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Draft Prospectus
July 29, 2024

INDOSTAR CAPITAL FINANCE LIMITED

Indostar Capital Finance Limited (the "**Company**" or "**Issuer**") was incorporated at Mumbai on July 21, 2009 as a private limited company with the name 'R V Vyapaar Private Limited' under the provisions of the Companies Act, 1956. The Company received a certificate of incorporation dated July 21, 2009. Subsequently, the name of the Issuer was changed to 'Indostar Capital Finance Private Limited' pursuant to a fresh certificate of incorporations issued by the RoC on November 15, 2010. Thereafter, our Company was converted into a public limited company under the Companies Act, 2013. Consequently, the name of our Company was changed to 'IndoStar Capital Finance Limited' and a fresh certificate of incorporation was issued by the RoC on May 28, 2014. Our Company is registered with the Reserve Bank of India ("**RBI**") as non-public deposit taking NBFC *vide* certificate of registration (bearing reference number N-05.06857 dated June 17, 2010. 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. For more information about our Company, please refer "*General Information*" and "*History and Main Objects*" on pages 56 and 158.

Registered and Corporate Office: Off No - 301, Wing A, CTS No 477, Silver Utopia, Chakala Road, Opp Proctor and Gamble, Andheri (E), Mumbai – 400 099, Maharashtra, India;
Tel.: +91 22 4315 7000; **CIN:** L65100MH2009PLC268160; **PAN**: AAECR4127Q; **Website:** www.indostarcapital.com; **Email:** investor.relations@indostarcapital.com
Company Secretary and Compliance Officer: Shikha Jain; **Tel.:** +91 22 4315 7000; **Email:** sjain4@indostarcapital.com
Chief Financial Officer*:* Vinodkumar Panicker; **Tel**: +91 22 4315 7000; **Email**: vpanicker@indostarcapital.com

PUBLIC ISSUE BY THE COMPANY OF 30,00,000 SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES OF FACE VALUE ₹ 1,000 EACH ("NCDs" OR "DEBENTURES"), AMOUNTING TO ₹ 15,000 LAKH ("BASE LIMIT") WITH A GREEN SHOE OPTION OF UP TO ₹ 15,000 LAKH AGGREGATING UP TO ₹ 30,000 LAKH ("LIMIT"), HEREINAFTER REFERRED TO AS THE "ISSUE". THE ISSUE IS BEING MADE PURSUANT TO THE PROVISIONS OF SEBI NCS REGULATIONS, THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER AS AMENDED TO THE EXTENT NOTIFIED AND THE SEBI MASTER CIRCULAR. THE ISSUE IS NOT UNDERWRITTEN.

OUR PROMOTERS

(i) BCP V Multiple Holdings Pte Ltd; **Email**: athen.liew@brookfield.com; **Tel**: +65 6750 4484 and (ii) Indostar Capital (Mauritius); **Email**: fchung@everstonegroup.com; **Tel**: +23052547986. For details of our Promoters, see *"Our Promoter"* on page 177.

GENERAL RISKS

Investment in non-convertible debentures is risky, 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 "*Risk Factors*" on page 18. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor's decision to purchase such securities.

COUPON RATE, COUPON PAYMENT FREQUENCY, REDEMPTION DATE, REDEMPTION AMOUNT & ELIGIBLE INVESTORS

For details relating to Coupon Rate, Coupon Payment Frequency, Redemption Date, Redemption Amount & Eligible Investors of the NCDs, please see "*Issue Related Information*" on page 256.

CREDIT RATING

The NCDs proposed to be issued under the Issue have been rated "CARE AA-/Stable" (pronounced as CARE Double A Minus; Outlook: Stable) for an amount of ₹ 50,000 Lakh by CARE Ratings Limited *vide* their rating letter dated January 24, 2024, revalidated *vide* letter dated February 15, 2024, and further revalidated *vide* letters dated April 22, 2024 and June 19, 2024, with a rating rationale dated January 25, 2024. 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. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating given by CARE Ratings Limited is valid as on the date of this Draft Prospectus and shall remain valid on date of issue and allotment of NCDs and the listing of the NCDs on Stock Exchanges unless withdrawn. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to *Annexure A* of this Draft Prospectus for the rating, rating rationale and press release of the above rating. There are no unaccepted ratings and any other ratings other than as specified in this Draft Prospectus.

LISTING

The NCDs offered through this Draft Prospectus are proposed to be listed on BSE Limited ("**BSE**") and BSE shall be the Designated Stock Exchange. Our Company has received an 'in-principle' approval from BSE *vide* their letter no. [•] dated [•].

PUBLIC COMMENTS

The Draft Prospectus dated July 29, 2024 has been filed with the BSE, pursuant to the provisions of the SEBI NCS Regulations and is open for public comments for a period of seven Working Days (i.e., until 5 p.m. on [•]) from the date of filing of this Draft Prospectus with the Stock Exchange. All comments on this Draft Prospectus are to be forwarded to the attention of the Compliance Officer of our Company. Comments may be sent through post, facsimile or e-mail. Please note that all comments by post must be received by the Issuer by 5:00 p.m. (IST) by the seventh Working Day from the date on which this Draft Prospectus is hosted on the website of the Stock Exchange. All comments received on this Draft Prospectus will be suitably addressed prior to filing of the Prospectus with the RoC.

LEAD MANAGER TO THE ISSUE	DEBENTURE TRUSTEE
NUVAMA WEALTH MANAGEMENT LIMITED *(formerly known as Edelweiss Securities Limited)* 801-804, Wing A, Building No 3 Inspire BKC, G Block, Bandra Kurla Complex Bandra East, Mumbai – 400 051 **Tel:** +91 22 4009 4400 **Email**: ICFL.NCD@nuvama.com **Website:** www.nuvama.com **Contact Person:** Saili Dave	**IDBI TRUSTEESHIP SERVICES LIMITED*** Universal Insurance Building, Ground Floor, Sir PM Road Fort, Mumbai – 400 001 **Tel.**: +91 22 4080 7015 **Email**: response@idbitrustee.com **Website**: www.idbitrustee.com **Contact Person**: Nikhil Lohana/ Gaurav Jeswani/ Hiren Kalinani

REGISTRAR TO THE ISSUE	CREDIT RATING AGENCY	STATUTORY AUDITOR
LINK INTIME INDIA PRIVATE LIMITED C- 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai – 400 083 Maharashtra, India **Tel**: +91 810 811 4949 **Fax**: +91 22 4918 6060 **Email**: indostar.ncd2024@linkintime.co.in **Investor Grievance Email**: indostar.ncd2024@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person**: Shanti Gopalkrishnan	**CARE RATINGS LIMITED** **(Formerly known as Credit Analysis & Research Limited)** 4th Floor, Godrej Coliseum Somaiya Hospital Road Off Eastern Express Highway, Sion (East), Mumbai – 400 022 Maharashtra, India **Tel**: + 91 22 67543456 **Email**: Jitendra.Meghrajani@careedge.in **Website**: www.careratings.com **Contact Person**: Jitendra Meghrajani	**M S K A & ASSOCIATES** 602, Floor 6, Raheja Titanium Western Express Highway, Geetanjali, Railway Colony, Ram Nagar, Goregaon (E) Mumbai – 400 063, India **Tel:** +91 9022787885 **Email:** antrikshaagrawal@mska.in **Website:** www.mska.in **Contact Person:** Antriksha Agrawal

ISSUE PROGRAMME**

ISSUE OPENS ON: As provided in the Prospectus	ISSUE CLOSES ON: As provided in the Prospectus

**IDBI Trusteeship Services Limited under regulation 8 of SEBI NCS Regulations has by its letter dated July 9, 2024, has given its consent for its appointment as Debenture Trustee to the Issue and for its name to be included in this Draft Prospectus and in all the subsequent periodical communications sent to the holders of the NCDs issued pursuant to the Issue.*

***This Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated in the Prospectus, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of our Company or the Debt - Public Issue Committee, subject to relevant approvals (subject to a minimum period of three working days and a maximum period of 10 working days from the date of opening of this Issue). In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in an English daily national newspaper with wide circulation and a regional daily with wide circulation where the registered office of the Company is located (in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure). On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. on one Working Day post the Issue Closing Date. For further details please refer to our section titled "Issue Related Information" on page 256.*

A copy of the Prospectus shall be filed with the Registrar of Companies, Maharashtra at Mumbai in terms of Section 26 of Companies Act, 2013, along with the endorsed/certified copies of all requisite documents. For further details, please see "Material Contracts and Documents for Inspection" on page 392.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning ascribed to such definitions and abbreviations set forth herein. References to any legislation, act, regulation, rules, guidelines, clarifications or policies shall be to such legislation, act, regulation, rules, guidelines, clarifications or policies as amended, supplemented or re-enacted from time to time until the date of this Draft Prospectus, and any reference to a statutory provision shall include any subordinate legislation notified from time to time pursuant to such provision.

The words and expressions used in this Draft Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such words and expressions under the SEBI NCS Regulations, the Companies Act, 2013, the SCRA, the Depositories Act and the rules and regulations notified thereunder.

General Terms

Term	Description
"Indostar" or "Company" or "the Issuer"	Indostar Capital Finance Limited, a public limited company incorporated under the Companies Act, 1956, and having its Registered Office at Off No - 301, Wing A, CTS No 477, Silver Utopia, Chakala Road, Opp Proctor and Gamble, Andheri (E), Sahargaon, Mumbai, Maharashtra, India – 400 099.
"we" or "us" or "our"	Unless the context otherwise requires, Indostar Capital Finance Limited.

Company Related Terms

Term	Description
Articles or Articles of Association or AOA	Articles of Association of our Company
Audit Committee	Audit committee of the Board of Directors
Audited Financial Statements	The Audited Financial Statements of the Company comprising of Audited Financial Statements for Fiscal 2024, Audited Financial Statements for Fiscal 2023 and Audited Financial Statements for Fiscal 2022.
Audited Financial Statements for Fiscal 2024	The Audited Consolidated Financial Statements for Fiscal 2024 and Audited Standalone Financial Statements for Fiscal 2024
Audited Consolidated Financial Statements for Fiscal 2024	The audited consolidated financial statements of our Company and its subsidiaries for the year ended March 31, 2024, prepared in accordance with Ind AS and other relevant provisions of the Companies Act, 2013, which have been approved by the Board of Directors of our Company at their meeting held on April 29, 2024, audited by our Statutory Auditors, M S K A & Associates comprising of the statement of assets and liabilities as of March 31, 2024, the statement of profit and loss and the statement of cash flow for the financial year ended March 31, 2024, including notes and schedules thereto.
Audited Standalone Financial Statements for Fiscal 2024	The audited standalone financial statements of our Company and its subsidiaries for the year ended March 31, 2024, prepared in accordance with Ind AS and other relevant provisions of the Companies Act, 2013, which have been approved by the Board of Directors of our Company at their meeting held on April 29, 2024, audited by our Statutory Auditors, M S K A & Associates, comprising of the statement of assets and liabilities as of March 31, 2024, the statement of profit and loss and the statement of cash flow for the financial year ended March 31, 2024, including notes and schedules thereto.
Audited Financial Statements for Fiscal 2023	The Audited Consolidated Financial Statements for Fiscal 2023 and Audited Standalone Financial Statements for Fiscal 2023
Audited Consolidated Financial Statements for Fiscal 2023	The audited consolidated financial statements of our Company and its subsidiaries for the year ended March 31, 2023, prepared in accordance with Ind AS and other relevant provisions of the Companies Act, 2013, which have been approved by the Board of Directors of our Company at their meeting held on May 25, 2023, audited by the Erstwhile Statutory Auditors i.e. Deloitte Haskins & Sells LLP comprising of the statement of assets and liabilities as of March 31, 2023, the statement of profit and loss

