revenue from operations	**29,909**	**28,517**	**31,382**	**1,17,434**
	(b) Other income	28	405	39	531
	Total income (a+b)	**29,937**	**28,922**	**31,421**	**1,17,965**
2	**Expenses**				
	(a) Finance costs	15,438	15,042	14,806	58,026
	(b) Impairment on financial instruments	(1,190)	(470)	(233)	(4,036)
	(c) Employee benefits expenses (refer note 5)	6,350	349	5,484	17,781
	(d) Depreciation and amortisation expense	787	918	991	3,956
	(e) Other expenses	4,388	5,353	3,730	18,375
	Total expenses (a+b+c+d+e)	**25,773**	**21,192**	**24,778**	**94,102**
3	**Profit/(loss) before tax (1-2)**	**4,164**	**7,730**	**6,643**	**23,863**
4	**Tax expenses**				
	Current tax	221	(26)	398	853
	Tax of earlier years	-	(1)	-	(1)
	Deferred tax	50	161	152	496
	Total tax expenses	**271**	**134**	**550**	**1,348**
5	**Profit/(loss) after tax (3-4)**	**3,893**	**7,596**	**6,093**	**22,515**
6	**Other comprehensive income, net of tax**				
	(a) Items that will not be reclassified to profit or loss				
	- Remeasurements of the defined benefit plans	(47)	6	33	98
	(b) Items that will be reclassified to profit or loss				
	- Debt instruments through other comprehensive income	11	(13)	-	(12)
	Total other comprehensive income, net of tax (a+b)	**(36)**	**(7)**	**33**	**86**
7	**Total comprehensive Income (5+6)**	**3,857**	**7,589**	**6,126**	**22,601**
8	**Paid up equity share capital** (Face value of Rs. 10)	**13,608**	**13,608**	**13,608**	**13,608**
9	**Other equity**				**2,97,551**
10	**Earnings per share** (* not annualised)				
	Basic (Rs.)	*2.86	*5.58	*4.50	16.55
	Diluted (Rs.)	*2.86	*5.58	*4.50	16.55

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited

INDOSTAR CAPITAL FINANCE LIMITED

Regd Office: Unit No 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri Ghatkopar Link Road, Andheri East, Mumbai - 400099, India
CIN: L65100MH2009PLC268160 Website: www.indostarcapital.com E: investor.relations@indostarcapital.com Tel: +91 22 43157000

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023

Notes

1 Segment wise revenue, result, total assets and total liabilities in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

(Rs. in Lakhs)

Sr. no.	Particulars	Quarter ended			Year ended
		30 June 2023	31 March 2023	30 June 2022	31 March 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	Gross segment revenue from continuing operations				
(a)	Large corporate	4,320	4,521	4,392	17,685
(b)	SME	3,084	3,757	5,885	17,316
(c)	Commercial vehicles	15,022	13,180	14,668	56,312
(d)	Housing finance	5,944	5,091	5,555	20,924
(e)	Unallocated	1,567	2,373	921	5,728
	Segment revenue from continuing operations	**29,937**	**28,922**	**31,421**	**1,17,965**
	Segment results				
(a)	Large corporate	2,079	217	3,698	5,746
(b)	SME	1,568	(258)	3,552	4,233
(c)	Commercial vehicles	3,133	4,616	979	16,197
(d)	Housing finance	1,068	444	2,148	5,123
(e)	Unallocated	(3,684)	2,711	(3,734)	(7,436)
	Profit/(loss) before tax	**4,164**	**7,730**	**6,643**	**23,863**
	Segment assets				
(a)	Large corporate	1,07,586	1,08,709	1,18,300	1,08,709
(b)	SME	92,476	1,01,804	1,33,086	1,01,804
(c)	Commercial vehicles	4,14,249	3,87,379	3,85,851	3,87,379
(d)	Housing finance	1,61,823	1,45,427	1,36,406	1,45,427
(e)	Unallocated	1,49,737	1,68,900	1,58,390	1,68,900
	Total assets	**9,25,871**	**9,12,219**	**9,32,033**	**9,12,219**
	Segment liabilities				
(a)	Large corporate	63,982	62,953	72,181	62,953
(b)	SME	61,133	66,821	91,753	66,821
(c)	Commercial vehicles	2,87,735	2,78,394	2,80,661	2,78,394
(d)	Housing finance	1,07,328	91,714	85,130	91,714
(e)	Unallocated	90,590	1,01,178	1,02,797	1,01,178
	Total liabilities	**6,10,768**	**6,01,060**	**6,32,522**	**6,01,060**

2 The Group reports quarterly financial results on consolidated basis, pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 read with SEBI circular dated 5 July 2016. The standalone financial results are available on the website of the Company at www.indostarcapital.com and on the website of the BSE Ltd. at www.bseindia.com and the National Stock Exchange of India Ltd. at www.nseindia.com.

The key information of the standalone financial results of the Company are given below:

(Rs. in Lakhs)

Particulars	Quarter ended			Year ended
	30 June 2023	31 March 2023	30 June 2022	31 March 2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue from operations (including other income)	24,131	23,984	25,864	97,325
Profit/(loss) before tax	3,091	7,308	4,492	18,727
Profit/(loss) after tax	3,091	7,308	4,492	18,727
Total Comprehensive income	3,062	7,299	4,523	18,804

3 The unaudited consolidated financial results of IndoStar Capital Finance Limited ("the Company") and its subsidiaries (together referred to as "the Group") for the quarter ended 30 June 2023 have been reviewed by the Audit Committee and subsequently approved at the meeting of the Board of Directors held on 2 August 2023. The unaudited consolidated financial results have been subjected to limited review bv the Statutory Auditor of the Company.

4 The Secured Listed Non-Convertible Debentures of the Company as on 30 June 2023 are secured by first pari-passu charge on a freehold land owned by the Company and/or standard receivables and / or cash / cash equivalent and / or such other asset as mentioned in the respective offer documents. The total asset cover required for secured listed non convertible debentures has been maintained as per the terms and conditions stated in the respective offer documents.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023

5 During the quarter ended 31 March 2023, certain employees to whom stock options issued in accordance with ESOP plans disassociated from the Company. Accordingly, unvested and vested but not exercised options granted to these employees were cancelled. Employee cost includes effect of reversal of such cost of unvested options aggregating to Rs. 5,054.50 lakh for the quarter ended 31 March 2023 and Rs 4,421.94 lakh for the year ended 31 March 2023.

6 The figures for the last quarter of the previous year are the balancing figures between audited figures in respect of the full financial year and the published year-to-date unaudited figures upto third quarter of the financial years.

7 Figures for the previous periods / year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current periods / year presentation.

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place: Mumbai
Date: 2 August 2023

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

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

INDOSTAR

Shareholding Report of IndoStar Capital Finance Limited for the quarter ended 30 June 2023 in terms of Regulation 31 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. Name of Listed Entity: IndoStar Capital Finance Limited
2. Scrip Code/Name of Scrip: INDOSTAR- NSE
   541336- BSE
3. Class of Security: Equity Shares
4. Share Holding Pattern Filed under: 31(1)(b) as on 30 June 2023
5. Declaration: The Listed entity is required to submit the following declaration to the extent of submission of information: -

Sr. No.	Particulars	Yes/No
1	Whether the Listed Entity has issued any partly paid up shares?	No
2	Whether the Listed Entity has issued any Convertible Securities?	No
3	Whether the Listed Entity has issued any Warrants?	No
4	Whether the Listed Entity has any shares against which depository receipts are issued?	No
5	Whether the Listed Entity has any shares in locked-in?	Yes Promoter and Promoter Group
6	Whether any shares held by promoters are pledge or otherwise encumbered?	No
7	Whether company has equity shares with differential voting rights?	No
8	Whether the listed entity has any significant beneficial owner?	Yes

IndoStar Capital Finance Limited

INDOSTAR

Table I - Summary Statement holding of specified securities

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg:Y	Total								
A	Promoter & Promoter Group	3	102058226	0	0	102058226	75.00	102058226	0	102058226	75.00	0	75.00	12068966	11.83	0	0	89989260
B	Public	75663	34021069	0	0	34021069	25.00	34021069	0	34021069	25.00	0	25.00	0	0	0	0	34021069
C	Non Promoter- Non Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C1	Shares underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
C2	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	**75666**	**136079295**	**0**	**0**	**136079295**	**100**	**136079295**	**0**	**136079295**	**100**	**0**	**100**	**12068966**	**8.87**	**0**	**0**	**124010329**

IndoStar Capital Finance Limited

INDOSTAR

Table II - Statement showing shareholding pattern of the Promoter and Promoter Group

Sr. No	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid-up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (X)	Shareholding as a % assuming full Conversion of Convertible securities (as a percentage of diluted share capital) (XI) =(VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total shares held (b)	
									Class X	Class Y	Total								
1	Indian		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
a	Individuals/Hindu undivided Family		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
b	Central Government/ State Government(s)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
c	Financial Institutions/ Banks		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
d	Any Other (specify)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	Sub-Total (A)(1)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
2	Foreign		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
a	Individuals (Non-Resident Individuals/ Foreign Individuals)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
b	Government		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
c	Institutions		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
d	Foreign Portfolio Investor		1	2313005	0	0	2313005	1.70	2313005	0	2313005	1.70	0	1.70	0	0.00	0	0.00	2313005
	ECP III FVCI Pte. Ltd.	AAECE0836B	1	2313005	0	0	2313005	1.70	2313005		2313005	1.70	0	1.70	0	0.00	0	0.00	2313005
e	Any Other (specify)		2	99745221	0	0	99745221	73.30	99745221	0	99745221	73.30	0	73.30	12068966	0	0	0.00	87676255
	Bodies Corporate		2	99745221	0	0	99745221	73.30	99745221	0	99745221	73.30	0	73.30	12068966	0	0	0.00	87676255
	BCP V Multiple Holdings Pte Ltd	AAICB1835H	1	76482638	0	0	76482638	56.20	76482638	0	76482638	56.20	0	56.20	12068966	15.78	0	0.00	64413672
	Indostar Capital	AACCI5675C	1	23262583	0	0	23262583	17.09	23262583	0	23262583	17.09	0	17.09	0	0	0	0.00	23262583
	Sub-Total (A)(2)		3	102058226	0	0	102058226	75.00	102058226	0	102058226	75.00	0	75.00	12068966	11.83	0	0.00	89989260
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		**3**	**102058226**	**0**	**0**	**102058226**	**75.00**	**102058226**	**0**	**102058226**	**75.00**	**0**	**75.00**	**12068966**	**11.83**	**0**	**0.00**	**89989260**

Indostar Capital Finance Limited

INDOSTAR

Table III - Statement showing shareholding pattern of the Public shareholder

Sr. No	Category & Name of the Shareholders (I)	PAN (II)	Nos. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total nos. shares held VII = IV+V+VI	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) VIII	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
									No of Voting Rights			Total as a % of Total Voting rights			No. (a)	As a % of total Shares held (b)	No. (Not applicable) (a)	As a % of total shares held (Not applicable) (b)	
									Class X	Class Y	Total								
1	Institutions (Domestic)																		
a	Mutual Funds/		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
b	Venture Capital Funds		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
c	Alternate Investment Funds		1	75000	0	0	75000	0.6	75000	0	75000	0.06	0	0.06	0	0	0	0.00	75000
d	Banks		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
e	Insurance Companies		2	2291969	0	0	2291969	1.68	2291969	0	2291969	1.68	0	1.68	0	0	0	0.00	2291969
	ICICI Prudential Life Insurance Company Limited	AAACI7351P	1	1851855	0	0	1851855	1.36	1851855	0	1851855	1.36	0	1.36	0	0	0	0.00	1851855
f	Provident Funds/ Pension Funds		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
g	Asset reconstruction companies		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
h	Sovereign wealth funds		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
i	NBFCs registered with RBI		1	200000	0	0	200000	0.15	200000	0	200000	0.15	0	0.15	0	0	0	0.00	200000
j	Other financial institutions		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
i	Any Other (specify)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
	Sub-Total (B)(1)		**4**	**2566969**	**0**	**0**	**2566969**	**1.89**	**2566969**	**0**	**2566969**	**1.89**	**0**	**1.89**	**0**	**0**	**0**	**0.00**	**2566969**
2	Institutions (Foreign)																		
a	Foreign Direct Investment		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
b	Foreign venture capital investors		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
c	Sovereign wealth funds		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
d	Foreign portfolio investors category I		7	270334	0	0	270334	0.20	270334	0	270334	0.20	0	0.20	0	0	0	0.00	270334