Term	Description
	and the statement of cash flow for the financial year ended March 31, 2023, including notes and schedules thereto.
Audited Standalone Financial Statements for Fiscal 2023	The audited standalone financial statements of our Company and its subsidiaries for the year ended March 31, 2023, prepared in accordance with Ind AS and other relevant provisions of the Companies Act, 2013, which have been approved by the Board of Directors of our Company at their meeting held on May 25, 2023, audited by the Erstwhile Statutory Auditors i.e. Deloitte Haskins & Sells LLP comprising of the statement of assets and liabilities as of March 31, 2023, the statement of profit and loss and the statement of cash flow for the financial year ended March 31, 2023, including notes and schedules thereto.
Audited Financial Statements for Fiscal 2022	The Audited Consolidated Financial Statements for Fiscal 2022 and Audited Standalone Financial Statements for Fiscal 2022
Audited Consolidated Financial Statements for Fiscal 2022	The audited consolidated financial statements of our Company and its subsidiaries for the year ended March 31, 2022, prepared in accordance with Ind AS and other relevant provisions of the Companies Act, 2013, which have been approved by the Board of Directors of our Company at their meeting held on August 5, 2022, audited by the Erstwhile Statutory Auditors i.e. Deloitte Haskins & Sells LLP comprising of the statement of assets and liabilities as of March 31, 2022, the statement of profit and loss and the statement of cash flow for the financial year ended March 31, 2022, including notes and schedules thereto.
Audited Standalone Financial Statements for Fiscal 2022	The audited standalone financial statements of our Company and its subsidiaries for the year ended March 31, 2022, prepared in accordance with Ind AS and other relevant provisions of the Companies Act, 2013, which have been approved by the Board of Directors of our Company at their meeting held on August 5, 2022, audited by the Erstwhile Statutory Auditors i.e. Deloitte Haskins & Sells LLP comprising of the statement of assets and liabilities as of March 31, 2022, the statement of profit and loss and the statement of cash flow for the financial year ended March 31, 2022, including notes and schedules thereto.
Auditors or Statutory Auditors	The current statutory auditors of our Company, M/s. M S K A & Associates, Chartered Accountants
Board or Board of Directors or our Board or our Board of Directors	Board of Directors of our Company or any duly constituted committee thereof.
Corporate Social Responsibility Committee	Corporate Social Responsibility committee of the Board of Directors.
Committee	A committee constituted by the Board, from time to time.
Directors	Directors of the Company
Equity Shares	Equity shares of the Company of face value of ₹ 10 each
Erstwhile Statutory Auditors	Deloitte Haskins & Sells LLP, Chartered Accountants
ESOPs	Employee stock options
Independent Director(s)	The independent director(s) on our Board, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations
KMP / Key Managerial Personnel	Key managerial personnel of our Company as disclosed in this Draft Prospectus and appointed in accordance with Key Managerial Personnel, as defined under Section 2(51) of the Companies Act, 2013
LAP	Loan against property
Loan Book	Loan book of the Company containing loans and advances to the borrowers.
Loan Book / Net Loan Book	Loan Book net of expected credit loss allowance.
MoA or Memorandum or Memorandum of Association	Memorandum of Association of our Company.
Nomination and Remuneration Committee	Nomination and remuneration committee of the Board of Directors
Net worth	As defined in Section 2(57) of the Companies Act, 2013, as follows: "*Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited*

Term	Description
	balance sheet but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation.”
Debt - Public Issue Committee	Debt – Public Issue committee as constituted by the Board of Directors
Promoter Group	Includes such persons and entities constituting the promoter group of our Company pursuant to Regulation 2 of the SEBI ICDR Regulations.
Promoters	The promoters of our Company are BCP V Multiple Holdings Pte Ltd **(“BCP” or “Brookfield”)** and Indostar Capital (Mauritius).
Registered Office	The registered office of our Company is situated at Off No - 301, Wing A, CTS No 477, Silver Utopia, Chakala Road, Opp Proctor and Gamble, Andheri (E), Sahargaon, Mumbai, Maharashtra, India, 400099
Risk Management Committee	Risk Management Committee of the Board of Directors
RoC/ Registrar of Companies	Registrar of Companies, Maharashtra at Mumbai.
Senior Management Personnel or SMP	Senior Management Personnel of our Company in accordance with definition of Senior Management in Regulation 2 (iia) of the SEBI NCS Regulations
Shareholders	The holders of the Equity Shares from time to time
Stakeholders’ Relationship Committee	Stakeholders’ Relationship Committee as constituted by the Board of Directors
Total Borrowing(s)/ Total Debt	Debt securities plus borrowings (other than debt securities), subordinated liabilities and deposits.

Issue Related Terms

Term	Description
Abridged Prospectus	A memorandum containing the salient features of the Prospectus
Acknowledgement Slip/ Transaction Registration Slip/ TRS	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application Form
Allotment Advice	The communication sent to the Allottees conveying the details of NCDs allotted to the Allottees in accordance with the Basis of Allotment
Allotment, Allot or Allotted	Unless the context otherwise requires, the allotment of NCDs to the successful Applicants pursuant to the Issue
Allottee(s)	The successful Applicant to whom the NCDs are Allotted either in full or part, pursuant to the Issue
Applicant or Investor	Any person who applies for issuance and Allotment of NCDs through ASBA process or through UPI Mechanism pursuant to the terms of this Draft Prospectus, the Prospectus, the Abridged Prospectus and the Application Form
Application or ASBA Application	An application (whether physical or electronic) to subscribe to the NCDs offered pursuant to the Issue by submission of a valid Application Form and authorising an SCSB to block the Application Amount in the ASBA Account or to block the Application Amount using the UPI Mechanism, where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by retail investors for an Application Amount of up to ₹ 5,00,000 which will be considered as the application for Allotment in terms of this Draft Prospectus.
Application Amount	The aggregate value of the NCDs applied for, as indicated in the Application Form for the Issue
Application Form / ASBA Form	Form in terms of which an Applicant shall make an offer to subscribe to NCDs through the ASBA process or through the UPI Mechanism and which will be considered as the Application for Allotment of NCDs in terms of this Draft Prospectus.
ASBA Account	An account maintained with a SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the Application Amount mentioned in the Application Form by an Applicant and will include a bank account of a retail individual investor linked with UPI, for retail individual investors submitting application value up to ₹ 500,000
Banker(s) to the Issue	Collectively Public Issue Account Bank, Refund Bank and Sponsor Bank
Base Issue Size	₹ 15,000 Lakh
Basis of Allotment	The basis on which NCDs will be allotted to applicants as described in “*Issue Procedure – Basis of Allotment*” on page 313.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms, i.e.,

Term	Description
	Designated Branches of SCSB, Specified Locations for Members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Broker Centres	Broker centres notified by the Stock Exchange where Applicants can submit the ASBA Forms (including ASBA Forms under UPI in case of UPI Investors) to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Trading Members are available on the websites of the Stock Exchange at www.bseindia.com.
CARE Ratings	CARE Ratings Limited
Category I (Institutional Investors)	• Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs; • Provident funds and pension funds each with a minimum corpus of ₹2,500 lakhs, superannuation funds and gratuity funds, which are authorised to invest in the NCDs; • Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012; • Resident Venture Capital Funds registered with SEBI; • Insurance companies registered with the IRDAI; • State industrial development corporations; • Insurance funds set up and managed by the army, navy, or air force of the Union of India; • Insurance funds set up and managed by the Department of Posts, the Union of India; • Systemically Important Non-Banking Financial Company registered with the RBI; • National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and • Mutual funds registered with SEBI.
Category II (Non-Institutional Investors)	• Companies within the meaning of Section 2(20) of the Companies Act, 2013; statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs; • Co-operative banks and regional rural banks; • Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs; • Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment: which are authorised to invest in the NCDs; • Scientific and/or industrial research organisations, which are authorised to invest in the NCDs; • Partnership firms in the name of the partners; and • Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009). • Association of Persons; and • Any other incorporated and/ or unincorporated body of persons
Category III (High Net Worth Individual Investors)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Issue
Category IV (Retail Individual Investors)	Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹ 10,00,000 across all options of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than ₹ 5,00,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) though UPI Mechanism.
CIBIL	TransUnion CIBIL Limited
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collecting Depository	A depository participant as defined under the Depositories Act, 1996, registered with

Term	Description
Participant or CDP	SEBI and who is eligible to procure Applications in the Issue, at the Designated CDP Locations in terms of the SEBI Master Circular.
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications, at the Designated RTA Locations.
Credit Rating Agency	CARE Ratings Limited (Formerly known as Credit Analysis & Research Limited)
Debentures / NCDs	Secured Redeemable Non-Convertible Debentures of face value of ₹ 1,000 each
Debenture Holder(s)/ NCD Holder(s)	The holders of the NCDs whose name appears in the database of the Depository and/or the register of NCD Holders (if any) maintained by our Company if required under applicable law.
Debenture Trust Deed	The trust deed to be entered between the Debenture Trustee and our Company which shall be executed in relation to the NCDs within the time limit prescribed by applicable statutory and/or regulatory requirements, including creation of appropriate security, in favour of the Debenture Trustee for the NCD Holders on the assets adequate to ensure 100% asset cover for the NCDs and the interest due thereon issued pursuant to the Issue. The contents of the Debenture Trust Deed shall be as prescribed by SEBI or any other applicable statutory/regulatory body from time to time.
Debenture Trustee/ Trustee	Trustees for the NCD holders in this case being IDBI Trusteeship Services Limited
Debenture Trustee Agreement	Agreement dated July 9, 2024 entered into between the Debenture Trustee and the Company wherein the appointment of the Debenture Trustee to the Issue is agreed as between our Company and the Debenture Trustee
Deemed Date of Allotment	The date on which the Board of Directors/or the Debt - Public Issue Committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors/ or the Debt - Public Issue Committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.
Demographic Details	The demographic details of the Applicants such as their respective addresses, email, PAN, investor status, MICR Code and bank account detail
Designated Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi= yes&intmId=34 or at such other websites as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the website of the Stock Exchange at www.bseindia.com
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Issue Account and/or the Refund Account, as appropriate, after finalisation of the Basis of Allotment, in terms of this Draft Prospectus following which the NCDs will be Allotted in the Issue
Designated Intermediaries	Collectively, the Lead Manager, the Consortium Members, Trading Members, agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect Application Forms from the Applicants in the Issue
Designated RTA Locations	Such locations of the CRTAs where Applicants can submit the ASBA Forms to CRTAs, a list of which, along with names and contact details of the CRTAs eligible to accept ASBA Forms are available on the website of the Stock Exchange.
Designated Stock Exchange	The designated stock exchange for the Issue, being the BSE Limited
Direct Online Application	An online interface enabling direct applications through UPI by an app based/web interface, by investors to a public issue of debt securities with an online payment facility
Draft Prospectus	The Draft Prospectus dated July 29, 2024, filed with the Designated Stock Exchange for receiving public comments and with, SEBI in accordance with the provisions of the Companies Act, 2013 and the SEBI NCS Regulations.
Interest Payment Date / Coupon Payment Date	Please see the section titled "*Issue Related Information*" on page 256.
Issue	Public issue of secured, rated, listed, redeemable, non-convertible debentures of face