IndoStar Capital Finance Limited

e	Foreign portfolio investors category II		2	1486624	0	0	1486624	1.09	1486624	0	1486624	1.09	0	1.09	0	0	0	0.00	1486624
f	Overseas Depositories (holding DRs) bal. figure		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
g	Any Other (specify)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
	Sub-Total (B)(2)		**9**	**1756958**	**0**	**0**	**1756958**	**1.29**	**1756958**	**0**	**1756958**	**1.29**	**0**	**1.29**	**0**	**0**	**0**	**0.00**	**1756958**
3	Central Govt / State Govt																		
a	Central Govt / President of India		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
b	State Govt / Governor		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
c	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
	Sub-Total (B)(3)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**
4	Non-institutions																		
a	Associate / subsidiary companies		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
b	Directors and their relatives (excluding Independent Directors and nominee Directors)		1	1000	0	0	1000	0.00	1000	0	1000	0.00	0	0.00	0	0	0	0.00	1000
c	Key Managerial Personnel		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
d	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
e	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee','beneficiary', or 'author of the trust''		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
f	Investor Education and Protection Fund (IEPF)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
g	i. Resident Individual holding nominal share capital up to Rs. 2 lakhs.		71292	8577167	0	0	8577167	6.30	8577167	0	8577167	6.30	0	6.30	0	0	0	0.00	8577167
h	ii. Resident individual holding nominal share capital in excess of Rs. 2 lakhs.		94	11044438	0	0	11044438	8.12	11044438	0	11044438	8.12	0	8.12	0	0	0	0.00	11044438

INDOSTAR

IndoStar Capital Finance Limited

I	Non-Resident Indians (NRI)		462	484650	0	0	484650	0.36	484650	0	484650	0.36	0	0.36	0	0	0	0.00	484650
J	Foreign nationals		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
k	Foreign Companies		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00	0
l	Bodies Corporate		245	7802613	0	0	7802613	5.73	7802613	0	7802613	5.73	0	5.73	0	0	0	0.00	7802613
m	Any other (specify)		3556	1787274	0	0	1787274	1.31	1787274	0	1787274	1.31	0	1.31	0	0	0	0.00	1787274
	Trusts		1	840000	0	0	840000	0.62	840000		840000	0.62	0	0.62	0	0	0	0.00	840000
	Hindu Undivided Family		3552	946173	0	0	946173	0.70	946173	0	946173	0.70	0	0.70	0	0	0	0.00	946173
	Clearing members		3	1101	0	0	1101	0.00	1101	0	1101	0.00	0	0.00	0	0	0	0.00	1101
	Sub-Total (B)(4)		75650	29697142	0	0	29697142	21.82	29697142.00	0	29697142	21.82	0	21.82	0	0	0	0.00	29697142
	Total Public Shareholding (B)= (B)(1) +(B)(2) +(B)(3)+B(4)		75663	34021069	0	0	34021069	25.00	34021069	0	34021069	25.00	0	25.00	0	0	0	0.00	34021069

The Company has complied with MPS Requirements with effect from 5 May 2023 and has accordingly made application with BSE and NSE for listing of said equity shares. Application is under process with BSE and NSE, confirmation on which is still awaited.

IndoStar Capital Finance Limited

INDOSTAR

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Sr. No	Category & Name of the Shareholders (I)	PAN (II)	No. of shareholder (III)	No. of fully paid up equity shares held (IV)	Partly paid-up equity shares held (V)	Nos. of shares underlying Depository Receipts (VI)	Total no. shares held (VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Total shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV) (Not Applicable)
									No of Voting Rights			Total as a % of Total Voting rights			No.	As a % of total Shares held	No. (Not applicable)	As a % of total shares held (Not applicable)	
									Class X	Class Y	Total								
1	Custodian/DR Holder		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0
	Total Non-Promoter-Non Public Shareholding (C)= (C)(1)+(C)(2)		0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0

IndoStar Capital Finance Limited

INDOSTAR

Table V - Statement showing shareholding pattern of the Significant Beneficiary Owner (SBO)

Sr.No	Details of the SBO			Details of the registered owner			Details of holding/ exercise of right of the SBO in the reporting company, whether direct or indirect*					Date of creation / acquisition of significant beneficial interest
	Name	Nationality	Nationality (Applicable in case of Any other is selected)	Name	Nationality	Nationality (Applicable in case of Any other is selected)	Shares	Voting rights	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
1.	Mr. Aanandjit Sunderaj	Singapore	-	BCP V Multiple Holdings Pte. Ltd.	Singapore	-	0	0	0	Yes	Yes	27-05-2020

Notes to Significant Beneficial Owner Declaration: In terms of Form BEN-1 under Section 90(1) of the Companies Act, 2013 read with rules made thereunder, received from Mr. Aanadjit Sunderaj, the significant beneficial owner (SBO) of shares held by BCP V Multiple Holdings Pte. Ltd. in the Company, the Company has been informed that Nature of indirect holding or exercise of right in the reporting company is by virtue of exercise of significant influence. However, since it is mandatory to populate fields of Shares, voting rights and rights on distributable dividend or any other distribution under the head of Details of holding / exercise of right of the SBO in the reporting company, whether direct or indirect, the Company has entered the values 0 in the said fields.

IndoStar Capital Finance Limited

INDOSTAR

Table VI - Statement showing foreign ownership limits

Particular	Approved limits (%)	Limits utilized (%)
As on shareholding date	100.00	76.65
As on the end of previous 1st quarter	100.00	90.55
As on the end of previous 2nd quarter	100.00	90.52
As on the end of previous 3rd quarter	100.00	90.68
As on the end of previous 4th quarter	100.00	90.58

Notes :-
1) "Approved Limits (%)" means the limit approved by Board of Directors / shareholders of the Listed entity. In case the listed entity has no Board approved limit, provide details of sectoral / statutory cap prescribed by Government / Regulatory Authorities
2) Details of Foreign ownership includes foreign ownership / investments as specified in Rule 2(s) of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, made under the Foreign Exchange Management Act, 1999.

For **IndoStar Capital Finance Limited**

Shikha Jain
Company Secretary & Compliance Officer
(Membership No. A59686)

IndoStar Capital Finance Limited

INDOSTAR

ANNEXURE IV

DISCLOSURES ON ASSET LIABILITY MANAGEMENT (ALM) AS ON MARCH 31, 2023

1. Lending policy: Should contain overview of origination, risk management, monitoring and collections

The Company is primary engaged in providing used and new vehicle financing for transporters, loans to SME borrowers and structured term financing solutions to corporates. The process including those related to credit evaluation, sanction, disbursement, collections, post disbursal documents etc. for each business segment are governed by respective lending, collections and related policies and procedures. These policies and procedures are approved by person(s) / committee(s) authorized by the Board of Directors from time to time.

Risk management forms an integral element of our business strategy since the Company is exposed to various risks that are related to our lending business and operating environment. Our objective in risk management processes is to measure and monitor various risks that the Company is subject to and to develop and implement policies and procedures to mitigate these risks. The Board of Directors have adopted a 'Risk Management Framework and Policy' which inter-alia integrates various elements of risk management into a unified enterprise-wide policy. The Board of Directors has constituted a Risk Management Committee inter-alia responsible for identifying, monitoring and managing risks that affect / may affect the Company, decide on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company, from time to time and overseeing execution / implementation of risk management practices.

2. Classification of loans/advances given to associates, entities/person relating to the board, senior management, promoters, others, etc.

Details of loans/advances given and outstanding at March 31, 2023 to Related Parties, defined under applicable laws are as follows.

(INR in Lakhs)

Sr. No.	Name	Category	Amount
		NIL	

3. Classification of loans/advances given according to:

a) **Type of loans as on March 31, 2023**

(INR in Lakhs)

Sl. No.	Type of loans	Amount
1	Secured	571,126.57
2	Unsecured	18,463.50

*Total Assets Under Management (AUM)	589,590.07

**Including Off-balance sheet items*

b) Denomination of loans outstanding by loan-to-value as on March 31, 2023:

SI. No.	LTV (at the time of origination)	Percentage of AUM
1	Upto 40%	11.66%
2	40-50%	2.93%
3	50-60%	11.06%
4	60-70%	16.10%
5	70-80%	22.89%
6	80-90%	27.74%
7	>90%	7.61%

c) Sectoral exposure as on March 31, 2023:

SI. No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	
A	Mortgages (home loans and loans against property)	15.39%
B	Gold loans	-
C	Vehicle finance	55.58%
D	MFI	-
E	MSME	8.35%
F	Capital market funding (loans against shares, margin funding)	-
G	Others (unsecured)	1.12%
2	**Wholesale**	
A	Infrastructure	-
B	Real estate (including builder loans)	19.56%
C	Promoter funding	-
D	Any other sector (as applicable)	-
E	Others	-

d) Denomination of loans outstanding by ticket size as on March 31, 2023:

SI. No.	Ticket size (at the time of origination)	**Percentage of AUM**
1	Upto Rs. 2 lakh	1.00%
2	Rs. 2-5 lakh	10.17%
3	Rs. 5 - 10 lakh	16.61%
4	Rs. 10 - 25 lakh	25.88%
5	Rs. 25 - 50 lakh	5.64%
6	Rs. 50 lakh - 1 crore	4.71%
7	Rs. 1 - 5 crore	15.16%
8	Rs. 5 - 25 crore	0.70%

9	Rs. 25 - 100 crore	3.53%
10	>Rs. 100 crore	16.60%

e) Geographical classification of borrowers (Top 5 states borrower **wise)** as on March 31, 2023:

SI. No.	Top 5 states	Percentage of AUM
1	Maharashtra	28.00%
2	Tamil Nadu	9.54%
3	Telangana	6.72%
4	Delhi	6.63%
5	Karnataka	6.55%
	Total	57.44%

f) Details of loans overdue and classified as non-performing in accordance with RBI's stipulations:

(INR in Lakhs)

SI. No.	**Particulars**	**Gross book**	**Provision**
1	Opening balance at April 1, 2022	1,18,091.93	67,556.94
2	Addition during the period	24,228.68	14,448.86
3	Reduction during the period	(96,096.60)	(56,492.75)
4	Closing balance at March 31, 2023	46,224.01	25,513.05

g) Segment-wise gross Non-Performing Asset as on March 31, 2023:

SI. No.	Segment-wise break-up of AUM	Percentage of AUM
1	**Retail**	
A	Mortgages (home loans and loans against property)	1.64%
B	Gold loans	-
C	Vehicle finance	3.54%
D	MFI	-
E	MSME	1.06%
F	Capital market funding (loans against shares, margin funding)	-
G	Others	-
2	**Wholesale**	
A	Infrastructure	-
B	Real estate (including builder loans)	-
C	Promoter funding	-
D	Any other sector (as applicable)	-
E	Others	-
	Total	6.24%

h) **Residual maturity profile of assets and liabilities (in line with the RBI format) as on March 31, 2023:**

Particulars	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
Deposit	--	--	--	--	--	--	--	--
Loans and advances (gross)	18,464.84	14,731.69	16,489.99	45,106.01	92,686.23	2,42,020.26	45,942.67	98,287.31
Investments (gross)	82,139.46	--	--	--	--	--	18,294.67	45,271.60
*Borrowings (from banks and market)	4,670.37	28,958.31	27,946.28	49,917.95	77,473.31	2,57,731.64	12,310.04	22,300.49
Foreign Currency assets	--	--	--	--	--	--	--	--
Foreign Currency liabilities	--	--	--	--	--	--	--	--

* The Company has borrowing facilities with various Banks. Few of such facilities have overriding clause to terminate, reduce, suspend or cancel the facility in future, at the absolute discretion of the lender. As at the date of approval of financial statements, none of lenders have terminated, reduced, suspended or cancelled any facility including undrawn limits. Accordingly, INR 7,486.11 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.

4.

i) **Aggregate exposure to the top 20 borrowers with respect to the concentration of advances as on March 31, 2023:**

(INR in Lakhs)

Particulars	As at March 31, 2023
Total Advances to twenty largest borrowers	1,28,625.09
Percentage of Advances to twenty largest borrowers to Total Advances	22.4%

j) **Aggregate exposure to the top 20 borrowers with respect to the concentration of exposures as on March 31, 2023:**

(INR in Lakhs)

Particulars	As at March 31, 2023
Total Exposure to twenty largest borrowers /customers	1,71,733.50
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure*	27.8%

5. **NPA exposures of the issuer for the last three financial years (both gross and net exposures) of the Issuer**

(INR in Lakhs)

Years / Particulars	March 31, 2023	March 31, 2022	March 31, 2021
Gross NPA	46,224.01	1,18,091.93	32,486.91
Net NPA	20,710.96	50,534.98	14,211.90

6. **Quantum and percentage of secured vis-à-vis unsecured borrowings made as on March 31, 2023**

Type of Borrowings	Total (INR in Lakhs)	Percentage
Secured	4,10,864.18	85.4%
Unsecured	70,444.21	14.6%
Total	**4,81,308.39**	100.0%

7. **Any change in promoters' holdings during the last financial year beyond the threshold, as prescribed by RBI. - Nil**

8. **Portfolio Summary of borrowings made by NBFC- Please** refer to Section 13.

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

IDBI trustee

Ref. No. 62016-1/ITSL/OPR/CL/23-24/DEB/1095

Date : 16 January 2024

To,
Indostar Capital Finance Limited
Silver Utopia, Third Floor,
Unit No 301-A, Opposite P & G Plaza,
Cardinal Gracious Road,
Chakala, Andheri (E), Mumbai – 400099

Dear Sir,

Subject: Consent to act as Debenture Trustee for the proposed issue of Secured Listed Redeemable Non-Convertible Debentures by Indostar Capital Finance Limited aggregating up to Rs. 325 crores.

This is with reference to your e-mail dated January 11, 2024 regarding appointment of IDBI Trusteeship Services Limited as Debenture Trustee for the proposed issue of Secured, Listed, Redeemable, Non-Convertible Debentures aggregating up to Rs. 325 crores. In this connection, we confirm our acceptance of the assignment.

We are agreeable for inclusion of our name as trustees in the Disclosure document/ listing application/ any other document to be filed with the Stock Exchange(s) subject to the following conditions.

1) The Company hereby agree and undertake to execute, the Debenture Trust Deed/ Debenture Trustee Agreement and other necessary documents on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document.

2) The Company hereby agree & undertake to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as mutually agreed for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

3) The Company hereby agree & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009, SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/218 dated 3rd November, 2020, SEBI Circular No. SEBI/HO/MIRSD/CRADT/CIR/P/2020/230 dated 12th November, 2020, SEBI Circular No. SEBI/HO/DDHS/P/CIR/2023/50 dated 30th March, 2023, the Companies Act, 2013 as amended from time to time and other applicable provisions and agree to furnish to Debenture Trustee such information in terms of the same on regular basis.

Looking forward to a fruitful association with you and assuring you of our best services at all times.
Yours faithfully,

For IDBI Trusteeship Services Limited

Authorised Signatory

IDBI Trusteeship Services Ltd. ITSL

ANNEXURE A

To,
Stock Exchange,
Dear Sir / Madam,
SUB.: ISSUE OF 32,500 senior, secured, redeemable, rated, listed, taxable non- convertible debentures of face value of INR 1,00,000 each (Indian Rupees one lakh only) amounting upto INR 325,00,00,000 (Indian Rupees three hundred twenty five crore only) BY INDOSTAR CAPITAL FINANCE LIMITED LTD.

We, the debenture trustee(s) to the above-mentioned forthcoming issue state as follows:

1) We have examined documents pertaining to the said issue and other such relevant documents, reports and certifications.

2) On the basis of such examination and of the discussions with the Issuer, its directors and other officers, other agencies and on independent verification of the various relevant documents, reports and certifications:
We confirm that:

a) The Issuer has made adequate provisions for and/or has taken steps to provide for adequate security for the debt securities to be issued.

b) The Issuer has obtained the permissions / consents necessary for creating security on the said property(ies).

c) The Issuer has made all the relevant disclosures about the security and its continued obligations towards the holders of debt securities.

d) Issuer has adequately disclosed all consents/ permissions required for creation of further charge on assets in offer document or private placement memorandum/ information memorandum and all disclosures made in the offer document or private placement memorandum/ information memorandum with respect to creation of security are in confirmation with the clauses of debenture trustee agreement.

e) Issuer has given an undertaking that charge shall be created in favour of debenture trustee as per terms of issue before filing of listing application.

f) Issuer has disclosed all covenants proposed to be included in debenture trust deed (including any side letter, accelerated payment clause etc.), offer document or private placement memorandum/ information memorandum and given an undertaking that debenture trust deed would be executed before filing of listing application.

g) All disclosures made in the draft offer document or private placement memorandum/ information memorandum with respect to the debt securities are true, fair and adequate to enable the investors to make a well-informed decision as to the investment in the proposed issue.
We have satisfied ourselves about the ability of the Issuer to service the debt securities.

PLACE: Mumbai

DATE: 2024-01-16

Digitally signed by
Signer: GAURAV KISHORE JESWANI
Date: Tuesday, J[illegible]6, 2024 6:53 PM

CRISIL Ratings

CONFIDENTIAL

RL/ISTCLF/330487/NCD/0124/77142/159495828
January 11, 2024

Mr. Karthikeyan Srinivasan
Chief Executive Officer
IndoStar Capital Finance Limited
Unit No.505, Corporate Avenue,
Wing 2/E, 5th Floor, Andheri-Ghatkopar Link Road
Chakala, Andheri (East)
Mumbai City - 400093
9930808024

Dear Mr. Karthikeyan Srinivasan,

Re: CRISIL rating on the Rs. 500 Crore Non Convertible Debentures of IndoStar Capital Finance Limited.

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

Please refer to our rating letter dated November 29, 2023 bearing Ref. no: RL/ISTCLF/330487/NCD/1123/73829/159495828

Rating outstanding on the captioned debt instruments is "CRISIL AA-/Negative" (pronounced as "CRISIL double A minus rating" with Negative outlook). Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk..

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to contact us.

With warm regards,

Yours sincerely,

Aesha Maru
Associate Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

***Disclaimer**: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301*

CRISIL Ratings

CONFIDENTIAL

RL/ISTCLF/330487/NCD/0124/77141/154245214
January 11, 2024

Mr. Karthikeyan Srinivasan
Chief Executive Officer
IndoStar Capital Finance Limited
Unit No.505, Corporate Avenue,
Wing 2/E, 5th Floor, Andheri-Ghatkopar Link Road
Chakala, Andheri (East)
Mumbai City - 400093
9930808024

Dear Mr. Karthikeyan Srinivasan,

Re: CRISIL rating on the Non Convertible Debentures Aggregating Rs.2825 Crore of IndoStar Capital Finance Limited.

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

Please refer to our rating letter dated November 29, 2023 bearing Ref. no: RL/ISTCLF/330487/NCD/1123/73830/154245214

Rating outstanding on the captioned debt instruments is "CRISIL AA-/Negative" (pronounced as "CRISIL double A minus rating" with Negative outlook). Securities with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk..

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to contact us.

With warm regards,

Yours sincerely,

Aesha Maru
Associate Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

***Disclaimer**: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301*

CRISIL Ratings

Rating Rationale

July 28, 2023 | Mumbai

IndoStar Capital Finance Limited

Ratings removed from 'Watch Negative'; Ratings Reaffirmed; 'CRISIL AA-/Negative' assigned to Non Convertible Debentures

Rating Action

Total Bank Loan Facilities Rated	**Rs.8000 Crore**
Long Term Rating	**CRISIL AA-/Negative (Removed from 'Rating Watch with Negative Implications'; Rating Reaffirmed)**

Rs.300 Crore Non Convertible Debentures	**CRISIL AA-/Negative (Assigned)**
Rs.2000 Crore Commercial Paper	**CRISIL A1+ (Removed from 'Rating Watch with Negative Implications'; Rating Reaffirmed)**
Non Convertible Debentures Aggregating Rs.2525 Crore	**CRISIL AA-/Negative (Removed from 'Rating Watch with Negative Implications'; Rating Reaffirmed)**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has removed its ratings on the debt instruments and long-term bank facilities of IndoStar Capital Finance Limited (IndoStar) from 'Rating Watch with Negative Implications' while reaffirming the ratings at 'CRISIL AA-/CRISIL A1+'; and assigned a '**Negative'** outlook to the long-term rating.

CRISIL Ratings has assigned its **'CRISIL AA-/Negative** rating to the Rs.300 crore non-convertible debentures (NCDs) of IndoStar.

On May 17, 2022, CRISIL Ratings had placed its long-term rating on IndoStar on 'Rating Watch with Developing Implications' following the company's disclosure pertaining to certain observations and control deficiencies identified by statutory auditors, in the commercial vehicle (CV) portfolio. The rating action was subsequently revised to a 'Rating Watch with Negative Implications' on August 12, 2022, driven by the potential impact of the fiscal 2022 results on the future business aspects and fund raising ability of the company emanating from three key aspects around higher than estimated impairment allowance, qualified opinion issued by statutory auditors and material uncertainty related to going concern in the audit report. The comment on going concern was subsequently removed by the auditor in the report pertaining to Q2FY23.

CRISIL Ratings has now resolved the rating watch and the reaffirmation of ratings at 'CRISIL AA-' factors in the expectation of continued support from the promoter, Brookfield Asset Management {Brookfield; rated 'A-/Stable/A-1' by S&P Global Ratings (S&P)}, who played an instrumental role in arranging sizeable funds for IndoStar through regular engagement with stakeholders, as well as with the formation of the new management.

The rating also takes into account the series of corrective actions in the aftermath of the above mentioned developments, which include strengthening of risk and controls management frameworks and governance mechanism and focusing on building a retail portfolio in a scalable manner. The company drafted new underwriting policies, strengthened collections, and focused on better analytics. It also enhanced digitalization and upgraded their technology systems across loan origination, credit appraisal, disbursal and collections. Furthermore, several new appointments were made in leadership positions with the appointment of a new Chief Executive Officer, Chief Financial Officer, Chief Risk Officer, credit and business heads among others.

CRISIL Ratings also notes the better performance of the newly originated portfolio (loans disbursed from April 2022 to November 2022), where the 90+ dpd (days past due) of the CV book originated in this period stood at ~1.2%. The ratings also factor in IndoStar's strong capitalisation, traction in disbursements and sequential improvement in earnings profile and asset quality.

The 'Negative' outlook on the long-term ratings factors in the lack of diversification in the funding profile with delay in augmenting bank funding. While traction in fund raising, (as seen with Rs 3643 crore raised in fiscal 2023 of which Rs 3243 crore was raised after initial disclosure of control deficiencies in May 2022 and further Rs 955 crore through NCDs in the first quarter of fiscal 2024), led to pick up in disbursement momentum, the bank funding pipeline is yet to pick up. Also, while overall asset quality metrics have improved over the last fiscal, inherent vulnerabilities in the legacy corporate book can impact asset quality and profitability metrics.

CRISIL Ratings will continue to monitor fund raising by IndoStar, especially from a diverse set of banks and other lenders, as well as progress on the resolution plan for various identified corporate accounts. These will be key rating sensitivity factors.

CRISIL Ratings has also taken note of the announcement in April 2023 pertaining to preliminary discussions around potential combination of JM Financial Home Loans Limited and Indostar Home Finance Private Limited (a 100% subsidiary of IndoStar). This may include some part of the other mortgage-backed business of IndoStar. These discussions are at a preliminary stage and non-binding in nature. The transaction will be subject to due diligence, negotiation of commercial terms, execution of definitive agreements and receipt of all relevant regulatory and other approvals. CRISIL Ratings will continue to monitor the development and will assess its potential impact on the standalone credit rating of IndoStar once the company makes a formal announcement on merger.

Analytical Approach

For arriving at the rating, CRISIL Ratings has combined the business and financial risk profiles of IndoStar and its subsidiaries (including IndoStar Home Finance Limited), together referred to herein as IndoStar. Also, CRISIL Ratings has factored in the expected support and benefits from the association with Brookfield.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths:

- **Demonstrated support from majority shareholder, Brookfield**

  Brookfield, Canada-based global alternative asset manager, is the largest shareholder and promoter with a 56.20% stake in IndoStar. Brookfield made its first investment in India in the financial services space in IndoStar, with capital injection of Rs 1,225 crore in May 2020.The infusion enhanced the capital base and financial flexibility of IndoStar

  Besides direct equity funding, Brookfield has also provided access to new debt funding via its relationships with various financial institutions, which aided in growth the retail lending business. This has been visible through sizeable funding support in fiscal 2023 via NCD issuances of Rs 900 crore and term loan of Rs. 770 crore, by leveraging its global relationships, which in turn helped bolstering liquidity and business expansion.

  Brookfield has also actively supported Indostar in putting in place the new management team and leadership, which will aid steady improvement in the earnings profile.

  Brookfield has articulated its intent to continue supporting IndoStar in raising funds, which is a key rating sensitivity factor.

- **Adequate capitalisation**

  Even after the additional provisioning in the financial statements for fiscal 2022, capitalisation remains strong. Consolidated networth stood at Rs 3,112 crore as on March 31, 2023 (up from Rs 2,929 crore as on March 31, 2022), while gearing remained healthy at 1.8 times. Overall capital adequacy ratio (CRAR) remains well above the regulatory requirement at 31.5% as on March 31, 2023, which will help support growth. With retailisation of the portfolio, the gearing is expected to increase over the medium term. However, the management is expected to prudently manage the same.

- **Retailisation of portfolio, though successful scale-up yet to be seen**

  Indostar has diversified its product offering in retail finance, with consolidated assets under management (AUM) of Rs 7,813 crore as on March 31, 2023. While the company has primarily been a wholesale financier, retail loans are now seen as the key growth driver with steady expansion in retail segments over the last few years. Retail book accounted for Rs 6,613 crore (85% of the AUM) as on March 31, 2023, against Rs 7450 crore (62%) as on March 31, 2019. The company has strategically prioritized its focus on the used CV and affordable housing segments with run down in their corporate and small & medium enterprise (SME) books. Corporate loans declined 22% year-on-year to ~15% of AUM as on March 31, 2023. The company has stopped disbursements in SME book and incremental disbursements in the corporate book are residual in nature towards existing sanctions. Focus over the medium term will continue to be on the used CV financing and affordable housing finance segment.