Term	Description
	value of ₹ 1,000 each ("**NCDs**" or "**Debentures**"), amounting to ₹ 15,000 lakh ("**Base Issue**"/ "**Base Limit**") with an option to retain over-subscription up to ₹ 15,000 lakh, aggregating up to ₹ 30,000 lakh, hereinafter referred to as the "Issue". The Issue is being made pursuant to the provisions of SEBI NCS Regulations, The Companies Act, 2013 and rules made thereunder as amended to the extent notified and the SEBI Master Circular.
Issue Agreement	The Issue Agreement dated July 29, 2024, entered between the Company, and Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited as the Lead Manager to the Issue.
Issue Closing Date	As provided in the Prospectus.
Issue Opening Date	As provided in the Prospectus.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which prospective Applicants can submit their Application Forms
Lead Manager	Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)
Market Lot	1 (One) NCD
Mobile App(s)	The mobile applications listed on the website of Stock Exchange as may be updated from time to time, which may be used by RIBs to submit Bids using the UPI Mechanism
Redemption Amount	Please see the section titled "*Issue Structure*" on page 256
Maturity Date or Redemption Date	Please see the section titled "*Issue Structure*" on page 256
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% (sixty percent) by NRIs including overseas trusts, in which not less than 60% (sixty percent) of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. OCBs are not permitted to invest in the Issue
Offer Document	This Draft Prospectus, the Prospectus, the Abridged Prospectus and Application Form
Prospectus	The Prospectus to be filed with the RoC in accordance with the SEBI NCS Regulations, containing inter alia the Coupon Rate for the NCDs and certain other information.
Public Issue Account	A bank account to be opened with the Bankers to the Issue to receive monies from the ASBA Accounts on the Designated Date as specified for in the Prospectus.
Public Issue Account and Sponsor Bank Agreement	Agreement to be entered into amongst our Company, the Registrar to the Issue, the Public Issue Account Bank, the Refund Bank and the Sponsor Bank and the Lead Managers for the appointment of the Sponsor Bank in accordance with the SEBI Master Circular for collection of the Application Amounts from ASBA Accounts and where applicable, refunds from the amounts collected from the Applicants on the terms and conditions thereof.
Public Issue Account Bank	Banks which are clearing members and registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with whom the Public Issue Account will be opened
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Company under the Prospectus. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange will be deemed as the Record Date.
Recovery Expense Fund	An amount to be deposited by our Company with the Designated Stock Exchange, equal to 0.01% of the issue size, subject to a maximum of deposit of ₹ 25,00,000 at the time of making the application for listing of NCDs.
Refund Account	Account to be opened with the Refund Bank from which refunds, if any, of the whole

Term	Description
	or any part of the Application Amount shall be made, as specified in this Draft Prospectus.
Refund Bank	Account to be opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount shall be made, as specified in the Prospectus.
Register of NCD holders	The register of NCD holders maintained by the Issuer in accordance with the provisions of the Companies Act, 2013 and by the Depositories in case of NCDs held in dematerialised form, and/or the register of NCD holders maintained by the Registrar
Registrar Agreement	Agreement dated July 22, 2024 entered into between the Issuer and the Registrar under the terms of which the Registrar has agreed to act as the Registrar to the Issue
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers) Regulation, 1992 and the stock exchange having nationwide terminals, other than the Members of the Syndicate and eligible to procure Applications from Applicants
Registrar to the Issue or Registrar	Link Intime India Private Limited
Resident Individual	An individual who is a person resident in India as defined in the FEMA
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Application in the Issue
Security	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by way of a charge on a first ranking *pari-passu* charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation over standard asset portfolio of receivables of the Issuer and / or cash / cash equivalent / liquid investments of the Company and / or such other asset, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for ceding pari- passu charge in favour of the Debenture Trustee in relation to the NCDs.
Self-Certified Syndicate Banks or SCSBs	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Series/Option	Please see the section titled "*Issue Related Information*" on page 256
Specified Cities or Specified Locations	Bidding centres where the Members of the Syndicate shall accept Application Forms from Applicants, a list of which is available on the website of the SEBI athttps://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.
Sponsor Bank	A Banker to the Issue, registered with SEBI, which is appointed by the Issuer to act as a conduit between the Designated Stock Exchange and NPCI in order to push the mandate collect requests and / or payment instructions of the retail individual investors into the UPI for retail individual investors applying through the app/web interface of the Stock Exchange(s) with a facility to block funds through UPI Mechanism for application value up to UPI Application Limit and carry out any other responsibilities in terms of the SEBI Master Circular.
Stock Exchange	BSE
Syndicate ASBA	Applications through the Syndicate or the Designated Intermediaries
Syndicate ASBA Application Locations	ASBA Applications through the Lead Manager, the Trading Members of the Stock Exchange or the Designated Intermediaries.
Syndicate Bidding Centres	Syndicate Bidding Centres established for acceptance of Application Forms
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches 3of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised Intermediaries or at such other website as may be prescribed by SEBI from time to time.

Term	Description
Tenor	Please see the section titled "*Issue Related Information*" on page 256
Trading Members	Intermediaries registered with a sub-broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the Stock Exchange under the applicable byelaws, rules, regulations, guidelines, circulars issued by Stock Exchange from time to time and duly registered with the Stock Exchange for collection and electronic upload of Application Forms on the electronic application platform provided by Stock Exchange.
Transaction Documents	Transaction documents shall mean this Draft Prospectus and the Prospectus read with any notices, corrigenda, addenda thereto, Issue Agreement read with the Addendum to the Issue Agreement, Registrar Agreement, Debenture Trustee Agreement, Debenture Trust Deed, Tripartite Agreements executed or to be executed by our Company, as the case may be. For further details please see the section titled, "*Material Contracts and Documents for Inspection*" on page 392.
Tripartite Agreements	Tripartite Agreement dated February 14, 2011 entered into between our Company, the Registrar to the Issue and NSDL and Tripartite Agreement dated January 8, 2018 entered into between our Company, the Registrar to the Issue and CDSL for offering demat option to the NCD Holders.
UPI or UPI Mechanism	Unified Payments Interface mechanism in accordance with SEBI Master Circular to block funds for application value up to ₹ 5,00,000 submitted through intermediaries, namely the Registered Stock brokers, Consortium Members, Registrar and Transfer Agent and Depository Participants.
UPI Application Limit	Maximum limit to utilize the UPI mechanism to block the funds for application value up to ₹ 500,000 for issues of debt securities pursuant to SEBI Master Circular or any other investment limit, as applicable and prescribed by SEBI from time to time
UPI ID	Identification created on the UPI for single-window mobile payment system developed by the National Payments Corporation of India.
UPI Mandate Request or Mandate Request	A request initiated by the Sponsor Bank on the Retail Individual Investor to authorize blocking of funds in the relevant ASBA Account through the UPI mobile app/web interface (using UPI Mechanism) equivalent to the bid amount and subsequent debit of funds in case of allotment.
Wilful Defaulter(s)	Wilful defaulter means an issuer who is categorized 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 categorized as such.
Working Days	Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and bank holiday in Mumbai. Furthermore, for the purpose of post issue period, i.e. period beginning from Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of Stock Exchange excluding Sundays and bank holidays in Mumbai, as per the SEBI Master Circular, however, with reference to payment of interest/redemption amount of NCDs, Working Days shall mean those days wherein the money market is functioning in Mumbai.

Conventional and General Terms or Abbreviations

Term/ Abbreviation	Description/Full Form
"₹", "Rupees", "INR" or "Indian Rupees"	The lawful currency of the Republic of India
"US$", "USD", and "U.S. Dollars"	The lawful currency of the United States of America
ACH	Automated Clearing House
AGM	Annual General Meeting
ALM	Asset Liability Management
ALM Guidelines	Guidelines for ALM system in relation to NBFCs
AMC	Asset Management Company
AIF	An alternative investment fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations,

Term/ Abbreviation	Description/Full Form
	2012 as amended from time to time
ASBA	Application supported by blocked amounts
AUM	Assets Under Management
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016
BCP/Brookfield	BCP V Multiple Holdings Pte Ltd
BSE	BSE Limited
CAGR	Compounded annual growth rate over a specified period of time of a given value (the year-over-year growth rate)
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Companies Act or Companies Act, 2013 or Act	Companies Act, 2013 and the rules made thereunder
CPC	Code of Civil Procedure, 1908
CRAR	Capital to risk-weighted assets ratio means (Tier I Capital + Tier II Capital)/ Total Risk Weighted Assets *100
CrPC	Code of Criminal Procedure, 1973
CV	Commercial Vehicle
CY	Calendar Year
Depositories	CDSL and NSDL
Depositories Act	Depositories Act, 1996
Depository(ies)	NSDL and /or CDSL
DIN	Director Identification Number
"DP" or "Depository Participant"	Depository Participant as defined under the Depositories Act, 1996
DRR	Debenture Redemption Reserve
DSA	Direct Selling Agent
EGM	Extraordinary General Meeting
EOW	Economic Offences Wing
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time
FEMA Regulations/ FEMA	FEMA (Non-debt Instruments) Rules, 2019, as amended from time to time
FII	Foreign Institutional Investor(s)
FIR	First Information Report
FPI	Foreign Portfolio Investor as defined and registered under the SEBI (Foreign Portfolio Investors) Regulations, 2019, as amended from time to time.
"Financial Year", "Fiscal" or "FY" or "for the year ended"	Period of 12 months ended March 31 of that particular year
GDP	Gross Domestic Product
Government	Government of India
G-Sec	Government Securities
GST	Goods and Services Tax
HNI	High Net worth Individual
HFC	Housing Finance Company
HUF	Hindu Undivided Family
IBC	Insolvency and Bankruptcy, 2016
ICAI	Institute of Chartered Accountants of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
IFHPL	Indostar Home Finance Private Limited
Income Tax Act or IT Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as prescribed by Section 133 of the Companies Act, 2013 and notified by the Ind AS Rules
Ind AS Rules	Indian Accounting standards as prescribed by Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2015 as amended from time to time
India	Republic of India
IPC	Indian Penal Code, 1860

Term/ Abbreviation	Description/Full Form
IRDAI	Insurance Regulatory and Development Authority of India
IT	Information Technology
ITR	Income Tax Returns
KYC	Know Your Customer
LLP	Limited Liability Partnership
LLP Act	Limited Liability Partnership Act, 2008
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic Ink Character Recognition
MLD	Market Linked Debentures
Mutual Funds	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value
NBFC	Non-Banking Financial Company, as defined under Section 45-IA of the RBI Act
NEFT	National Electronic Fund Transfer
NHB	National Housing Bank
NHB Act	National Housing Bank Act, 1987
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PCR	Provisioning Coverage Ratio
PMLA	Prevention of Money Laundering Act, 2002
PP MLD	Principal Protected Market Linked Debentures
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
SBR Directions	Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulation) Directions, 2023
RERA	Real Estate Regulatory Authority
RERAD Act	Real Estate Regulation and Development Act, 2016
RTA Master Circular	Securities and Exchange Board of India Master Circular for Registrars to an Issue and Share Transfer Agents' dated May 07, 2024, bearing reference number SEBI/HO/MIRSD/POD-1/P/CIR/2024/37, as amended.
RTGS	Real Time Gross Settlement
SARFAESI Act	Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002
SCRA	Securities Contracts Regulation Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Merchant Banker Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended
SEBI NCS Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and circulars issued thereunder
SEBI Master Circular	SEBI circular no. SEBI/HO/DDHS/PoD1/P/CIR/2024/54 dated May 22, 2024, as amended.
SEBI Debenture Trustee Master Circular	SEBI circular with reference number SEBI/HO/DDHS-PoD3/P/CIR/2023/46 dated May 16, 2024, as may be amended from time to time.
Stage 1 Assets	Stage 1 Assets includes financial instruments that have not had a significant increase in credit risk (SICR) since initial recognition or that have low credit risk at the reporting

Term/ Abbreviation	Description/Full Form
	date as defined under Ind AS
Stage 1 Provision	Stage 1 provision are 12-month ECL resulting from default events that are possible within 12 months after the reporting date as defined under Ind AS
Stage 2 Assets	Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment as defined under Ind AS
Stage 2 Provision	Stage 2 provision are lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
Stage 3 Assets	Stage 3 Assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind AS
Stage 3 Provision	Stage 3 provision are lifetime ECL resulting from all default events that are possible over the expected life of the financial instrument as defined under Ind AS
TDS	Tax Deducted at Source
Trademarks Act	Indian Trademarks Act, 1999

Technical and Industry Related Terms

Term/Abbreviation	Description/Full Form
Hybrid Debt	A capital instrument, which possesses certain characteristics of equity as well as debt
LTV	Ratio of loan to the collateral value
MFI	Microfinance institutions
NPA	Non-Performing Assets
NPL	Non-Performing Loans
NBFC-D	NBFC registered as a deposit accepting NBFC
NBFC-MFI	An NBFC-MFI is defined as a non-deposit taking NBFC which extends loans to Micro Finance Sector
NBFC-ND	NBFC registered as a non-deposit accepting NBFC
NBFC-ND-SI	Systemically important Non-Deposit taking NBFC
Owned Funds	Paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any
Prudential Norms	Prudential norms as provided under SBR Directions
MSME	Micro, Small and Medium Enterprises
Tier I Capital	Tier I capital means "Tier I Capital" means owned fund as reduced by investment in shares of other nonbanking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.
Tier II Capital	Tier-II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) General Provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; to the extent the aggregate does not exceed Tier I capital.