  As on March 31, 2023, IndoStar's AUM mix comprises CV finance (Rs 3,672 crore, 47%), SME which is mainly loan against property (Rs 1,293 crore,17%) and affordable home finance (Rs 1,623 crore, 21%) through its wholly owned subsidiary, IndoStar Home Finance Pvt Ltd. Performance of the housing finance business remains better than other businesses.

  While CV portfolio has faced challenges, CRISIL Ratings notes the better performance of the newly originated portfolio (loans disbursed from April 2022 to November 2022), where the 90+ dpd of the CV book originated in this period stood at ~1.2%. The company is reorienting its underwriting policies and has shifted focus on the customer side to primarily first time users / borrowers, resulting in more granularity, and on the product side to used CVs, especially medium CVs and small CVs (from heavy CVs).That said, on-ground execution remains key and will continue to be closely monitored.

Weaknesses:

- **Weak, albeit improving, asset quality metrics**

  Asset quality (standalone) sharply weakened in fiscal 2022 as gross stage 3 (GS3) and net stage 3 assets increased to 15.5% and 7.3%, respectively, as on March 31, 2022, from 4.4% and 2.1%, respectively, as on March 31, 2021. This was because of the staging policy adopted by the company in the light of control deficiencies identified primarily in the CV loan book and to some extent in the SME loan book.

Indostar subsequently revamped its risk management vertical, across its sourcing and underwriting teams and is committed to maintaining high credit standards and gradually improving asset quality. To address past challenges, the company has implemented a business rule to minimize errors and enhance the accuracy of credit assessments. Moreover, the company has focused on enhancing underwriting metrics to ensure higher quality of its loan portfolio. The company has witnessed healthy collections efficiency in the retail CV portfolio which has led to sequential improvement in asset quality metrics with gross stage 3 and net stage 3 assets improved to 8.1% and 3.8% as on March 31, 2023. Further, improved collections against loan pool sold to ARC give the company confidence that there will be additional write-backs of provisions on SRs in future.

However, the wholesale portfolio, while on a run down, is concentrated towards a few borrower groups. Ability to manage timely repayments on this book is linked to performance of each of the real estate projects where Indostar is largely a sole lender. Hence, asset quality is susceptible to lumpy slippages. The performance of the SME book also remains weak with 23% of the book in the 30+ dpd bucket. These books thus lend vulnerability to the company's asset quality.

- **Susceptibility of the earnings profile to higher credit costs**
  The company had incurred losses in fiscal 2021 and fiscal 2022 due to high provisioning for impairment on its loan portfolio during the two years, resulting in a credit cost of 11.7% of average total assets in fiscal 2022. This was due to the effect of the pandemic and control deficiencies identified in the CV portfolio.

  IndoStar has reported a consolidated profit after tax (PAT) of Rs 225.2 crore and RoA (return on average total assets) of 2.4% in fiscal 2023 as against a net loss of Rs 736.5 crore and RoA of -7.5% in FY22. This was due to a write back in credit costs (-0.4%) resulting from significant recoveries during fiscal 2023 against higher provisions made in the previous fiscal.

  The company has increased its share in higher yielding used CV and affordable housing segments which led to improvement in lending spreads and net interest margins, however this was offset by higher borrowing costs and operational cost due to inadequate use of infrastructure on account of stagnation in business. Ramping up of business operations, investment in digital infrastructure and higher employee costs have led to elevated operating costs to 4.3% of average total assets for fiscal 2023 as against 3.8% in the previous fiscal. These investments are expected to bring about operating efficiencies through automation in sales and collections over the medium term.

  Going ahead, focus towards higher yielding segments in used CV and affordable housing segments will benefit the earnings and RoA profile. Further, with prime focus on collections and controlled slippages, owing to strengthened controls and review policies, credit cost on the new book is expected to be lower. However, any delinquencies from the corporate and SME book may impact credit costs and thus overall profitability.

- **Limited diversification in funding profile**
  Business and funding were severely impacted post identification of control deficiencies, primarily in CV portfolio during the audit for the year ended 31 March 2022. IndoStar has been actively engaged with banks and investors for fresh funding avenues since the second half of fiscal 2023. The Company has raised funds of Rs 3643 crore from banks and financial institutions including Rs.756 crore through securitization transactions during fiscal 2023. . As on date, none of the lenders have recalled any facilities. As on date, none of the NCDs have covenants that are in breach. IndoStar has shifted its focus to on-balance sheet resource raising from Q3FY23 onwards.

  Majority of the incremental funding has been raised through NCDs and the rest from existing relationships with banks. Thus, incremental cost of funds is higher at over 10% and is expected to continue to be in that range in the near term. Ability of the company to on board new banks and further diversify its incremental funding will be a key assessment of lender confidence and remains to be seen.

Liquidity: Adequate

The liquidity position is currently, adequate. The asset-liability management profile was comfortable as on June 30, 2023, with positive cumulative mismatches up to one year and in all other buckets as well.

As on June 30, 2023, the company had Rs 790 crore of cash and equivalents, and Rs 85 crore of undrawn bank limits, totaling Rs 875 crore. Regular collections should also support the company's liquidity. Against this, the company has potential repayments of Rs 566 crore for the next 3 months ended September 30, 2023. However, ability to raise funds remains a close monitorable.

Outlook: Negative

CRISIL Ratings believes delay in diversifying bank funding and inherent vulnerabilities in the legacy corporate book can adversely impact business performance.

Rating Sensitivity factors

Upward factors

- Significant strengthening in market position while improving asset quality
- Higher profitability, with RoA beyond 3.0% on a sustained basis

Downward factors

- Any challenges in diversifying fund raising hereon
- Significant diminution in the stake held by, or the support expected from, Brookfield
- Lack of improvement in asset quality, with GNPA remaining at current levels over an extended period, thereby impacting profitability

- Weakening of capitalisation metrics with higher-than-expected gearing on a sustained basis

About the Company

IndoStar, incorporated in July 2009, is registered with the Reserve Bank of India as a systemically important, non-deposit taking non-banking financial company. The company was founded and incorporated by private equity players (Everstone, Goldman Sachs, Baer Capital Partners, ACPI Investment managers, and CDIB International) with an initial capital of around Rs 900 crore. In May 2020, Brookfield invested Rs 1,225 crore and became the largest shareholder and co-promoter. As on date, Brookfield holds 56.20% stake, followed by the Everstone group) at 18.8%. Everstone Group have completed the sale of 14.21% of the total paid-up equity share capital of the Company through an Offer for Sale, to comply with the minimum public shareholding requirements as per SEBI. Pursuant to the same, Everstone Group's holding stands at 18.8% and public shareholding in the company increased to 25% w.e.f. 05th May 2023.

IndoStar started business as a wholesale financier in fiscal 2011, and entered the SME finance (loans against property) segment in fiscal 2015. In fiscal 2018, the company started offering vehicle finance and housing finance (through wholly owned subsidiary, IndoStar Home Finance Pvt Ltd). In fiscal 2019, IndoStar acquired the CV finance business of IIFL Finance Ltd. The company plans to focus on used CV financing and affordable housing finance hereon.

Key Financial Indicators

For the period ended March 31 (consolidated)		2023	2022
Total assets	Rs crore	9,122	9,661
Total income (net of interest)	Rs crore	599	635
PAT	Rs crore	225	-737
GS3 assets	%	6.8	13.6
Gearing	%	1.8	2.1
Return on average assets	%	2.4	-7.5

^Yet to be issued
**Outstanding as on March 31, 2023*

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs. Crore)	Complexity level	Rating assigned with outlook
NA	Commercial paper programme	NA	NA	7-365 Days	2000	Simple	CRISIL A1+
INE896L07850	Non-convertible debentures	20-Mar-23	9.95%	20-Sep-24	400	Simple	CRISIL AA-/Negative
INE896L07868	Non-convertible debentures	20-Mar-23	9.95%	20-Mar-25	100	Simple	CRISIL AA-/Negative
INE896L07843	Non-convertible debentures	29-Dec-22	Linked to repo	1-Jan-24	92	Simple	CRISIL AA-/Negative
INE896L07827	Non-convertible debentures	29-Dec-22	Linked to repo	29-Mar-24	40	Simple	CRISIL AA-/Negative
INE896L07819	Non-convertible debentures	29-Dec-22	Linked to repo	28-Jun-24	40	Simple	CRISIL AA-/Negative
INE896L07835	Non-convertible debentures	29-Dec-22	Linked to repo	27-Sep-24	108	Simple	CRISIL AA-/Negative
INE896L07801	Non-convertible debentures	29-Dec-22	Linked to repo	27-Dec-24	120	Simple	CRISIL AA-/Negative
INE896L07876	Non-convertible debentures	9-May-23	9.95	9-May-25	230	Simple	CRISIL AA-/Negative
INE896L07884	Non-convertible debentures	9-May-23	10.25	25-May-26	25	Complex	CRISIL AA-/Negative
INE896L07918	Non-convertible debentures	30-Jun-23	9.95	30-Jun-25	350	Simple	CRISIL AA-/Negative
INE896L07892	Non-convertible debentures	30-Jun-23	9.95	30-Mar-25	350	Simple	CRISIL AA-/Negative
NA	Non-convertible debentures^	NA	NA	NA	970	Simple	CRISIL AA-/Negative

NA	Term loan*	NA	NA	23-Jan-24	37.17	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	31-Mar-26	68.75	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	7-Apr-25	33.33	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	29-Jun-25	49.87	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	31-Dec-24	56.25	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	31-Mar-24	159.38	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	30-Sep-23	25	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	11-Mar-24	25	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	30-Dec-24	25	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	31-Mar-24	25	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	30-Dec-24	33.75	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	25-Sep-23	76.56	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	31-Mar-25	25	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	10-May-24	102.53	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	10-May-24	57.50	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	20-Dec-23	6.25	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	31-Jan-25	449.35	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	31-Mar-24	36.2	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	1-May-25	45.83	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	23-Jun-24	340.00	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	23-Jul-24	36.11	NA	CRISIL AA-/Negative
NA	Term loan*	NA	NA	27-Feb-26	31.25	NA	CRISIL AA-/Negative
NA	Cash credit and working capital demand loan*	NA	NA	NA	370	NA	CRISIL AA-/Negative
NA	Proposed long-term bank loan facility*	NA	NA	NA	5884.92	NA	CRISIL AA-/Negative

^Yet to be issued
**Outstanding as on June 30, 2023*

Annexure – List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
IndoStar	Full	Holding company
IndoStar Home Finance Pvt Ltd	Full	Subsidiary
IndoStar Asset Advisory Pvt Ltd	Full	Subsidiary

Annexure - Rating History for last 3 Years

	Current			2023 (History)		2022		2021		2020		Start of 2020
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	8000.0	CRISIL AA-/Negative	22-06-23	CRISIL AA-/Watch Negative	12-08-22	CRISIL AA-/Watch Negative	07-07-21	CRISIL AA-/Stable	06-11-20	CRISIL AA-/Stable	--
			--	28-04-23	CRISIL AA-/Watch Negative	17-05-22	CRISIL AA-/Watch Developing		--		--	--
			--	26-04-23	CRISIL AA-/Watch		--		--		--	--

					Negative							
			--	19-04-23	CRISIL AA-/Watch Negative		--		--		--	--
			--	01-02-23	CRISIL AA-/Watch Negative		--		--		--	--
Commercial Paper	ST	2000.0	CRISIL A1+	22-06-23	CRISIL A1+/Watch Negative	12-08-22	CRISIL A1+/Watch Negative	07-07-21	CRISIL A1+	06-11-20	CRISIL A1+	CRISIL A1+
			--	28-04-23	CRISIL A1+/Watch Negative	17-05-22	CRISIL A1+		--	28-02-20	CRISIL A1+	--
			--	26-04-23	CRISIL A1+/Watch Negative		--		--		--	--
			--	19-04-23	CRISIL A1+/Watch Negative		--		--		--	--
			--	01-02-23	CRISIL A1+/Watch Negative		--		--		--	--
Non Convertible Debentures	LT	2825.0	CRISIL AA-/Negative	22-06-23	CRISIL AA-/Watch Negative	12-08-22	CRISIL AA-/Watch Negative	07-07-21	CRISIL AA-/Stable	06-11-20	CRISIL AA-/Stable	--
			--	28-04-23	CRISIL AA-/Watch Negative	17-05-22	CRISIL AA-/Watch Developing		--		--	--
			--	26-04-23	CRISIL AA-/Watch Negative		--		--		--	--
			--	19-04-23	CRISIL AA-/Watch Negative		--		--		--	--
			--	01-02-23	CRISIL AA-/Watch Negative		--		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit & Working Capital Demand Loan	**135**	**IndusInd Bank Limited**	**CRISIL AA-/Negative**
Cash Credit & Working Capital Demand Loan	**115**	**Kotak Mahindra Bank Limited**	**CRISIL AA-/Negative**
Cash Credit & Working Capital Demand Loan	**85**	**RBL Bank Limited**	**CRISIL AA-/Negative**
Cash Credit & Working Capital Demand Loan	**10**	**DBS Bank India Limited**	**CRISIL AA-/Negative**
Cash Credit & Working Capital Demand Loan	**25**	**DCB Bank Limited**	**CRISIL AA-/Negative**
Proposed Long Term Bank Loan Facility	**5884.92**	**Not Applicable**	**CRISIL AA-/Negative**
Term Loan	**33.33**	**CSB Bank Limited**	**CRISIL AA-/Negative**
Term Loan	**49.87**	**Central Bank Of India**	**CRISIL AA-/Negative**
Term Loan	**340**	**Axis Bank Limited**	**CRISIL AA-/Negative**
Term Loan	**36.11**	**DBS Bank India Limited**	**CRISIL AA-/Negative**
Term Loan	**56.25**	**ICICI Bank Limited**	**CRISIL AA-/Negative**
Term Loan	**31.25**	**RBL Bank Limited**	**CRISIL AA-/Negative**
Term Loan	**76.56**	**IndusInd Bank Limited**	**CRISIL AA-/Negative**
Term Loan	**25**	**The Karnataka Bank Limited**	**CRISIL AA-/Negative**
Term Loan	**449.35**	**State Bank of India**	**CRISIL AA-/Negative**
Term Loan	**36.2**	**Union Bank of India**	**CRISIL AA-/Negative**
Term Loan	**37.17**	**Bank of India**	**CRISIL AA-/Negative**
Term Loan	**68.75**	**Bank of Maharashtra**	**CRISIL AA-/Negative**
Term Loan	**159.38**	**IDFC FIRST Bank Limited**	**CRISIL AA-/Negative**

Term Loan	**102.53**	**National Bank For Agriculture and Rural Development**	**CRISIL AA-/Negative**
Term Loan	**50**	**Bajaj Finance Limited**	**CRISIL AA-/Negative**
Term Loan	**83.75**	**Indian Bank**	**CRISIL AA-/Negative**
Term Loan	**57.5**	**Small Industries Development Bank of India**	**CRISIL AA-/Negative**
Term Loan	**6.25**	**The South Indian Bank Limited**	**CRISIL AA-/Negative**
Term Loan	**45.83**	**YES Bank Limited**	**CRISIL AA-/Negative**

Criteria Details

Links to related criteria
Rating Criteria for Finance Companies
CRISILs Criteria for rating short term debt
CRISILs Criteria for Consolidation

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations **CRISIL Limited** M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com **Prakruti Jani** Media Relations **CRISIL Limited** M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com **Rutuja Gaikwad** Media Relations **CRISIL Limited** B: +91 22 3342 3000 **Rutuja.Gaikwad@ext-crisil.com**	Ajit Velonie Senior Director **CRISIL Ratings Limited** B:+91 22 3342 3000 ajit.velonie@crisil.com Subhasri Narayanan Director **CRISIL Ratings Limited** B:+91 22 3342 3000 subhasri.narayanan@crisil.com Ronak Rathi Manager **CRISIL Ratings Limited** B:+91 22 3342 3000 Ronak.Rathi@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

Note for Media:
This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment

and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, www.crisilratings.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, www.crisilratings.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CRISIL Ratings.

All rights reserved @ CRISIL Ratings Limited. CRISIL Ratings is a wholly owned subsidiary of CRISIL Limited.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED AT THE MEETING OF THE BOARD OF DIRECTORS OF INDOSTAR CAPITAL FINANCE LIMITED HELD ON WEDNESDAY, 2 AUGUST 2023

ISSUE OF NON-CONVERTIBLE DEBENTURES FOR AN AMOUNT NOT EXCEEDING INR 7,500 CRORE IN A YEAR THROUGH PRIVATE PLACEMENT AND TO CONFER AUTHORISATION IN THIS REGARD AND MATTERS RELATED THERETO

"RESOLVED THAT pursuant to (i) the provisions of Section 42, Section 71, Section 179, Section 180(1)(c) and other applicable provisions of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("the Act"); (ii) the provisions of the Memorandum of Association and the Articles of Association of the Company; (iii) the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended; (iv) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; (v) the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016; and (vi) all other applicable laws, acts, rules, regulations, guidelines, circulars, directions and notifications and subject to the approval of the Members of the Company and such other consent(s)/ permission(s) / sanction(s), as may be required, consent of the Board of Directors of the Company be and is hereby accorded to create / invite / offer / issue / allot up to such number of non-convertible debentures ("NCDs") including but not limited to subordinated debentures and perpetual debentures, under private placement, with or without security, in one or more modes or combinations thereof and in one or more series or tranches, during a period of one year from the date of shareholder's resolution for approval of issue of NCDs under private placement, such that the aggregate principal amount of such NCDs does not exceed INR 7,500 crore (Rupees Seven Thousand Five Hundred Crore only);

RESOLVED FURTHER THAT the resolution passed by the Board of Directors at its meeting held on 14 August 2022 with regard to issuance of non-convertible debentures on private placement basis shall cease to be effective from the date of approval of shareholders for issue of NCDs under private placement, for aggregate principal amount not exceeding INR 7,500 crore (Rupees Seven Thousand Five Hundred Crore only) during a period of one year from the date of such shareholders' approval;

RESOLVED FURTHER THAT pursuant to the provisions of applicable laws, the Debenture Committee of the Board of Directors be and are hereby authorized to undertake all acts, deeds and things as may be required, in respect of issuance of NCDs including but not limited to:

a. approve the subscriber to the issue and decide on the terms and conditions of issuance of NCDs including but not limited to the issue size, face value, issue price, number of NCDs to be allotted, rate of interest, tenor, redemption period, rating, security, mode of issuance, objects of the issue, etc.;

b. approve the offer document / shelf disclosure document / private placement offer letter and arrange for the filing of the same with any authority or entities including but not limited to the stock exchanges where NCDs are proposed to be listed;

c. execution of all contracts, agreements and all other documents, deeds, writings, undertakings and instruments as may be required or desirable in connection with the issue of NCDs by the Company;

d. opening a separate special account with a scheduled bank to receive monies in respect of the issue of NCDs by the Company;

e. making applications for listing of the NCDs on one or more stock exchange(s) and to execute and deliver / arrange the delivery of the required documents, writings and papers, as may be required, to the concerned stock exchange(s) wherein the NCDs are proposed to be listed;

f. approving appointment / engagement and the terms of such appointment and engagement of any of the intermediaries including but not limited to Registrar and Transfer Agents, Debenture Trustee(s), Arrangers and / or all other intermediaries;

g. approve allotment of the NCDs;

h. buy back / redeem / repurchase of the NCDs and reissue of same to the new investors;

i. delegate any of the powers so conferred upon the Committee in respect of the issuance of NCDs on private placement to any directors or officers of the Company, including by way of grant of power of attorney;

j. seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India and any other consents that may be required in connection with the issue and allotment of the NCDs;

k. giving or authorizing the giving by concerned persons of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

RESOLVED FURTHER THAT the Directors of the Company, Mr. Vinod Kumar Panicker, Chief Financial Officer and Ms. Shikha Jain, Company Secretary & Compliance Officer be and are hereby severally authorised to undertake all acts, deeds and things as may be required to give full effect to the aforesaid resolution including but not limited to (i) to file the required returns / forms with the Registrar of Companies and other regulatory authorities; (ii) to settle any questions / doubts / queries / difficulties in connection with the aforesaid resolution; and (iii) to provide a certified true copy of this resolution to any entity / regulator and such entity / regulator be requested to rely upon the authority of the same."

For **IndoStar Capital Finance Limited**

IndoStar Capital Finance Limited

Shikha Jain
Company Secretary and Compliance Officer
(Membership No. A59686)

CERTIFIED TRUE COPY OF THE SPECIAL RESOLUTION PASSED BY THE MEMBERS OF INDOSTAR CAPITAL FINANCE LIMITED AT 14TH ANNUAL GENERAL MEETING HELD ON MONDAY, 18 SEPTEMBER 2023

ISSUE OF NON-CONVERTIBLE DEBENTURES UNDER PRIVATE PLACEMENT

"RESOLVED THAT pursuant to (i) the provisions of Sections 23, 42, 71, 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable Rules framed thereunder including the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force); (ii) the applicable provisions of the Memorandum of Association and the Articles of Association of the Company; (iii) the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended; (iv) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended; (v) the Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended; and (vi) all other applicable laws, acts, rules, regulations, guidelines, circulars, directions and notifications, and subject to such other consent(s) / permission(s) / sanction(s), as may be required, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee constituted / may be constituted by the Board of Directors of the Company or any other person(s), for the time being exercising the powers conferred on the Board of Directors by this resolution and as may be authorised by the Board in this regard) to create / invite / offer / issue / allot up to such number of non-convertible debentures ("NCDs") including but not limited to subordinated / perpetual debentures, under private placement, with or without security, in one or more modes or combinations thereof and in one or more series or tranches, to such eligible person(s), on such terms and conditions as the Board may determine and think fit, such that the aggregate principal amount of NCDs to be issued during a period of 1 (one) year commencing from the date of passing of this Special Resolution does not exceed 7,500 crore (Rupees Seven Thousand Five Hundred Crore only) within the overall borrowing limits of the Company;

RESOLVED FURTHER THAT the Board be and is hereby authorised to undertake all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, expedient, proper or desirable to give full effect to the aforesaid resolution and to settle all questions / doubts / queries / difficulties that may arise in this regard, at any stage without being required to seek any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

For **IndoStar Capital Finance Limited**

Shikha Jain
Company Secretary & Compliance Officer
(Membership No. A59686)

IndoStar Capital Finance Limited
Registered Office: Unit No. 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri - Ghatkopar Link Road, Chakala, Andheri (East), Mumbai – 400099, India. | T +91 22 4315 7000 | F +91 022 4315 7010 | contact@indostarcapital.com | www.indostarcapital.com
CIN: L65100MH2009PLC268160

CERTIFIED TRUE COPY OF THE EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, IN RESPECT OF THE SPECIAL RESOLUTION PASSED BY THE MEMBERS OF INDOSTAR CAPITAL FINANCE LIMITED AT 14TH ANNUAL GENERAL MEETING HELD ON MONDAY, 18 SEPTEMBER 2023

ISSUE OF NON-CONVERTIBLE DEBENTURES UNDER PRIVATE PLACEMENT

Members at the 13th Annual General Meeting of the Company held on September 29, 2022, had accorded their approval to create / invite / offer / issue / allot up to such number of Non-Convertible Debentures ("NCDs"), under private placement, in one or more series or tranches, on such terms and conditions as may be determined by the Board, such that the aggregate principal amount of such NCDs issued during a period of 1 (one) year commencing from the date of passing of special resolution at the aforesaid Annual General Meeting, does not exceed ` 3,000 crore (Rupees Three Thousand Crore only).

Members are requested to note that the aforesaid approval accorded by the Members of the Company for the issue of NCDs under Private Placement is valid for a period of one year from the date of approval by the Members of the Company i.e. upto 28 September, 2023.

Members are requested to note that in order to enable the Company to raise funds by way of issuance of NCDs under private placement and to meet the demands of the growing business, the Board of Directors of the Company at its meeting held on August 02, 2023, subject to the approval of the Members of the Company, accorded its approval to create / invite / offer / issue / allot upto such number of NCDs, under private placement, in one or more series or tranches, such that the aggregate principal amount of such NCDs to be issued during a period of 1 (one) year commencing from the date of passing of the Special Resolution set out at Item No. 6 of the AGM Notice, does not exceed 7,500 crore (Rupees Seven Thousand Five hundred Crores only). Further, the Board of Directors have authorised the Debenture Committee to undertake all acts, deeds, matters and things as it may in its absolute discretion deem necessary, expedient, proper or desirable, in respect of issuance of NCDs under private placement including but not limited to determine the terms and conditions of the NCDs to be issued, number of NCDs to be issued, issue price, face value, issue size, coupon, tenor, objects of the issue, etc.

Members are requested to note that in terms of Section 42 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company shall not make an offer or invitation to subscribe to securities (including NCDs) through private placement unless the proposal has been previously approved by the members of the Company, by way of special resolution. Further, in case of offer or invitation to subscribe NCDs, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations to subscribe NCDs during the year.

Accordingly, approval of the Members of the Company is sought in terms of Section 42 of the Act read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, to create / invite / offer / issue / allot up to such number of NCDs, under private placement, in one or more series or tranches, such that the aggregate principal amount of such NCDs to be issued during a period of 1 (one) year from the date of passing of the Special Resolution set out at Item No. 6 of the AGM Notice, does not exceed 7,500 crore within the overall borrowing limits of the Company.