Notwithstanding the foregoing, the terms defined as part of "General Information", "Risk Factors" "Industry Overview", "Regulations and Policies", "Statement of Possible Tax Benefits", "Summary of Key Provisions of Articles of Association", "Financial Information" and "Other Regulatory and Statutory Disclosures" on pages 56, 18, 108, 181, 82, 315, 197 and 237 respectively shall have the meaning ascribed to them as part of the aforementioned sections. Terms not defined as part of the sections "Our Business", "Risk Factors", "Industry Overview" and "Regulations and Policies", on pages 141, 18, 108 and 181 respectively, shall have the meaning ascribed to them hereunder.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

In this Draft Prospectus, unless otherwise specified or the context otherwise indicates or implies the terms, all references to "we", "us", "our", "Indostar Capital Finance Limited" and "our Company" are to Indostar Capital Finance Limited. Unless stated otherwise, all references to page numbers in this Draft Prospectus are to the page numbers of this Draft Prospectus.

All references in this Draft Prospectus to "India" are to the Republic of India and its territories and possessions. All references to the "Government" or "State Government" are to Government of India, Central or State, as applicable.

Presentation of Financial Information

The financial year of our Company commences on April 1 and ends on March 31 of the next year, so all references to particular "financial year", "fiscal year" and "fiscal" or "FY", unless stated otherwise, are to the 12 months period ended on March 31 of that year. Unless the context requires otherwise, all references to a year in this Draft Prospectus are to a calendar year ended on December 31.

The basis of presentation of the Audited Financial Information is as follows:

1. The Audited Financial Statements for Fiscal 2024 consists of the audited standalone financial statements and audited consolidated financial statements of our Company as at and for the year ended March 31, 2024, which have been prepared in accordance with the Ind AS, as specified under Section 133 of the Companies Act, 2013, the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The audited standalone financial statements and the audited consolidated financial statements, each as at and for the year ended March 31, 2024, have been audited by our Statutory Auditors, M S K A & Associates and have been approved by the Board of Directors of our Company at their meeting held on April 29, 2024.

2. The Audited Financial Statements for Fiscal 2023 consists of the audited standalone financial statements and audited consolidated financial statements of our Company as at and for the year ended March 31, 2023, which have been prepared in accordance with the Ind AS, as specified under Section 133 of the Companies Act, 2013, the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The audited standalone financial statements and the audited consolidated financial statements, each as at and for the year ended March 31, 2023, have been audited by erstwhile statutory auditor Deloitte Haskins & Sells LLP and have been approved by the Board of Directors of our Company at their meeting held on May 23, 2023.

3. The Audited Financial Statements for Fiscal 2022 consists of the audited standalone financial statements and audited consolidated financial statements of our Company as at and for the years ended March 31, 2022, which have been prepared in accordance with the Ind AS, as specified under Section 133 of the Companies Act, 2013, the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The audited standalone financial statements and the audited consolidated financial statements, each as at and for the year ended March 31, 2022, have been audited by erstwhile statutory auditor Deloitte Haskins & Sells LLP and have been approved by the Board of Directors of our Company at their meeting held on August 5, 2022.

Unless stated otherwise or unless the context requires otherwise, the financial data as at and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 used in this Draft Prospectus is derived from the Audited Financial Statements. Accordingly, the degree to which the Audited Financial Statements in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

Unless stated otherwise and unless the context requires otherwise, the financial data used in this Draft Prospectus is on a consolidated basis.

Unless stated otherwise, macroeconomic and industry data used throughout this Draft Prospectus has been obtained from publications prepared by providers of industry information, government sources and multilateral institutions. Such publications generally state that the information contained therein has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Issuer believes that industry data used in this Draft Prospectus is reliable, it has not been independently verified. Further, the extent to which the market and industry data presented in this Draft Prospectus is meaningful depends on the readers' familiarity with and understanding of methodologies used in compiling such data.

Currency and Unit of Presentation

In this Draft Prospectus, all references to 'Rupees'/'₹' /'INR'/ 'Rs.' Are to Indian Rupees, the official currency of the Republic of India.

All references to 'millions/million/mn.' refer to one million, which is equivalent to 'ten lakhs' or 'ten lacs', the word 'lakhs/lacs/lac' means 'one hundred thousand' and 'crore' means 'ten million' and 'billion/bn./billions' means 'one hundred crores'.

Certain figures contained in this Draft Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not confirm exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not confirm exactly to the total figure given for that column or row. Further, any figures sourced from third party industry sources may be rounded off to other than two decimal points to confirm to their respective sources.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this Draft Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

Industry and Market Data

Any industry and market data used in this Draft Prospectus consists of estimates based on data reports compiled by Government bodies, professional organizations and analysts, data from other external sources including report titled "Research Report LAP, Construction Finance and Auto Finance" dated July 2024 ("CareEdge Report") prepared by CARE Analytics and Advisory Private Limited, available in the public domain and knowledge of the markets in which we compete. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable, but it has not been independently verified by us, its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although we believe that the industry and market data used in this Draft Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data presented in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

General Risk

Investment in NCDs is risky and investors should not invest any funds in NCDs 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 "*Risk Factors*" on page 18. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the NCDs or Investor's decision to purchase such securities.

Exchange Rates

The exchange rates for INR (₹) *vis-à-vis* of USD, as of June 30, 2024, March 31, 2024, March 31, 2023 and March 31, 2022, are provided below:

Currency	June 30, 2024	March 31, 2024	March 31, 20223	March 31, 2022
1 USD	83.45	83.34	82.22	75.81

Source: https://www.fbil.org.in/#/home and https://www.rbi.org.in/scripts/ReferenceRateArchive.aspx

The above exchange rates are for the purpose of information only and may not represent the rates used by the Company for purpose of preparation or presentation of its financial statements. The rates presented are not a guarantee that any person could have on the relevant date converted any amounts at such rates or at all.

In case March 31/ June 30 of any of the respective years/ period is a public holiday, the previous working day not being a public holiday has been considered.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Prospectus that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "seek", "should", "will", "would", or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Draft Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- 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.
- We have expanded into new lines of business and if we are unable to successfully run the new businesses profitably, our results of operations and financial condition may be affected.
- Our prior Statutory Auditor have provided qualified opinions/adverse opinions and have highlighted certain emphasis of matters to their audit reports relating to our audited financial statements for the Fiscal 2023 and 2022.
- Our Company, Directors, Promoter and our subsidiary is subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business, financial condition, cash flows and results of operations.
- Our Company has incurred losses in the past and there can be no assurance that our Company will not incur losses in the future or that there will not be an adverse effect on our Company's reputation or business as a result of such losses.
- Our Company has in the past failed to comply with the minimum public shareholding requirements prescribed under the SCRR. Failure to comply with the minimum public shareholding requirements by our Company may result in certain adverse consequences, including delisting of our Equity Shares.
- Certain Equity Shares issued by our Company to our Promoter have not been listed as our Company was not in compliance with minimum public shareholding requirements prescribed under the SCRR and SEBI LODR Regulations. Our Company has applied to SEBI for condonation of delay in listing of the said Equity Shares.
- We may face various risks associated with our large number of branches and widespread network of operations which may adversely affect our business, financial condition, results of operations and cashflows.
- Any increase in the levels of non-performing assets, for any reason whatsoever, would adversely affect our business, results of operations and financial condition.
- We may face asset-liability mismatches, which could affect our liquidity and consequently affect our operations and financial performance adversely.
- Any disruption in our sources of funding could adversely affect our liquidity and financial condition.
- We operate in a highly competitive industry and our inability to compete effectively may adversely affect our business.
- Our contingent liabilities could adversely affect our financial condition.
- We are subject to strict laws and regulations governing the financial services industry in India and changes in laws and regulations governing us could increase our compliance costs, divert the attention of our management and subject us to penalties, adversely affect our business, results of operations and prospects.
- Our Subsidiary, IHFPL, has exposure to the real estate sector and specifically in the affordable housing segment and any negative events affecting this sector could adversely affect our business and result of operations.

For further discussion of factors that could cause our actual results to differ, see "*Risk Factors*" on page 18.

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections titled "*Industry Overview*", "*Our Business*" and "*Legal and Other Information*" on pages 108, 141 and 222. The forward-looking statements contained in this Draft Prospectus are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, our Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors, its KMPs and officers, nor any of their respective affiliates or associates or the Lead Manager have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI NCS Regulations, our Company and Lead Manager will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

SECTION II – RISK FACTORS

If any one of the following stated risks or other risks that are not currently known or are now deemed immaterial actually occurs, the Company's business, financial conditions and results of operations and cash flows could suffer and, therefore, the trading price of the Company's NCDs could decline and/or the Company's ability to meet its obligations in respect of the NCDs could be affected and you may lose all or part of your interest and/or redemption amounts. More than one risk factor may have simultaneous affect with regard to the NCDs such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No prediction can be made as to the effect that any combination of risk factors may have on the value of the NCDs and/or the Company's ability to meet its obligations in respect of the NCDs.

The financial and other related implications of the risks described in this section, have been disclosed to the extent quantifiable as on the date of this Draft Prospectus.

This Draft Prospectus contains forward looking statements that involve risk and uncertainties. Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of several factors, including the considerations described below and elsewhere in this Draft Prospectus. Certain information in this section includes extracts from CareEdge Report. The CareEdge Report has been exclusively prepared for the purpose of the Issue and is commissioned and paid-for by the Company. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. For more information, please see "Industry Overview" on page 108.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

In this section any reference to "Company", "we" or "us" or "Our" refers to Indostar Capital Finance Limited.

Risks relating to our Business and our Company

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 operations are vulnerable to volatility and mismatches in interest rates. Our net interest income and profitability directly depend on the difference between the average interest rate at which we lend and the average interest rate at which we borrow.

   The cost of our funding and the pricing of our loan products are determined by a number of factors, many of which are beyond our control, including the RBI's monetary policies, inflationary expectations, competition, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. These factors could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest bearing liabilities. While any reduction in our cost of funds may be passed on to our customers, we may not have the same flexibility in passing on any increase in our cost of funds to our customers, thereby affecting our net interest income. Similarly, competition pressures may require us to reduce our cost of lending to our customers without a proportionate reduction in our cost of borrowing from our lenders. Further, if we do not pass on the reduced interest rates to our borrowers, it may result in some of the borrowers prepaying their loans to take advantage of the reduced interest rate environment, thereby impacting our growth and profitability. If interest rates rise, some or all of our lenders may increase the interest rates at which we borrow resulting in an increase in our effective cost of funds. We may or may not be able to pass on the increased interest rates to our borrowers simultaneously with the increase in our borrowing rates, or at all, thereby affecting our net interest income and we may find it difficult to compete with our competitors, who may have access to low-cost funds or lower cost deposits.