The Board of Directors recommends the resolution set out at Item No. 6 of the AGM Notice to the Members for their consideration and approval, by way of Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 6 of the AGM Notice, except to the extent of the NCDs that may be subscribed by any Directors or Key Managerial Personnel of the Company or their relatives or any entity in which any of the Directors or Key Managerial Personnel of the Company or their relatives may be concerned or interested in any capacity.

For **IndoStar Capital Finance Limited**

Shikha Jain
Company Secretary & Compliance Officer
(Membership No. A59686)

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE DEBENTURE COMMITTEE OF INDOSTAR CAPITAL FINANCE LIMITED ("COMPANY") ON 16 JANUARY 2024

ISSUE OF UPTO 32,500 (THIRTY TWO THOUSAND FIVE HUNDRED) SENIOR, SECURED, REDEEMABLE, RATED, LISTED, TAXABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF INR 1,00,000 (INDIAN RUPEES ONE LAKH ONLY) EACH, AMOUNTING UPTO INR 325,00,00,000 (INDIAN RUPEES THREE HUNDRED AND TWENTY FIVE CRORE ONLY) ON PRIVATE PLACEMENT BASIS

"RESOLVED THAT pursuant to the (i) approval of the Board of Directors at its meeting held on 2 August 2023 and Members of the Company at their meeting held on 18 September 2023 to issue non-convertible debentures, upto an amount not exceeding INR 7,500,00,00,000 (Indian Rupees Seven Thousand Five Hundred Crore only) , on private placement basis; (ii) Section 42, Section 71 and other applicable provisions of the Companies Act, 2013 (as amended or re-enacted from time to time) read with the rules framed thereunder; (iii) the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (as amended from time to time); (iv) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 (v) all other applicable laws, acts, rules, regulations, guidelines, circulars, directions and notifications; (vi) the provisions of the memorandum of association and the articles of association of the Company; (vii) the listing agreement entered by the Company with the BSE Limited where the Company's non-convertible debentures are proposed to be listed; (viii) authority / powers delegated by the Board of Directors to the Debenture Committee ("**Committee**"); and (ix) subject to all such consents, permissions and sanctions, if any and to the extent necessary, the Committee does hereby approve issue of 32,500 (Thirty Two Thousand Five Hundred) Senior, Secured, Redeemable, Rated, Listed, Taxable Non-Convertible Debentures of Face Value of INR 1,00,000 (Indian Rupees One Lakh Only) Each, Amounting Upto INR 325,00,00,000 (Indian Rupees Three Hundred And Twenty Five Crore Only) on a private placement basis under the electronic book building mechanism of BSE Limited ("**Issue**") and listing of the Issue on the Wholesale Debt Market Segment of the BSE Limited, on the detailed terms and conditions as set out in the draft private placement memorandum ("**Private Placement Memorandum**");

1. the draft Private Placement Memorandum or invitation to offer to subscribe the Debentures to the identified investors under any law and inter-alia containing the terms of the Issue, as placed before the meeting, be and is hereby approved and Mr. Karthikeyan Srinivasan, Chief Executive Officer, Mr. Vinod Kumar Panicker, Chief Financial Officer, Mr. Kaushal Vinay Mithani, Head – Treasury and Ms. Shikha Jain, Company Secretary and Compliance Officer (collectively referred as '**Authorised Signatories**') be and are hereby severally authorized to finalize the same and to execute it for and on behalf of the Company;

the Debentures, be secured, *inter alia* by way of first ranking *pari passu* charge created by the Company over certain receivables, cash and cash equivalents and treasury assets (as detailed

further in the Debenture Trust Deed (*defined hereinafter*)) by execution of deed of hypothecation between the Company and the Debenture Trustee ("**Deed of Hypothecation**");

2. the consent of the Committee be and is hereby given to the Authorised Signatories for the negotiation and approval of the terms of the Debentures along with the execution of various documents by the Company including but not limited to the following transaction documents as given below:

   (a) the debenture trustee agreement(s) between the Company and IDBI Trusteeship Services Limited ("**Debentures Trustee**") acting on behalf of and for the benefit of the persons who are, for the time being and from time to time, the holders of the Debentures ("**Debenture Holders**") ("**Debenture Trustee Agreement**");
   (b) the debenture trust deed(s) between the Company and the Debenture Trustee ("**Debenture Trust Deed**");
   (c) the Deed of Hypothecation;
   (d) the consent letter of the Debenture Trustee to act as the trustee for the issuance of the Debentures;
   (e) the appointment of **CRISIL Ratings Limited** as the credit rating agency of the Debentures;
   (f) obtaining consent from **Link Intime India Private Limited** as the registrar and transfer agent ("**RTA**") with respect to issuance of the Debentures;
   (g) the tripartite agreement, if so required, between the Company, the RTA and the National Securities Depository Limited and/or the Central Depositories Services (India) Limited, as the case may be;
   (h) the Private Placement Memorandum in the form specified in the Securities and Exchange Board of India (Non-Convertible Securities) Regulations, 2021 and in accordance with the provisions contained in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, Operational Circular for Issue and Listing of Non-convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Paper issued by Securities and Exchange Board of India ("**SEBI**") vide circular August 10, 2021, including any amendment or substitution thereof and other applicable laws, circulars, directives and regulations issued by SEBI and other regulatory/governmental/statutory bodies, from time to time and to be circulated by the Company to the Debenture Holders for offering the Debentures by way of private placement;
   (i) declaration as required under the Companies Act, 2013 read with rules made thereunder and any other applicable laws;
   (j) any other documents relating to the Debentures including but not limited to term sheet, power of attorney, and/or any other document executed/to be executed by the Company with the Debenture Trustee, security trustee, registrar and transfer agent, credit rating agency, valuer and/or valuation agency, depositories, stock exchanges, arrangers, bond holders or such other persons and entities as the case may be and as may be necessary in respect of the Debentures and/or designated as such by the Debenture Holders and the Company, (collectively, the "**Transaction Documents**")

3. a draft of the application form towards issue of Debentures, as circulated with this resolution, be and is hereby approved and the Authorised Signatories, be and are hereby severally authorized to finalize the same;

4. the credit rating of "CRISIL AA-/ Negative" (pronounced as "CRISIL Double A Minus; Negative Implication") received from CRISIL Ratings Limited (CRISIL) vide its letter dated January 11, 2024, for non-convertible debentures of the Company, including the proposed Issue, be and is hereby noted;

5. the Company does seek listing of the Debentures on the Wholesale Debt Market Segment of BSE Limited ("**BSE**"), Mumbai and the Authorised Signatories be and are hereby severally authorized to make application to BSE for the listing of the Debentures and to do all such acts and deeds as may be required in this behalf;

6. the Authorised Signatories be and are hereby authorised, severally, in their absolute discretion, to do all such acts, deeds, matters and things, determination of the terms thereof (including class of investors to whom the issuance of Debentures on private placement basis in one or more series / tranches are to be offered, number of Debenture Holders to be offered ineach tranche, issue price, rate of interest / coupon, redemption period, allotment of such debentures), execute all necessary and required agreements, documents including the Transaction Documents, writings and papers, submit all required applications, letters, documents, deeds and writings, appoint lead managers, arrangers, debenture trustee(s) and other agencies, enter into arrangements for managing the offer, private placement documents and pay any fees, remuneration, expenses relating thereto, settle all difficulties, doubts and questions that may arise with respect to the offer, issue and allotment, utilization ofthe proceeds of the issue and do all such acts, deeds, matters and things as may be deemed necessary or considered, desirable or expedient to implement and give effect to the above resolutions including but not limited to the following:

   (a) liaising with and completing all legal, statutory, procedural, operational, registration, engagement and appointment related formalities for issue, allotment, listing and redemption of Debenture, including (i) appointment of various intermediaries including but not limited to debenture trustee(s), security trustee(s), merchant banker(s) and lead manager(s), arranger(s), registrar and transfer agent(s), custodians, legal and tax counsel(s), valuation agency(s), credit rating agency(ies), banker(s), depository(ies), subscriber(s), investor(s), underwriter(s), guarantor(s), escrow agent(s), consultant(s), advisor(s), auditor(s), chartered accountant(s), monitoring agency(ies), advertising agency(ies) and any other agency(ies) or person(s) or intermediary(ies) and negotiating terms of their appointment and execution, delivery and performance of any agreements, letters and documents with them and any modifications, variations, amendments (however fundamental they may be) to such agreements, letters and documents, (ii) filing / registering of any documents including the Private Placement Memorandum with SEBI, the stock exchange(s), (iii) payment of stamp duties, registration fees andall other stamp taxes, as required under applicable law and (iv) approving, executing and submitting any other forms, documents, letters, undertakings or applications required to be filed with any other

governmental/regulatory/statutory/quasi-judicial and judicial authorities, including any local authority, the Reserve Bank of India ("**RBI**"), SEBI, the central government, any state government, Registrar of Companies, the Ministry of Corporate Affairs, (as may be applicable), tax authorities and/or other governmental bodies or undertakings (collectively "**Governmental Authorities**"), inaccordance with applicable law and (v) to do all acts in relation thereto;

(b) to make any changes to the Transaction Documents to which Company is a party that they,in their absolute discretion, may think fit, and to execute and any other deeds, agreements, indenture, documents, letters etc. including any amendments, supplementary agreements, addendum as may be required in relation to the marketing, issue, allotment, listing of the Debentures and also to perform the obligations of the Company in relation to the Debentures;

(c) to accept and utilize the proceeds of the Debentures in the manner provided under the respective Transaction Documents and the applicable law with power to amend the utilization in accordance with applicable laws and the Transaction Documents;

(d) to decide the pricing, if required, and all the other terms of the Debentures (including any coupon, redemption amounts and all other monies payable in relation to the Debentures), and all other related matters;

(e) to make any applications to file, deliver or register any documents, instruments, deeds, amendments, supplements, papers, applications, notices or letters as may be required under applicable laws (including but not limited to notarisation of the relevant powers of attorney and registration of the relevant Transaction Documents with the relevant registrar of sub-assurances (whether by themselves or through the person holding their power of attorney)) and authenticate any information relating to the Debentures and the Transaction Documents, submitted by the Debenture Trustee with any information utility registered under theInsolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017;

(f) to settle any question or difficulties that may arise in the matter of the said issue of Debentures asmay be considered necessary or expedient in the best interest of the Company, to do all acts, deeds and things as may be deemed necessary or expedient in connection therewith and incidental thereto;

(g) to liaise and deal with market intermediaries including the depository, stock exchange, for availingelectronic book mechanism, authorize intermediaries and to do all such acts and deeds as required to issue the Debentures via electronic book mechanism;

(h) (i)to do any other act and/or deed, (ii) negotiate and execute any document(s), application(s), agreement(s), undertaking(s), deed(s), affidavits, declarations and certificates, (iii) settle any questions or difficulties that may arise for giving effect to this resolution, and (iv) give such direction as it deems fit or as may be necessary or desirable with regard;

(i) to pay all costs, stamp duties, filing fees, registration fees or other such expenses in connection with the registration and perfection of the security to be created for Debentures, if any (includingfor notarization of the relevant power(s) of attorney and registration of the relevant Transaction Documents with the relevant registrar of sub-assurances); and

(j) to otherwise deal with regulatory authorities including without limitation RBI, the SEBI, stock exchange, Registrar of Companies, the Ministry of Corporate Affairs, the relevant depositories, authorities appointed under the Income Tax, 1961 and such other authorities as may be required in connection with the Debentures and to do all such acts, deeds, matters and things as may deemed necessary to give effect to this resolution.

7. in addition to the Authorised Signatories, Mr. Kekin Savla, Head-Finance, Mr. Chinmay Opre – Deputy Vice President – Finance, Mr. Rajat Baranga, Assistance Vice President – Treasury, Mr. Bhavik Modi, Senior Manager – Treasury Ops, Mr. Shivjeet Deshmukh, Assistant Vice President – Treasury, Mr. Supreet Singh, Collection Head – North & West (SME) and Mr. Manish Kumar Singh, Senior Executive – Delhi (SME) be and are severally authorised to:

a) sign, execute and deliver the Transaction Documents including such modifications, variations, amendments, as may be required, containing all such covenants, conditions, provisions and stipulations as may be necessary or expedient in connection with the issuance of Debentures on private placement basis;
b) lodge / present Transaction Documents for registration and to admit execution thereof before the competent Registrar, Sub-Registrar or Deputy Registrar of Assurances and / or Municipal Records including Property Card and / or such competent authority as may be necessary and to attend before the competent Registrar, Sub-Registrar, Deputy Registrar of Assurances and/or other appropriate authority as may be necessary for the purpose of execution and registration of Transaction Documents;

c) to pay stamp duty, registration charges and all other rates, taxes and charges thereof on behalf of the Company for the purpose of execution, registration and perfection of the security to be created for Debentures, if any (including for notarization of the relevant power(s) of attorney and registration of the relevant Transaction Documents with the relevant registrar of sub-assurances); and

d) appear, approach and / or represent the Company before the Superintendent of Stamps or Collector or any other officers or authorities and to carry on correspondence and to sign documents regarding the payment of or obtaining refund of Stamp Duty or Registration charges, if any;

e) affix the Common Seal on the Transaction Documents and other instruments / documents / writings / forms / undertakings / declarations including such modifications, variations, amendments, as may be required, pursuant to this resolution, in terms of the articles of association of the Company; and

f) do all such acts, deeds and things which may be necessary and expedient for the purpose of execution and in relation to the matters with respect to Debentures.