   Further, an increase in general interest rates in the economy could reduce the overall demand for new loans and impact our growth. There can be no assurance that we will be able to adequately manage our interest rate risk in the future, and if we are unable to do so, this could have an adverse effect on our net interest income, which could in turn have a material adverse effect on our business, results of operations, cash flows and financial condition.

   The cost of our borrowings, including issuances of debt, may also be negatively impacted by company-specific factors including a downgrade or potential downgrade of credit ratings. This could increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

2. ***We have expanded into new lines of business and if we are unable to successfully run the new businesses profitably, our results of operations and financial condition may be affected.***

Our Company started its operations as an NBFC focused on corporate financing and subsequently changed its course of business to become a retail focused NBFC. Our current strategy is to become a go-to NBFC in retail lending, and hence, currently we are ventured into commercial vehicle financing and are now venturing into small business loans product through which we offer secured loans for personal or business needs, against collateral offered by the customer. However, there can be no assurance that we will be able to continue to successfully implement our strategy. If we grow our credit exposure too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have an adverse effect on the quality of our assets and our financial condition.

Factors such as competition, customer requirements, regulatory regimes, business practices and customs in relation to the new businesses and our limited experience may result in us not being able to grow the business as anticipated. In addition, as we enter new markets and geographical regions, 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.

3. ***Our Prior Statutory Auditors have provided qualified opinions/ adverse opinions and have highlighted certain emphasis of matters to their audit reports relating to our audited financial statements for the Fiscals 2023 and 2022.***

The auditor's report on the audited standalone and/or consolidated financial statements issued by respective statutory auditors for Fiscal 2023 and Fiscal 2022, as the case may be, of our Company included the following qualified opinions and Emphasis of Matter:

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
Qualified opinions				
2023	**Standalone**	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.	Can not be estimated and refer Note 1	Refer Note 2

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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.		
2023	**Consolidated**	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.	Can not be estimated and refer Note 3	Note 2

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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.		
2022	**Standalone**	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.	Can not be estimated and refer Note 4	Refer Note 5

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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 to iii) above; v) presentation and disclosures in the standalone financial statements arising due to consequential impact arising from 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		

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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. The Statutory Auditors have also observed the following in their report(s) on the audited standalone and consolidated financial statements of the 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.		
2022	**Consolidated**	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	Can not be estimated and refer Note 6	Refer Note 5

Fiscal	Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
	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 to iv) above.		

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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.		
Emphasis of matter				
2022	**Standalone**	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.	Refer note 7	Refer note 7
2022	**Consolidated**	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.	Refer note 8	Refer note 8

Note 1
Details of Audit Qualification for March 31, 2023 (Standalone):
As explained in Note 9 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 of this charge 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).
As a result, the Independent Auditor was 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.
The Independent Auditor's opinion on the standalone financial results for the quarter and year ended March 31, 2022 was modified accordingly. Their opinion on the financial results for the quarter and 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/year's figures and the corresponding figures of the previous period/year.

Note 2
Directors' response to qualifications mentioned above in note 1 & 3.
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.

Note 3
Details of Audit Qualification for March 31, 2023 (Consolidated):
As explained in Note 9 of Annual Audited Consolidated Financial Results, 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 it was impracticable to determine the prior period-specific effects of this charge 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 Group believes it is not practicable to apply the same judgement without hindsight for the prior period(s).
As a result, the Independent Auditor was 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.
The Independent Auditor's opinion on the consolidated financial results for the quarter and year ended March 31, 2022 was modified accordingly. Their opinion on the financial results for the quarter and 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/year's figures and the corresponding figures of the previous period/year.

Note 4
Details of Audit Qualification for March 31, 2022 (Standalone):
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:
i) review existence of the borrowers for the CV and SME loans;
ii) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;
iii) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk
iv) 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 quarter and year ended 31 March, 2022 in respect of account balances identified above and explained by the Company in Note 11 of the Statement. 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 quarter and year ended 31 March, 2022 and (ii) whether any additional adjustments to the quarter and year ended March 31, 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.*

Note 5

Directors' response to qualifications mentioned above in note 4 & 6.

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.

Note 6

Details of Audit Qualification for March 31, 2022 (Consolidated):

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:

- *i) review existence of the borrowers for the CV and SME loans;*
- *ii) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;*
- *iii) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk*
- *iv) 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 quarter and year ended 31 March, 2022 in respect of account balances identified above and explained by the Group in Note 11 of the Statement. As a result, we are unable to determine whether any adjustments are required for prior period(s) relating to the impairment recorded for the quarter and year ended 31 March, 2022 and whether any additional adjustments 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 Statement arising due to consequential impact arising from (i to iv) above.

Note 7

Details of emphasis of matter for March 31, 2022 (Standalone):

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 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 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 results and the Company will continue to closely monitor any material changes to future economic conditions.

*2) Loans outstanding amounting to Rs. 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.*

Note 8

Details of emphasis of matter for March 31, 2022 (Consolidated):

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 results and the Group will continue to closely monitor any material changes to future economic conditions.

For further details, see "*Financial Information*" on page 197. There can be no assurance that similar remarks or matters of emphasis will not form part of our financial statements for the future fiscal years, which could subject us to additional liabilities due to which our financial condition may be adversely affected.

4. ***Our Company, Directors, Promoter and our subsidiary are subject to certain legal proceedings and any adverse decision in such proceedings may have a material adverse effect on our business, financial condition, cash flows and results of operations.***

Our Company, Directors, Promoter and our Subsidiaries are subject to certain legal proceedings including civil suits, consumer litigations, tax litigations etc. We incur substantial cost in defending these proceedings before a court of law. Moreover, we are unable to assure you that we shall be successful in any or all of these actions. In the event, we suffer any adverse order, our reputation may suffer and may have an adverse impact on our business and results of operations. We cannot assure you that an adverse order by any statutory or governmental authority would not have a negative impact on our profit, financial condition and cash flows.

A summary of the outstanding proceedings involving our Company, Directors, Promoter and Subsidiaries in accordance with requirements under the SEBI NCS Regulations, as disclosed in this Draft Prospectus, to the extent quantifiable, have been set out below:

Name	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges	Material Civil Litigations	Aggregate amount involved (₹ in lakh)
Company						
By the Company	5,087	Nil	Nil	Nil	1	4,1089.42
Against the Company	Nil	32	1	Nil	Nil	4,813.71
Directors						
By the Directors	Nil	Nil	Nil	Nil	Nil	Nil
Against the Directors	Nil	Nil	Nil	Nil	Nil	Nil
Promoters						
By the Promoter	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoter	Nil	Nil	Nil	Nil	Nil	Nil
Subsidiaries						
By the Subsidiaries	300	Nil	Nil	Nil	Nil	2676.01
Against the Subsidiaries	Nil	6	Nil	Nil	Nil	724.22

For further details of the legal proceedings that we are subject to, please see "*Outstanding Litigations*" on page 222.

5. ***Our Company has incurred losses in the past and there can be no assurance that our Company will not incur losses in the future or that there will not be an adverse effect on our Company's reputation or business as a result of such losses.***

Our Company has incurred losses during the financial year ending March 31, 2022. Our Losses after tax for the Fiscal 2022 was ₹ 73,651.23 lakh. There can be no assurance that our Company will not incur losses in the future or that there will not be an adverse effect on our Company's reputation or business as a result of such losses. Our losses can be attributed to a confluence of factors. Firstly, the COVID-19 pandemic led to a loss of business and severely affected the liquidity of our customers, resulting in a steep rise in our customer defaults, leading to a huge impact on our financial performance. Additionally, certain observations and control deficiencies were observed during the course of the interim statutory audit of the annual financial statements of the Company specifically in the commercial vehicle loan segment 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. It further appears that such aspects 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 appointed an independent external agency for conducting a detailed review of the CV Loan Portfolio including conducting a review of the policies, procedures and practices of the Company relating to the sanctioning, disbursement and collection of such loans along with assessing the adequacy of the expected credit loss allowance ("**Loan Portfolio Review**").

In regard to the above observations, we created an additional estimated credit loss ("**ECL**") provisioning. As a result of increase in provisioning (which included the ECL provisioning) our credit costs increased from ₹ 46,198.02 lakh (on consolidated basis) in Fiscal 2021 to ₹ 1,15,847.44 lakh in Fiscal 2022. In turn our consolidated loss after tax grew from ₹ 21,410.49 lakh in Fiscal 2021 to ₹ 73,651.23 lakh in Fiscal 2022.

We have, following this incident, recovered from these losses through dedicated efforts in remediating the root causes and focus on growth and profitability. Our net profit after tax for the Fiscal 2024 amounted to ₹ 11,583.01 lakh. For further details, please see "*Financial Information*" on page 197. Though we have recovered from these losses, there is no assurance that will be able to adequately continued to mitigate the deviations highlighted by the external agency, and in the event we are unable to do so, this could have an adverse effect on our net income, which could in turn have a material adverse effect on our business, results of operations, cash flows and financial position.

6. ***Our Company has in the past failed to comply with the minimum public shareholding requirements prescribed under the SCRR.***

Our Company's Equity Shares are listed on BSE and NSE. In terms of the provisions of continuous listing requirement as stipulated under Rule 19(2) and Rule 19A of SCRR, where the public shareholding in a listed company falls below 25 per cent, such company is required to bring the public shareholding to 25% per cent ("**MPS**") within a maximum period of one year from the date of such fall, in the manner specified by SEBI.

On January 31, 2020, the Company executed binding documents with BCP V Multiple Holdings Pte. Limited ("**BCP**") for issuance and allotment of 3,01,72,414 Equity Shares ("**Investor Equity Shares**") and 1,20,68,966 compulsorily convertible preference shares ("**Investor CCPS**") to BCP. Additionally, on January 31, 2020, Indostar Capital (Mauritius) ("**ICM**"), an existing promoter of the Company, and BCP executed binding documents for purchase of up to 80,00,000 Equity Shares from ICM. Pursuant to the above, an open offer under Regulation 3(1) and Regulation 4 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**Takeover Regulations**") was triggered and BCP was required to make an offer to acquire a minimum of 26% of the Company from the public shareholders of the Company pursuant to Regulation 7(1) of the Takeover Regulations ("**Open Offer**"). Pursuant to the Open Offer, BCP acquired 56.55% of the equity share capital of the Company (on a fully diluted basis) taking the shareholding of BCP together with other promoters to 94.29% on a fully diluted basis and was classified as a promoter of the Company with effect from July 9, 2020.

Our Company could not meet with the MPS requirement within a period of one year from July 9, 2020 i.e. by July 9, 2021 and was thus in non-compliance of MPS requirements. Our Company was in non-compliance with the MPS requirements from July 8, 2021 to May 5, 2023 and the stock exchanges imposed penalties of ₹ 26.70 lakhs, ₹ 54.20 lakhs and ₹ 24.80 lakhs in the Fiscal 2022, Fiscal 2023 and Fiscal 2024 for non-compliance of MPS requirements under Regulation 38 of SEBI LODR Regulations. Our Company has achieved MPS compliance on May 5, 2023 and has paid off the penalties imposed by the Stock Exchanges in this regard.

7. ***Certain equity shares and warrants issued by our Company to our Promoter have not been listed as our Company was not in compliance with minimum public shareholding requirements prescribed under the SCRR and SEBI LODR Regulations. Our Company has applied to SEBI for condonation of delay in listing of the said Equity Shares.***

Our Company was in non-compliance with the MPS requirements from July 8, 2021 to May 5, 2023. During this period our Company allotted 1,20,68,966 Equity Shares to BCP V Multiple Holdings Pte. Limited ("**BCP**") November 26, 2021 pursuant to conversion of the 1,20,68,966 compulsorily convertible preference shares ("**Investor CCPS**") allotted to BCP on May 27, 2020, in terms of the then Regulation 162 of the SEBI ICDR Regulations, which required conversion of compulsorily converted preference shares within 18 months from the date of allotment of the compulsorily converted preference shares.

Consequently, our Company made an application under Paragraph 2 of Schedule XIX of the ICDR Regulations read with SEBI circular dated August 29, 2019 bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2019/94 to the NSE on November 26, 2021 ("**Final Listing Application**") and to the BSE on November 27, 2021, for obtaining the final listing approval for the 1,20,68,966 Equity Shares allotted to BCP by the Company (pursuant to conversion of the Investor CCPS). The NSE through its letter dated June 24, 2022, did not approve the Company's application for listing of the Equity Shares allotted by the Company pursuant to conversion of the Investor CCPS as the Company was not in compliance with the MPS Requirements.

Our Company, upon achieving MPS compliance on May 5, 2023 filed a revised application with the Stock Exchanges on June 13, 2023 for final listing approval for the Equity Shares allotted to Brookfield upon conversion of the Investor CCPS, ("**Revised Final Listing Application**"). Pursuant to subsequent communications with NSE, NSE *vide* its letter dated September 8, 2023 directed the Company to seek a condonation from SEBI in relation to the requirements of Regulation 160(d) of the SEBI ICDR Regulations with respect to the Equity Shares allotted to Brookfield on November 26, 2021 pursuant to conversion of the Investor CCPS, in order to take the necessary action on the Revised Final Listing Application. Our Company has by way of letter dated December 18, 2023 filed an application seeking condonation in relation to the requirements of Regulation 160(d) of SEBI ICDR Regulations in respect of the Equity Shares allotted to BCP on November 26, 2021 due to mandatory conversion of the Investor CCPS which was undertaken by the Company in order to comply with requirements of Regulation 162 of the ICDR

Regulations.

Our Company, pursuant to the resolution passed by its members dated March 22, 2024, approved allotment of 13,949,323 and 10,869,565 warrants to BCP V Multiple Holdings Pte Ltd and/or BCP V Multiple FVCI Holdings Pte Ltd, Promoters of the Company and Florintree Tecserve LLP, a non-promoter entity, respectively, by cash consideration by way of a preferential issue on a private placement basis. The Company has received an in-principle approval for issue and allotment of 10,869,565 warrants to Florintree Tecserve LLP from BSE and NSE. Further, an application for in-principle approval in relation to issue and allotment of 13,949,323 warrants to BCP V Multiple Holdings Pte Ltd and/or BCP V Multiple FVCI Holdings Pte Ltd is under process.

While, apart from the securities mentioned above, there have been no other instances of our equity shares, warrants or debt instruments being denied permission to list in any stock exchange in India or abroad during last three financial years and current financial year, any such refusal in future might adversely affect tradability as well as price of then existing other listed securities or debt instruments.

8. We may face various risks associated with our large number of branches and widespread network of operations which may adversely affect our business, financial condition, results of operations and cashflows.

As of March 31, 2024, we have a presence across 23 states through 515 branches. Through our CV business and the housing finance business, 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.

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 of the above reasons may result in our failure to manage our expansive presence, which may materially and adversely affect our brand, reputation, business, financial condition, results of operations and cash flows.

9. Any increase in the levels of non-performing assets, could adversely affect our business, results of operations and financial condition.

Our management of credit risk involves having appropriate credit policies, underwriting standards, approval processes, loan portfolio monitoring, collection and remedial management, provisioning policies and an overall architecture for managing credit risk. If the credit quality of our customers, the growth of our loan portfolio or our provisioning levels deteriorate, it could have an adverse effect on our business, results of operations, cash flows and financial condition. Further, our credit monitoring and risk management policies and procedures may not be accurate, properly designed, or appropriately implemented or complied with by our customers, and we could suffer material credit losses. In addition, even if our policies and procedures are accurate and appropriate, we may not be able to anticipate future economic or financial developments or downturns, which could lead to an increase in our NPAs.

We recognise impairment of financial instruments on our statement of profit and loss based on ECL (Expected Credit Loss) methodology in accordance with Ind AS (for further details of our provisioning policies, see "*Financial Information*" on page 197). In addition to the required provision under our ECL model, we also consider our management overlay and macroeconomic factors as applicable for loan losses and risks inherent in the loan portfolio when deciding on the appropriate level of impairment allowance, which are recognized under impairment on financial instruments. The determination of an appropriate level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks, all of which may be subject to material changes. Any incorrect estimation of risks may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio.

The following table sets forth the classification of our gross loan portfolio as of Fiscal 2024, Fiscal 2023 and Fiscal 2022.

(₹ in lakh)

Asset Classification			
	2024	**2023**	**2022**
Loans outstanding (Gross) (A)			
Stage 1	5,66,073.97	4,10,306.00	4,71,747.78
Stage 2	32,457.45	1,17,199.41	1,70,915.70
Stage 3	31,269.97	46,224.01	1,18,091.93
Loans outstanding (Gross)	**6,29,801.39**	**5,73,729.42**	**7,60,755.41**
Impairment loss allowance (B)			
Stage 1	10,297.60	10,920.45	8,773.28
Stage 2	2,296.11	17,734.39	35,328.51
Stage 3	18,477.39	25,513.05	67,556.94
Total Impairment loss allowance	**31,071.10**	**54,167.89**	**1,11,658.73**
Carrying Value of Loans (C = A – B)			
Stage 1	5,55,776.37	3,99,385.55	4,62,974.50
Stage 2	30,161.34	99,465.02	1,35,587.19
Stage 3	12,792.58	20,710.96	50,534.99
Carrying Value of Loans	**5,98,730.29**	**5,19,561.53**	**6,49,096.68**
Gross Stage 3 (%)	4.97%	8.06%	15.52%
Net Stage 3 (%)	2.09%	3.78%	7.29%

A number of factors outside of our control affect our ability to limit and reduce NPAs. These factors include developments in the Indian and global economy, domestic or global turmoil, competition, changes in customer behavior and demographic patterns, various central and state government decisions (including farm loan waivers), changes in interest rates and exchange rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by RBI, or the Government of India. These factors, coupled with other factors such as volatility in commodity markets, decrease in agriculture productivity and decline in business and consumer confidence, could impact our customers and in turn impact their ability to fulfil their obligations under the loans we extended to them. In addition, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate. If our NPAs increase, we will be required to increase our provisions, which would result in our net profit being less than it otherwise would be, and could materially adversely affect our growth prospects, financial condition and results of operations. As on March 31, 2024, our Consolidated Gross Stage 3 assets stood at ₹ 33,337.26 lakh improved from ₹ 47,891.62 lakh as on March 31, 2023, demonstrating our commitment to maintain a healthy loan portfolio. Further, our Consolidated Gross Stage 3 assets of 4.10% as on March 31, 2024, compared to 6.77% as on March 31, 2023 demonstrate the efficacy of our credit risk management strategy besides our robust collection process.

If we are unable to manage our NPAs or adequately recover our loans, our results of operations will be adversely affected. Our current loan loss reserves may not be adequate to cover an increase in the amount of NPAs or any future deterioration in the overall credit quality of our total loan portfolio. As a result, if the quality of our total loan portfolio deteriorates, we may be required to increase our loan loss reserves, which will adversely affect our financial condition and results of operations. Our customers/borrowers are from low-income groups and operate in the informal segment, as a result of which they are vulnerable to external factors, including natural disasters such as floods and droughts in areas where our customers live, or worsening economic conditions or decelerating growth rates in India. Moreover, there is no precise method for predicting credit losses from the loans, and we cannot assure you that our monitoring and risk management procedures will effectively predict such losses or that loan loss reserves will be sufficient to cover actual losses. If we are unable to control or reduce the level of our NPAs or poor credit quality loans, our financial condition and results of our operations could be materially and adversely affected. Further, we believe that our interests are perfected and legally enforceable, they might not be deemed as such in an Indian court.

10. We may face asset-liability mismatches, which could affect our liquidity and consequently affect our operations and financial performance adversely.

We may also face potential liquidity risks due to mismatches in the maturity of our assets and liabilities. Such mismatches, where the financial terms of an institution's assets and liabilities do not match, are a key financial parameter for us. As is typical for a company in the business of lending, a portion of our funding requirements is met through short and medium-term funding sources such as bank loans, non-convertible debentures, refinancing from the NHB, commercial paper, or cash credit. We may be unable to obtain additional credit facilities or renew our existing credit facilities for matching the tenure of our liabilities in a timely and cost-effective manner or at all, may lead to mismatches between our assets and liabilities leading to an increase in liquidity risk, which in turn may adversely affect our operations and financial performance. For detailed residual maturity profile of assets and liabilities, please refer to the chapter titled "*Other Regulatory and Statutory Disclosures – Details of overall lending by our Company*" on page 252.

11. 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.

Presently, we depend on banks as a primary source of our borrowings. There are restrictions imposed by the RBI through a Master Circular – Bank Finance to Non- Banking Financial Companies dated July 1, 2015, as amended (the "**Master Circular**"), which may restrict our ability to obtain bank financing for specific activities. Pursuant to the Master Circular, the RBI has imposed certain restrictions on banks providing financing to NBFCs. Under this Master Circular, certain activities by NBFCs are ineligible for financing by banks, including certain types of discounting and rediscounting of bills; current and long term investments in shares, debentures, loans and advances by NBFCs to their subsidiaries and group companies; lending by NBFCs to individuals for subscribing to initial public offerings and purchasing shares from the secondary market; unsecured loans and inter-corporate deposits provided by NBFCs. In addition, the Master Circular prohibits:

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues or in the form of loans of a temporary nature pending the raising of long term funds from the market by way of capital, deposits, or other means to any NBFCs;

- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and

- banks from executing guarantees covering inter-company deposits or loans thereby guaranteeing refund of deposits or loans accepted by NBFCs. The restriction covers all types of deposits and loans irrespective of their source, including deposits and loans received by NBFCs from trusts and other institutions. The Master Circular also requires that guarantees should not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs. The Master Circular also provides that the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC, which is not predominantly engaged in lending against collateral of gold jewelry, should not exceed 10.0%, of the bank's capital funds as per its last audited balance sheet. Banks may, however, assume exposures on such a single NBFC up to 15.0%, of their capital funds, provided that the exposure in excess of 10.0% is on account of funds on-lent by the NBFC to the infrastructure sector.

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.

12. ***We operate in a highly competitive industry and our inability to compete effectively may adversely affect our business.***

We operate in a highly competitive industry. Given the diversity of our businesses, and the products and services we offer, we face competition from the full spectrum of public sector banks, private sector banks (including foreign banks), financial institutions, captive finance affiliates of players in various industries, small finance banks and other NBFCs who are active in commercial vehicle finance, housing finance and corporate lending. Many of our competitors have greater resources than we do, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of them may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide. In addition to NBFCs, we believe that the competition we face from banks is increasing as more banks are targeting products and services similar to ours. Competition in our industry depends on, among other things, the ongoing evolution of government policies, the entry of new participants and the extent to which there is consolidation among banks and financial institutions in India.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. We cannot assure you that we will be able to react effectively to market developments or compete effectively with new and existing players in the industries in which we operate. Increasing competition may adversely affect our net interest margins, income and market share.