8. the common seal of the Company be affixed to any document, if required, pursuant to this resolution, in terms of the articles of association of the Company;

9. a copy of this resolution duly certified as a true copy by any one of the Authorised Signatories, be submitted to the concerned authority/ entity and they be requested to rely upon the authority of the same."

For **IndoStar Capital Finance Limited**

Shikha Jain
Company Secretary & Compliance Officer
(Membership No. A59686)

INDOSTAR

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE DEBENTURE COMMITTEE OF INDOSTAR CAPITAL FINANCE LIMITED ("COMPANY") ON 16 JANUARY 2024

APPOINTMENT OF DEBENTURE TRUSTEE FOR ISSUE OF UPTO 32,500 (THIRTY TWO THOUSAND FIVE HUNDRED) SENIOR, SECURED, REDEEMABLE, RATED, LISTED, TAXABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF INR 1,00,000 (INDIAN RUPEES ONE LAKH ONLY) EACH, AMOUNTING UPTO INR 325,00,00,000 (INDIAN RUPEES THREE HUNDRED AND TWENTY FIVE CRORE ONLY) ON PRIVATE PLACEMENT BASIS IN TWO OR MORE TRANCHES

"RESOLVED THAT in exercise of the powers conferred upon the Debenture Committee by the Board of Directors and pursuant to the provisions of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 and all other applicable laws, rules, regulations, guidelines and acts, if any, and subject to the consent of IDBI Trusteeship Services Limited ("**ITSL**") be and is hereby appointed as the Debenture Trustee in connection with the issuance of 32,500 (Thirty Two Thousand Five Hundred) Senior, Secured, Redeemable, Rated, Listed, Taxable Non-Convertible Debentures of Face Value of INR 1,00,000 (Indian Rupees One Lakh Only) Each, Amounting Upto Inr 325,00,00,000 (Indian Rupees Three Hundred And Twenty Five Crore Only) on private placement basis in two or more tranches;

RESOLVED FURTHER THAT the Members of the Committee, and Ms. Shikha Jain, Company Secretary and Compliance Officer (collectively referred as '**Authorised Officials'**) be and are hereby severally authorized to:

a) negotiate, finalise, approve and modify the terms of appointment of ITSL as a Debenture Trustee;

b) finalise and sign such documents, papers and writings, as may be required, for the appointment of ITSL as a Debenture Trustee;

c) settle any queries / clarifications in connection with the aforesaid resolution;

d) affix common seal, if required, to any documents in terms of the articles of association of the Company;

e) to do all other acts, deeds, things and matters as may be required to implement the decision and to give full effect to this resolution; and

f) to provide a copy of this resolution duly certified as a true copy to any concerned authority/ entity and they be requested to rely upon the authority of the same."

For **IndoStar Capital Finance Limited**

IndoStar Capital Finance Limited

Shikha Jain
Company Secretary & Compliance Officer
(Membership No. A59686)

IndoStar Capital Finance Limited
Registered Office: Silver Utopia, 3rd Floor, Unit No 301-A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai - 400099, India. | T +91 22 4315 7000 | contact@indostarcapital.com | www.indostarcapital.com | CIN: L65100MH2009PLC268160

ANNEXURE IX

[To be updated post finalisation of DTD]

COVENANTS TO THE ISSUE

Part A- Affirmative Covenants

The Company hereby covenants with the Trustee that the Company will at all times during the continuance of this security (except as may otherwise be previously agreed in writing by the Trustee):

a) Carry out and conduct its business with due diligence and efficiency and in accordance with sound engineering, technical, managerial and financial standards and business practices with qualified and experienced management and personnel.

b) Utilise the monies raised by the issue of the Debentures for (a) refinancing the Existing Financial Indebtedness; and (b) onward lending to customers, as per Applicable Law (post meeting the Issue related expenditures).

c) The Company will furnish one time certificate from Company's Statutory Auditors to the Trustees for utilization of funds raised by the issue of the debentures.

d) Keep proper books of account as required by the Act and therein make true and proper entries of all dealings and transactions of and in relation to the Secured Hypothecated Properties and the business of the Company and keep the said books of account and all other books, registers and other documents relating to the affairs of the Company at its Registered Office or, where permitted by law, at other place or places where the books of account and documents of a similar nature may be kept and the Company will ensure that all entries in the same relating to the Secured Hypothecated Properties and the business of the Company shall at all reasonable times be open for inspection by the Trustees and such person or persons as the Trustees shall, from time to time, in writing for that purpose, appoint and the Trustees or such person or persons so appointed shall be entitled to take copies or extracts of the registers of the Company available for inspection;

e) Give to the Trustees or to such person or persons as aforesaid such information as they or he or any of them shall require as to all matters relating to the business, Secured Hypothecated Properties and affairs of the Company and at the time of the issue thereof to the Shareholders of the Company furnish to the Trustees copies of every report, balance sheet, profit and loss account issued to the Shareholders and the Trustees shall be entitled, if they think fit, from time to time, to nominate a firm of Chartered Accountant to examine the books of account, documents and property of the Company or any part thereof and to investigate the affairs thereof and the Company shall allow any such accountant or agent to make such examination and investigation and shall furnish him with all such information as he may require and shall pay all costs, charges and expenses of and incidental to such examination and investigation as per Company's rules;

f) Forthwith give notice in writing to the Trustees of commencement of any proceedings directly affecting the Secured Hypothecated Properties;

g) The Company shall ensure that at all times during the Tenor of the Debentures, Brookfield Asset Management Inc. shall, along with its affiliates and subsidiaries, hold at least 51% (fifty one percent) paid-up equity shares and/or economic interest of the Company;

h) Diligently preserve its corporate existence and status and all rights, contracts, now held or hereafter acquired by it in the conduct of its business and all acts, rules, regulations, orders and

directions of any legislative, executive, administrative or judicial body applicable to the Secured Hypothecated Properties or any part thereof PROVIDED THAT the Company may contest in good faith the validity of any such acts, rules, regulations, orders and directions and pending the determination of such contest may postpone compliance therewith if the rights enforceable under the Debentures or the security of the Debentures is not thereby materially endangered or impaired. The Company will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Debentures might or would be hindered or delayed;

i) Pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Company may be required to pay according to the laws for the time being in force in the State in which its properties are situated or otherwise, and in the event of the Company failing to pay such stamp duty, other duties, taxes and penalties as aforesaid, the Trustees will be at liberty (but shall not be bound) to pay the same and the Company shall reimburse the same to the Trustees on demand;

j) Reimburse all sums paid or expenses incurred by the Trustees or any Receiver, Attorney, Manager, Agent or other person appointed by the Trustees for all or any of the purposes mentioned in these presents immediately on receipt of a notice of demand from them in this behalf.

All such sums shall carry interest at the maximum lending rates of the All India Public Financial Institutions as prevailing from time to time as from the date when the same shall have been advanced, paid or become payable or due and as regards liabilities, the Company will, on demand, pay and satisfy such liabilities and if any sum payable under these presents shall be paid by the Trustees the Company shall, forthwith on demand, reimburse the same to the Trustees. Until payment or reimbursement of all such sums, the same shall be a charge upon the Secured Hypothecated Properties in priority to the charge securing the Debentures;

k) Promptly inform the Trustees if it has notice of any application for winding up having been made or any statutory notice of winding up under the Act or otherwise of any suit or other legal process intended to be filed or initiated against the Company and affecting the title to the Company's properties or if a receiver is appointed of any of its properties or business or undertaking;

l) Promptly deliver such information and/ or reports to the Debenture Trustee as specified under the Debenture Trust Deed.

m) Promptly inform the Trustees of the happening of any labour strikes, lockouts, shut-downs, fires or any event likely to have a substantial effect on the Company's profits or business and of any material changes in the rate of production or sales of the Company with an explanation of the reasons therefor;

n) Promptly inform the Trustees of any loss or damage which the Company may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Company may not have insured its properties;

o) shall furnish quarterly Report to the Trustees containing the following particulars:

(a) Updated list of the names and address of the Debenture holder(s).
(b) Details of the interest due but unpaid and reasons thereof.

(c) The number and nature of grievances received from the Debenture holder(s) and resolved by the Company, not resolved by the Company and reasons for the same, and

(d) A statement that these assets of the Company which are available by way of security are sufficient to discharge the claims of the Debenture holder(s) as and when they become due.

(e) Any other information as required by the Trustees, communicated by the Debenture Trustee in writing by way of a reasonable prior written notice.

p) The Company shall, while submitting quarterly/annual financial results, accordingly shall provide Debenture Trustee the following information, as applicable:

a) debt equity ratio;
b) debt service coverage ratio;
c) interest service coverage ratio;
d) outstanding redeemable preference shares (quantity and value);
e) capital redemption reserve/debenture redemption reserve, as applicable;
f) net worth;
g) net profit after tax;
h) earnings per share;
i) current ratio;
j) long term debt to working capital;
k) bad debts to Account receivable ratio;
l) current liability ratio;
m) total debts to total assets;
n) debtors turnover;
o) inventory turnover;
p) operating margin (%); and
q) net profit margin (%).

q) In accordance with Regulation 56 of the LODR Regulations, the Company shall submit the following to the Debenture Trustee;

(i) a copy of the annual report at the same time as it is issued and a copy of the certificate from the Company's auditors in respect of utilization of funds raised by the issue of the Debentures, at the end of each financial year until such funds have been fully utilized or the purpose for which such funds were intended has been achieved;

(ii) a copy of all notices, resolutions and circulars relating to any new issue of non-convertible debt securities (at the same time as they are sent to shareholders/holders of non-convertible debt securities), the meetings of holders of non-convertible debt securities (at the same time as they are sent to the holders of non-convertible debt securities or advertised in the media including those relating to proceedings of the meetings);

(iii) intimations regarding any revision in the rating, any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities issued by the Company, any failure to create charge on the assets, and all covenants of the issue (including side letters, accelerated payment clause, etc.).

r) Submit such other disclosure to the Debenture Trustee as may be required under the SEBI (Issue and Listing of Non-Convertible Debt Securities) Regulations, 2021, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") and other Applicable Laws, each as amended from time-to-time.

s) Further, the Company shall furnish the following:

A) On Quarterly Basis:

i) Certificate from Director/ Managing Director of the issuer company, certifying the value of Receivables/ Book debts

ii) Certificate from an independent chartered accountant giving the value of book Receivables/Book debts

iii) Such other information / details / reports as may be requested by the debenture trustee.

B) On Half yearly Basis.

Certificate from its statutory auditor regarding maintenance of hundred percent asset cover or asset cover as per the terms of Private Placement Memorandum including compliance with the covenants of the Private Placement Memorandum in the manner as may be specified by the Securities and Exchange Board from time to time

t) Promptly and expeditiously attend to and address the grievances, if any, of the Debenture holder(s). The Company further undertakes that it shall promptly furnish reports as required by SEBI or any other statutory bodies and shall comply with the suggestions and directions that may be given in this regard from time to time, by the Trustees and shall advise the Trustees periodically of the compliance.

u) Promptly inform the trustee of any major change in composition of its Board of Directors, which may amount to change in control as defined in SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 2011.

v) Comply with all the directions/ guidelines issued by any regulatory authority with regard to the Debenture issue.

w) Submit such information, as may be required by the Debenture Trustee.

x) The Issuer shall comply with the provisions of the Companies Act, 2013 relating to transfer of unclaimed/ unpaid amounts of interest on Debentures and redemption of Debentures to Investor Education and Protection Fund (IEPF), or such other special account to be opened by the Company in that behalf in any scheduled bank, if applicable to it.

y) The Company shall preserve the assets that are secured under these presents with utmost care and caution.

z) comply all the provisions as mentioned in the Securities Contract Regulation Act, 1956, the Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Debt Securities) Regulations, 2021 as amended from time to time, the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, Guidelines on Private Placement of NCDs (maturity more than 1 year) by NBFCs issued by the Reserve Bank of India, as amended from time to time and/or any other notification, circular, press release issued by the SEBI/ Reserve Bank of India, from time to time, as may be applicable.

aa) shall inform the Trustees with respect to any change in the business of the Company which may affect the interest of the Debenture holder(s).

bb) to inform the Trustees of all orders, directions, notices, of court/ tribunal affecting or likely to affect the Secured Hypothecated Properties.

cc) The Company is aware that in terms of Regulation 14 of the SEBI (Debenture Trustees) Regulations, 1993 as amended from time to time, the Trust Deed has to contain the matters specified in Section 71 of the Companies Act, 2013 and Form No. SH.12 specified under the Companies (Share Capital and Debentures) Rules, 2014. The Company hereby agrees to comply with all the clauses of Form No. SH.12 as specified under the Companies (Share Capital and Debentures) Rules, 2014 as if they are actually and physically incorporated herein in this deed.

dd) In terms of SEBI pursuant to the circular bearing the reference number SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021, as amended from time to time, the Company hereby submits the following Bank Account details from which it proposes to pay the redemption amount towards the Debentures and has pre-authorised Debenture Trustee to seek debt redemption payment related information from the said bank.