13. ***Our contingent liabilities could adversely affect our financial condition.***

As of March 31, 2024 we had the following contingent liabilities (as determined in accordance with IND AS-37) which have not been provided for:

(₹ in lakh)

Sr. No.	Nature of Liability	Amount as on March 31, 2024
1.	Corporate guarantee given by Company to banks	2,375.00
2.	Litigation cases filed against the Company	71.04
Total		**2,446.04**

There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future. If the aforementioned contingent liabilities materialize, our profitability and cash flows may be adversely affected. See also "*Annexure C - Financial Information*" on page 397 for Contingent Liabilities for March 31, 2024 (in accordance with IND AS-37).

14. ***We are subject to strict laws and regulations governing the financial services industry in India and changes in laws and regulations governing us could increase our compliance costs, divert the attention of our management and subject us to penalties, adversely affect our business, results of operations and prospects.***

As an NBFC, we are subject to regulation by Government authorities, including the RBI. These regulations, apart from regulating the manner in which a company carries out its business and internal operations, prescribe various periodical compliances and filings, including but not limited to filing of forms and declarations with the regulators. For example, we are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure provisioning and other master directions. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. Additionally, we are required to make various filings with the RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations.

The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. The laws and regulations governing the financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations and such changes and the related uncertainties with respect to the implementation of new regulations may have an adverse effect on our business, financial condition and results of operations.

15. Our Subsidiary, IHFPL, has exposure to the real estate sector and specifically in the affordable housing segment and any negative events affecting this sector could adversely affect our business and result of operations.

Lending products in our housing finance business include housing loans and loans against property. As on March 31, 2024, 100% of IFHPL's is exposed to the real estate sector as the underlying security on these loans is primarily mortgages. In the event the real estate sector is adversely affected due to any reason whatsoever, including without limitation, the passing of any stringent norms regarding construction, floor space index or other compliances, the value of our collateral may diminish which may affect our business and results of operations in the event of a default in repayment by our clients. Also, if any of the projects which form part of our collateral are stalled for any reason for any length of time, the same may affect our ability to enforce our security, thereby effectively diminishing the value of such security.

The primary security for the loans disbursed by us is the underlying property; the value of this security is largely dependent on housing market conditions prevalent at that time, as well the quality of the construction and the relevant developer. The value of the collateral on the loans disbursed by us may decline due to adverse market conditions including an economic downturn or a downward movement in real estate prices. In the event the real estate sector is adversely affected due to a decline of demand for real properties, changes in regulations or other trends or events, which negatively impact the real estate sector, the value of our collateral may diminish which may affect our business and results of operations. Failure to recover the expected value of collateral could expose us to losses and, in turn, result in a material adverse effect on our business, results of operations, cash flows and financial condition.

Following the application of the SARFAESI Act to HFCs, we are allowed to enforce security interest in accordance with the SARFAESI Act. While the enactment of the SARFAESI Act has strengthened the rights of creditors by allowing expedited enforcement of security in an event of default, there is still no assurance that we will be able to realize the value of its collateral, in full or in part. The Debt Recovery Tribunal ("**DRT**") has the power to issue a stay order prohibiting the lender from selling the assets of a defaulted borrower.

16. We depend on the services of our management team and employees. Our inability to retain existing members of our management team and recruit new members for our management team may adversely affect our business.

As of March 31, 2024, we employed 3,067 permanent employees. There can be no assurance that we will not experience any disruptions to our operations due to disputes or other problems with our employees, which may adversely affect our business and results of operations.

Our future success depends substantially on the continued service and performance of members of our management team and employees and also upon our ability to manage key issues relating to human resource such as selecting and retaining key managerial personnel, developing managerial experience, addressing emerging challenges and ensuring a high standard of customer service. There is intense competition for experienced senior management and other qualified personnel, particularly office managers, field executives and employees with local knowledge in customer procurement, loan disbursement and installment collections in vehicle finance and housing finance businesses which we have recently launched and expect to scale up significantly. If we cannot hire additional or retain existing management personnel and employees, our ability to expand our business will be impacted and our revenue could be adversely affected. Failure to train and motivate our employees properly may result in an increase in employee attrition rates affect our origination and collection rates, increase our exposure to high-risk credit and impose significant costs on us. While we have an incentive based remuneration structure, employee stock option schemes and training and development programs designed to encourage employee retention, any inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance.

17. We depend on the accuracy and completeness of information about customers and counterparties 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, 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.

18. ***Any failure or significant weakness of our internal controls system could cause operational errors or incidents of fraud, which would adversely affect our profitability and reputation.***

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Our internal or concurrent audit functions make an evaluation of the adequacy and effectiveness of internal controls on an ongoing basis so that business units adhere to our policies, compliance requirements and internal circular guidelines. While we periodically test and update, as necessary, our internal controls systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified.

Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. Failures or material errors in our internal controls systems may lead to deal errors, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure. Such instances may also adversely affect our reputation, business and results of operations. There can also be no assurance that we would be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our reputation, business, results of operations and financial condition. For further details, please see section "*Outstanding Litigation and Material Developments*" on page 198.

19. ***We utilize the services of certain third parties for parts of our operations. Any deficiency or interruption in their services could adversely affect our business and reputation.***

We engage third party service providers for certain parts of our operations including the valuation of assets and legal services, DSAs and other third party intermediaries. Such third parties are typically proprietorships or professionals. Our agreements with them do not provide for any exclusivity, and accordingly, they can work with other lenders, including our competitors. There can be no assurance that our DSAs will continue to provide a significant number of leads for loans to us in comparison with our competitors, or at all. Our ability to control the manner in which services are provided by third party service providers is limited and we may be held liable on account of any deficiency of services on the part of such service providers. In particular, the selling of financial products, particularly to retail clients is highly regulated and we may be liable for the selling (or mis-selling) of any of our products to customers undertaken by our DSAs as well as ourselves resulting in such products and services being purchased by customers without an informed understanding of associated risks, which may lead to litigation and adversely affect our business and reputation.

Our business is also susceptible to fraud by DSAs, other third party intermediaries and agents through the forgery of documents, multiple financing of the same asset and unauthorized collection of installments on our behalf. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third party service providers. In addition, if we fail to supervise and control the sales and marketing activities of such third parties, the quality of services they provide may deteriorate, which could adversely affect our brand value.

Some third party vendors may also be small companies which are likely to experience financial or operational difficulties than larger, well established companies due to limited financial and other resources. This may result in a delay of services or products delivered to us and we may be unable to find alternative vendors. Any disruption or inefficiency in the services provided by our third party service providers could affect our business and reputation.

20. 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.

As of July 5, 2024, we had total borrowings of ₹ 6,16,693.71 lakh. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;
- limiting our ability to obtain additional financing in the future at competitive terms;
- affecting our capital adequacy requirements; and
- 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 future failure to satisfactorily comply with any condition or 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. Further, 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.

21. 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.

22. 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 CARE AA- and CRISIL AA-, respectively, by CARE Ratings Limited and CRISIL Ratings Limited, which reflects the creditworthiness of our Company and increases confidence of our lenders. CARE Ratings Limited and CRISIL Limited have rated our commercial paper debt as CARE A1+ and CRISIL A1+, respectively, which is the highest rating for short-term debt instruments. Our Market Linked Debentures have been rated CARE PP-MLD AA- by CARE Ratings Limited.

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.

23. As an NBFC, non-compliance with the RBI's observations 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 Reserve Bank of India Act, 1934 (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 there have been deficiencies found by the RBI in past inspections for fiscal 2022 and fiscal 2023 with respect to, inter alia, our Company not having an integrated LMS for loan portfolios, deficiencies in our credit policies pertaining to (i) process of foreclosure and refinancing, multiple funding against the same vehicle/asset; (ii) in providing a methodology for arriving at processing fees and foreclosures charges which were left to the discretion of the business teams, resulting in avoidable credit and reputation risks due to the levying these arbitrarily; (iii) failure of the policy in providing a product-wise (CV, SME, Corporate) exposure limits; and (iv) failure of the policy in providing the ratio of unsecured advances to secured advances and sector specific limits on advances, and failure of our Company to draft a policy on the depreciation in the value of vehicles. RBI in their past inspection for fiscal 2023 also highlighted deviation of our Company from our own credit policy. RBI has also shared show cause notice date November 23, 2023 recording non-compliance with RBI directions observed during the inspection for fiscal 2022. For further detail on the show cause notice dated November 23, 2023, please see "*Outstanding Litigations - Actions Taken by Regulatory and Statutory Authorities against our Company" on page 223.*

We cannot assure you that the RBI will not find any deficiencies in future inspections or the RBI will not make similar or other observations in the future. In the event we are unable to resolve such deficiencies to the RBI's satisfaction, we may be restricted in our ability to conduct our business as we currently do. While we 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.

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

All NBFCs, pursuant to the provisions of SBR Directions, are required to maintain a minimum capital ratio consisting of Tier I and Tier II Capital of not less than 15 per cent of their aggregate risk weighted assets on balance sheet and of risk adjusted value of off-balance sheet items.

Our Company's capital adequacy ratio was 28.87% and 31.55% as of March 31, 2024 and March 31, 2023, respectively. 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.

In addition, one of our subsidiaries, being a financial institution regulated by the NHB, is required to maintain certain capital adequacy ratios. NHB regulations require HFCs to maintain a minimum capital adequacy ratio of 12.00%. We cannot assure you that we would be able to raise adequate additional capital required under these regulations in the future on favorable terms, which may adversely affect the growth of our business.

25. ***If our customers default in their repayment obligations, our business, results of operations, financial condition and cash flows may be adversely affected.***

As of March 31, 2024, our total credit exposure were ₹ 8,13,488.15 lakh and we are able to successfully implement our strategy to expand in existing as well as new products, we will be exposed to an increased risk of defaults. This may also increase our NPAs since our customers may default on their obligations to us for a variety of factors, including as a result of their bankruptcy, competition within their respective sectors, lack of liquidity, time and cost overrun, operational failure, breach of contract, government or other regulatory intervention and other reasons such as their inability to adapt to changes in the macro business environment. Historically, borrowers or borrower groups have been adversely affected by economic conditions in varying degrees. Such adverse impact may limit our ability to recover the dues from the borrowers and predictability of cash flows. Credit losses due to financial difficulties of these borrowers or borrower groups in the future could adversely affect our business, financial performance and results of operations.

26. ***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 behavior. 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.

27. ***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 IT 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.

28. We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans.

Our inability to recover the outstanding amounts under the loans may adversely affect our business. As security for the financing facilities provided by us to our customers, the vehicles or construction equipment purchased by our customers are hypothecated in our favour and property is mortgaged for business loans offered by our Company. For each financing arrangement, we sanction an amount of credit that is less than the value of the vehicle or property which we take as collateral. We regulate this amount through our restrictions on the loan to value ("**LTV**") ratio of each financing. Loans are generally provided up to certain specified percentages of the value of new commercial vehicles and used vehicles, as ascertained by our appraiser. For further information, see "*Our Business – Our Products*" on page 149.

The value of the vehicle, or construction equipment, is subject to depreciation, deterioration, and/or reduction in value on account of other extraneous reasons, over the course of time. Similarly, for LAP, the value of the collateral may not be adequate to cover amounts under default. Consequently, the realizable value of the collateral for the credit facility 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 collateral. The hypothecated vehicles and construction equipment, being movable property, may be difficult to locate or seize in the event of any default by our customers. There can also be no assurance that we will be able to sell such vehicles, construction equipment or properties provided as collateral at prices sufficient to cover the amounts under default. In addition, there may be delays associated with such processes. Further, if any of our borrowers take recourse to arbitration or litigation proceedings 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 security could expose us to a potential loss. Any such losses could adversely affect our financial condition, results of operations and/or cash flows. Furthermore, enforcing our legal rights by litigating against defaulting customers is generally a slow and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or at all. Further, if we are unable to sell any repossessed vehicles provided as security for such loans, at commercially favourable prices, in a timely manner or at all, we may not recover the costs of maintaining such repossessed vehicles and our operations, cash flows and profitability could be adversely affected.