Bank Account Details:-

Name of Bank :- IndusInd Bank Ltd
Account No. :- 200000030971
Branch address :- IndusInd Bank Ltd, Opera House
Email address : gbo.booh@indusind.com

The Company hereby further agrees and undertakes that it shall also inform the Debenture Trustee of any change in above bank details within 1 Working Day of such change.

Part B- Negative Covenants:

The Company hereby covenants with the Trustees that during the continuance of the Debentures, without the prior written approval of the Trustees, the Company shall:

a) not declare or pay any dividend to its Shareholders whether equity or preference, during any financial year unless it has paid the installment of principal and interest then due and payable on the Debentures, or has made provision satisfactory to the Trustees for making such payment. No permission of the Trustees is required if there is no default in repayment of principal and interest;

b) not sell or dispose of the Secured Hypothecated Properties or any part thereof or create thereon any mortgage, lien or charge by way of hypothecation, pledge or otherwise howsoever or other encumbrance of any kind whatsoever to the intent and purpose that the Secured Hypothecated Properties and all parts thereof shall remain, except as permitted under the provisions of the Transaction Documents.

c) Except as may otherwise be previously agreed in writing by the Trustees, not undertake or permit any merger, consolidation, reorganisation scheme of arrangement or compromise with its Creditors or Shareholders or effect any Scheme of Amalgamation or Reconstruction.

Part C- Special Covenants

So long as the Institutional Debenture holder(s)/ Beneficial Owner(s) continue to hold the Debentures, the Company agrees and undertakes as follows:

a) **<u>Declaration of Dividend</u>**

The Company shall not without obtaining the prior written consent of the Trustees declare any Dividend on its Share Capital if it fails to meet its obligations to pay interest and/ or instalment(s) and/ or other monies payable to the Debenture-holder(s) so long as it is in such default.

b) **Inspection by Trustees**

The Debenture Trustee or its authorised representatives shall be entitled to carry out inspections of the Company's offices, records, registers and books of accounts during business hours, to the extent such inspection is necessary for exercising any of the powers or discharging any of the duties of the Debenture Trustee hereunder. Any representative of the Debenture Trustee shall have free access at all reasonable times to the Company's premises, records, registers and accounts and shall receive full co-operation and assistance from the Company. The cost of inspection, including travelling and other related expenses shall be borne and paid by the Company. Any information accessed by the Debenture Trustee or such authorised representative shall be strictly used for the purpose of discharging any of the duties of the Debenture Trustee hereunder and any other information which is not related thereto shall be subject to strict confidentiality obligations by the Debenture Trustee;

c) **Utilisation of the proceeds**

The proceeds of the debentures shall not be utilised by the Company for purposes other than those mentioned in the Private Placement Memorandum/ Offer Document / Private Placement Memorandum.

d) **Execution of documents and creation of security**

The Company shall execute all relevant documents and create security for the Debentures in accordance with the Private Placement Memorandum.

e) In the event of (i) two consecutive defaults in payment of interest to the Debenture holder(s) or (ii) default in creation of security for debentures or (iii) default in principal payment / redemption of debentures, the Trustees shall have a further right to appoint Nominee Director on the Board of Directors of the Company, at any time during the currency of the Debenture Trust Deed.

f) Inform the Trustee of any major change in the composition of its Board of Directors, which may amount to change in control as per SEBI (SAST) Regulations, 2011.

g) Inform the Trustees of the number and nature of grievance received from the Beneficial Owner(s)/ Debenture holder(s) and resolved by the Company in quarterly statements.

h) The Company shall have recorded the name of the subscriber/ Debenture holder(s) for making an offer of Debentures to them by name. The Company shall have made an offer and invitation to subscribe to the Debentures through issue of a private placement offer cum application letter in Form PAS-4 accompanied by an application form serially numbered and addressed specifically to the subscriber/ Debenture holders.

i) The Company shall maintain a complete record of private placement offer in Form PAS-5.

j) The Company shall file a return of allotment of Debentures with the Registrar of Companies within 15 (Fifteen) days of allotment in Form PAS-3 and with the fee as provided in

Companies (Registration of Offices and Fees) Rules 2014, as amendment from time to time, along with a complete list of all security holding containing:

i) The full name, address, permanent account number and email ID of each Debenture holder;
ii) The details of Debentures held;
iii) Date of allotment of Debentures;
iv) The number of securities held, nominal value and amount paid on such securities; and particulars of consideration received for the Debentures.

k) **Nominee Director**

In the event of (i) two consecutive defaults in payment of interest to the Debenture holder(s) or (ii) default in creation of security for debentures or (iii) default in principal payment / redemption of Debentures, the Trustees shall have a right to appoint a Nominee Director on the Board of the Directors of the Company. The right to appoint the Nominee Director shall be exercised by the Trustee as per the statutory guidelines as may be applicable for the purpose in consultation with the participating Debenture holders. The Nominee Director shall be appointed in accordance with the Act and Articles of Association of the Company.

The Nominee Director so appointed pursuant to above clause shall not be liable to retire by rotation nor shall be required to hold any qualification share. The Company shall take steps to amend its Articles of Association, if necessary.

l) **Due diligence on continuous basis**

The Company shall in accordance with the SEBI circular bearing reference numbers SEBI/ HO/ DDHS/ P/ CIR/ 2023/ 50 dated March 31, 2023 (as applicable and amended from time to time), the Company has provided relevant documents / information, to the extent applicable, to the Debenture Trustee, to enable the Debenture Trustee to submit the reports / certification to the Stock Exchanges within the timelines stipulated under Applicable Law.

Part D – Financial Covenants

1. **The Company on standalone basis shall, at all times, till the Final Settlement Date:**

(a) minimum Tier I Capital Ratio of 20% (twenty percent).

(b) minimum CRAR of 20% (twenty percent).

(c) Leverage or Gearing Ratio shall not exceed 3.75x during the tenure of the Debentures.

(a) Gross NPA of the Company shall be maintained below 10.50% (ten decimal five percent).

(b) Net NPA of the Company shall be maintained below 4.75% (four decimal seven five percent),

For the purpose of this sub-section:

(i) "**Capital**" shall mean the sum of (i) Tier I Capital (as defined under the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) and (ii) Tier II Capital (as defined under the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016).

(ii) "**CRAR**" means the ratio of Capital to Risk Weighted Assets (hereunder written).

(iii) "**Debt**" means, in respect of the Company, at any time, the aggregate of the following liabilities calculated at only the nominal or principal amount at which the liabilities would be carried in a balance sheet of the Company drawn up at that time (or in the case of any guarantee, indemnity or similar assurance referred to in paragraph (E) below, the maximum liability under the relevant instrument):

(a) any moneys borrowed;

(b) any acceptance under any acceptance credit;

(c) any bond, loan, note, debenture, commercial paper or other similar instrument;

(d) any moneys owing in connection with the sale or discounting of receivables (except to the extent that there is no recourse);

(e) Corporate guarantee, indemnity or similar assurance provided by the Company to any person including subsidiaries, special purpose vehicles, Affiliates and joint ventures in the nature of financial indebtedness but excluding performance related corporate guarantee provided in the form of performance guarantee etc. (Note: all corporate guarantee given by the Company in the nature of financial indebtedness shall be included as part of the Debt);

(f) the liabilities arising in connection with loans which have been transferred by the Company by way of securitisation transactions which are on the balance sheet of the Company, and

(g) shares which are expressed to be redeemable or any shares or instruments convertible into shares or any shares or other securities which are otherwise the subject of a put option or any form of guarantee

(h) any obligation under any put option arrangement or guarantee or indemnity in respect of any put option where that put option or guarantee is granted or entered into primarily as a method of raising or assuring the payment or repayment of any indebtedness

(iv) "**Gross NPA**" means percentage of NPAs calculated in accordance with the RBI provision to the total advances of the Company.

(v) "**Leverage or Gearing Ratio**" shall mean the ratio between Debt and Tangible Net Worth of the Company.

(vi) "**Net NPA**" means ratio of the amount remaining after deducting, outstanding provisions (provided through profit and loss account) from the Gross NPA to total advances of the Company.

(vii) "**Risk Weighted Assets**" as defined by RBI under extant guidelines from time to time and applicable to the company.

(viii) "**Tier I Capital Ratio**" means the ratio of Tier I Capital (as defined under the Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016) to Risk Weighted Assets.

Replenishment of the Non-Performing Assets with new receivables to be done immediately. Any pre-payments, fall-offs to be replenished on as and when basis with monthly statement submitted with minimum assets cover of 1.15 times of the outstanding exposure.

as detailed under the Debenture Trust Deed.

PART E – ADDITIONAL COVENANTS

REDEMPTION ACCOUNT

(a) The shall, at all times till the Final Redemption Date, maintain the following bank account from which it proposes to pay the redemption amount:

Bank Account Details:
Name of Bank :- IndusInd Bank Ltd
Account No. :- 200000030971
Branch address :- Opera House
Email address :- gbo.booh@indusind.com

(b) The Company hereby further agrees and undertakes that it shall also inform the Debenture Trustee of any change in above bank details within 3 (three) Business Day of such change.

(c) The company has pre-authorised the Debenture Trustee to seek debt redemption payment related information from the said bank.

BSE
The Power of Vibrance

DCS/COMP/AA/IP-PPDI/417/23-24

January 17, 2024

Indostar Capital Finance Limited
Silver Utopia, Third Floor, Unit No 301-
A, Opposite P & G Plaza, Cardinal Gracious Road, Chakala,
Andheri (E), Mumbai – 400099

Dear Sir/Madam

Re: Private Placement of upto 32,500 9.95% ICFL 23-24/Series XV 2025 Senior, Secured, Redeemable, Rated, Listed, Taxable, Non-Convertible Debentures of face value of Rs.1,00,000/- each amounting upto Rs.325 Crores only (to be referred as the "Debentures") (The "Issuer").

We acknowledge receipt of your application on the online portal on January 16, 2024 seeking In-principle approval for issue of captioned security. In this regard, the Exchange is pleased to grant in-principle approval for listing of captioned security subject to fulfilling the following conditions at the time of seeking listing:

1. Filing of listing application.

2. Payment of fees as may be prescribed from time to time.

3. Compliance with SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder and also Compliance with provisions of Companies Act 2013.

4. Receipt of Statutory & other approvals & compliance of guidelines issued by the statutory authorities including SEBI, RBI, DCA etc. as may be applicable.

5. Compliance with change in the guidelines, regulations, directions, circulars of the Exchange, SEBI or any other statutory authorities, documentary requirements from time to time.

6. Compliance with below mentioned circular dated June 10, 2020 issued by BSE before opening of the issue to the investors.:
https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20200610-31

7. Issuers, for whom use of EBP is not mandatory, specific attention is drawn towards compliance with Chapter XV of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and BSE Circular No 20210519-29 dated May 19, 2021. Accordingly, Issuers of privately placed debt securities in terms of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 or ILDM Regulations for whom accessing the electronic book platform (EBP) is not mandatory shall upload details of the issue with any one of the EBPs within one working day of such issuance. The details can be uploaded using the following links Electronic Issuance - Bombay Stock Exchange Limited (bseindia.com).

8. It is advised that Face Value of NCDs issue through private placement basis should be kept as per Chapter V of SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021

9. ***Issuers are hereby advised to comply with signing of agreements with both the depositories as per Regulation 7 of SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021.***

10. Company is further requested to comply with SEBI Circular SEBI/HO/DDHS/DDHS-RACPOD1/CIR/P/2023/56 dated April 13, 2023, (if applicable) read along with BSE Circular https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20230428-18 and ensure compliance of the same.

This In-Principle Approval is valid for a period of 1 year from the date of issue of this letter or period of 1 year from the date of opening of the first offer of debt securities under the General information Document, which ever applicable. The Exchange reserves its right to withdraw its in-principle approval at any later stage if the information submitted to the Exchange is found to be incomplete/ incorrect/misleading/false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 read with SEBI Circular No SEBI/HO/DDHS/P/CIR/2021/613 dated August 10, 2021 and circulars issued thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Guidelines/Regulations issued by the statutory authorities etc. Further, it is subject to payment of all applicable charges levied by the Exchange for usage of any system, software or similar such facilities provided by BSE which the Company shall avail to process the application of securities for which approval is given vide this letter.

Yours faithfully,
For BSE Limited

Prasad Bhide
Senior Manager

Akshay Arolkar
Deputy Manager