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

As at March 31, 2024 and March 31, 2023, approximately 98.84% and 97.36% of our consolidated Total Credit Exposure, respectively, 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.

30. Our vehicle financing business is primarily focused on used commercial vehicle financing and any adverse development in this industry may adversely affect our business prospects and future financial performance.

Our vehicle financing business is currently focused on financing of used commercial vehicles may be susceptible to higher risks and NPA portfolios compared to that relating to financing of new commercial vehicles. Our customer base in the vehicle financing business will likely have a high concentration of small and medium road transport operators. Our business is dependent on various factors that impact this segment, such as the demand for transportation services in India, changes in Indian regulations and policies affecting used commercial vehicles, natural disasters and calamities, and macroeconomic environment in India and globally. Sometimes, individual borrowers, first time users and small road transport operators may be less financially resilient. As a result, they may be disproportionately and adversely affected by any decline in economic conditions. Correspondingly, the demand for finance of used commercial vehicles may decline, which in turn may adversely affect our cash flows, results of operations and financial condition. In addition, the ability of commercial vehicle owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer as a result of such factors, thereby adversely affecting our vehicle financing business, future financial performance and results of operations.

31. Changes in environmental or other laws may lead to a decline in the sale of vehicles, which could adversely affect our business, results of operations and prospects.

We are engaged in vehicle financing across various states in India. Any regulation passed by either the central Government or any of the state Governments, or any orders of judiciary to ban the sale of a particular segment of vehicles or impose additional taxes on any particular segment of vehicles, could lead to a decline in the sales of such vehicles. For example, the Supreme Court of India imposed a ban on the sale of vehicles not complying with Bharat Emission Standards IV. Such regulatory amendments or orders of the judiciary may lead to a decline in our disbursements and adversely affect our business, results of operations and prospects.

32. We handle cash in a high volume of transactions, exposing us to certain operational risks.

As we handle substantial amount of cash, through a high volume of transactions from our customers. Given the high volume of transactions we process on a daily basis, certain instances of fraud and misconduct may go unnoticed or may only be discovered and successfully rectified after substantial delays. Even when we discover such instances of fraud or theft and pursue them to the full extent of the law or with our insurance carriers, there can be no assurance that we will recover any of the amounts involved in these cases. Our reputation could be adversely affected by fraud committed by employees, customers or outsiders, or by our perceived inability to properly manage fraud-related risks.

Further, to the extent that our employees are subject to violent attacks, theft or robbery in the course of their duties in certain areas where we have operations/branches, our ability to service such areas will be adversely affected and our employee recruiting and retention efforts may be curtailed, which would negatively impact our expansion and growth plans. In addition, if certain areas of India pose a significantly higher risk of crime or political strife and instability, our ability to service such areas will be adversely affected and our expansion and growth may be curtailed. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

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.

33. 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. For example, we are required to obtain and maintain certificates of registration for carrying on business as an NBFC. 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.

34. Our insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flows.

We maintain insurance coverage for our operations in normal course. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. For further details on our insurance arrangements, see "*Our Business – Insurance*" on page 152.

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

As on date of this Draft Prospectus, 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. The period for leases which are entered into by our Company for our branches, sales offices, regional and corporate offices typically ranges from 11 months to nine years. Some of the lease/ leave and license agreements may have expired in the ordinary course of business and we are currently involved in negotiations for the renewal of these lease/ leave and license agreements. While we have not faced major issues renewing the leases of our branches and sales offices in the past three Fiscals, if these lease/ leave and license agreements are not renewed or not renewed on terms favorable to us, we may suffer a disruption in our operations or increased costs, or both, which may affect our business and results of operations.

36. ***Our Company's inability to obtain, renew or maintain the statutory and regulatory permits and approvals which are required to operate its existing or future businesses may have a material adverse effect on its business, financial condition, cash flows and results of operations.***

NBFCs in India are subject to regulations and supervision by the RBI. In addition to the numerous conditions required for the registration as an NBFC with the RBI, we are also required to comply with certain other regulatory requirements imposed by the RBI from time to time. In future, there could be circumstances where our Company may be required to renew applicable permits and approvals, including its registration as a systemically important non-deposit taking NBFC and obtain new permits and approvals for its current and any proposed operations or in the event of a change in applicable law and regulations. There can be no assurance that RBI or other relevant authorities will issue any such permits or approvals in the time-frame anticipated by our Company, or at all. In addition, we require several registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax, labour-related registrations, GST registrations and trade licenses of the particular state in which we operate. Some of these approvals may have expired in the ordinary course, and our Company has either applied, or is in the process of applying for renewals of them. Failure by our Company to renew, maintain or obtain the required permits or approvals may result in an interruption of its operations and may have a material adverse effect on its business, financial condition, cash flows and results of operation.

In addition, if we establish additional branches, such branches need to be registered under the relevant shops and establishments laws of the states in which they are located. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. 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.

37. ***Industry information included in this Draft Prospectus has been derived from an industry report prepared by CareEdge exclusively commissioned and paid for by us for such purpose.***

Certain information regarding the industry and the market in which the Company operates, included in this Draft Prospectus has been derived from the report titled "*Research Report LAP, Construction Finance and Auto Finance*" dated July 2024 ("**CareEdge Report**") prepared by CARE Analytics and Advisory Private Limited. The report is a paid report and is subject to various limitations and based upon certain assumptions, parameters and conditions that are subjective in nature. It also uses certain methodologies for market sizing and forecasting which may or may not be accurate. Industry sources and publications are also prepared based on information as of specific dates. Further, there is no assurance that such information has been compiled or presented on the same basis as may be presented elsewhere. In addition, statements from third parties that involve estimates, projections, forecasts and assumptions are subject to change, and actual amounts may differ materially from those included in this Draft Prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. You should consult your own advisors and undertake an independent assessment of information in this Draft Prospectus based on, or derived from, the CareEdge Report before making any investment decision regarding the Issue. For the disclaimer associated with the CareEdge Report, see, "*Industry Overview*" on page 108.

38. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

Our Company has entered into certain 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 favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future or potential conflicts of interest with respect to dealings between us and such related parties. Although all related party transactions that we may enter into will be subject to board or shareholder approval, as necessary under the Companies Act, 2013, as amended, we cannot assure you that such future transactions, individually or in the aggregate, will not have an adverse effect on our financial condition, cash flows and results of operations or that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. For details, please see "*Related Party Transactions*" on page 180.

39. Our Promoter may not have adequate experience in the business activities undertaken by our Company.

The principal activity of our Promoter is that of investment holding. For further details, see chapter titled "*Our Promoters*" on page 177. Our Company cannot assure you that the inadequate prior experience of our Promoter in our business would not have any adverse impact on the management and/ or operations of our Company.

40. 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.

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our measures to prevent money laundering as required by the RBI and other KYC compliance applicable in India, including the Reserve Bank of India (Know Your Customer) Master Directions, 2016 dated February 25, 2016, as amended ("***KYC Directions***") and the adoption of anti-money laundering policies and compliance procedures in all our branches may not be completely effective. As our Company has been classified as the NBFC-ML, we are subject to the RBI's guidelines on financial regulation of NBFCs, including, KYC procedure and policies, all our branches may not be completely effective with adequate internal policies, processes and controls in place with the KYC Directions and other prescribed KYC procedures. There can be no assurance that attempts to launder money using us as a vehicle will not be made. Additionally, certain states in India have enacted laws to regulate money lending transactions, which may for instance establish a maximum rate of interest that can be charged. In the event, we are required to comply with the provisions of these state money lending laws and KYC Compliances, there may be severe civil and criminal penalties for non-compliance with the relevant money lending statutes. In the event that the government of any state in India requires us to comply with the provisions of their respective state money lending laws, KYC Compliances, or imposes any penalty against us for prior non-compliance, our business and results of operations could be adversely affected.

41. Non-convertible debentures issued by our Company are listed on BSE and our Company is subject to certain obligations and reporting requirements under SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.

Our Company is subject to the obligations and reporting requirements under SEBI Listing Regulations. Our Company endeavors to comply with all such obligations/reporting requirements. Any non-compliances/delay in complying with mandatory obligations and reporting requirements may render us/our promoter liable to prosecution and/or penalties. During Fiscal 2022, Fiscal 2023 and Fiscal 2024, BSE and NSE has levied certain penalties, as provided below, under SEBI Listing Regulations. However, as on date of this Draft Prospectus, Company has paid all the fines, and there are no fines / penalty pending against our Company.

For Financial Year	Action taken by	Particulars	Details of action taken e.g. fines, warning letter, debarment, etc. for the last three years
FY 2023-24	BSE	Delay in intimation of record date for the purpose of payment of interest on non-convertible debentures under Regulation 60 of SEBI Listing Regulations.	BSE levied a fine of ₹ 10,000 each excluding applicable GST vide email dated April 1, 2024.
FY 2023-24	BSE and NSE	Delay in submission of Secretarial Compliance Report under Regulation 24A of the SEBI Listing Regulations	BSE & NSE levied a fine of ₹ 4,000 each excluding applicable GST vide email dated June 26, 2023.
FY 2023-24	BSE	Delay in intimation of record date for the purpose of buy back of non-convertible debentures under Regulation 60 of SEBI	BSE levied a fine of ₹ 10,000 each excluding applicable GST vide email dated October 18, 2023.

For Financial Year	Action taken by	Particulars	Details of action taken e.g. fines, warning letter, debarment, etc. for the last three years
		Listing Regulations.	
FY 2023-24	BSE and NSE	Non-submission of prior intimation about the meeting of the board of directors under Regulation 29 of the SEBI Listing Regulations	BSE & NSE levied a fine of ₹ 10,000 each excluding applicable GST vide email dated February 14, 2024
FY 23-24	BSE	Delay in intimation of payment of interest under erstwhile Regulation 57(1) of SEBI Listing Regulations	BSE a fine of ₹ 12,000 excluding applicable GST vide email dated July 26, 2024
FY 22-23	BSE	Delay in intimation of payment of interest under erstwhile Regulation 57(4) of SEBI Listing Regulations	BSE a fine of ₹ 1,000 excluding applicable GST vide email dated July 26, 2024
FY 2022-23	BSE and 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 SEBI 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 30, 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

For Financial Year	Action taken by	Particulars	Details of action taken e.g. fines, warning letter, debarment, etc. for the last three years
			Circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017
FY 2022-23	BSE and 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 additional levied a fine of ₹ 1,90,000 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	Delay in disclosure of line items prescribed under Regulation 52(4) of SEBI 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	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 SEBI 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.
FY 2022-23	BSE	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 SEBI 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.

For Financial Year	Action taken by	Particulars	Details of action taken e.g. fines, warning letter, debarment, etc. for the last three years
FY 2021-22	BSE and 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 SEBI Listing Regulations	Total penalty of ₹ 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. 3. 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
FY 21-22	BSE	Delay in intimation of Record Date under Regulation 60(2) of the SEBI Listing Regulations	BSE a fine of ₹ 20,000 excluding applicable GST vide email dated July 26, 2024.

Further, our Company qualified as a 'high value debt listed entity' as per the thresholds set out under the SEBI Listing Regulations. As a 'high value debt listed entity', Regulation 15 to regulation 27 of Chapter IV of the SEBI Listing Regulations are applicable to our Company from March 31, 2024, on a mandatory basis. Accordingly, the required compliance with the said regulations of Chapter IV of the SEBI Listing Regulations may cause additional compliance and legal costs for our Company and any non-compliance in relation to this may attract penalties, which may affect our financials adversely. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to redesign our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance. For further information on laws and regulations applicable to us, see "*Regulations and Policies*" on page 181.

42. ***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. For details of our investments, please see "*Financial Information*" on page 197. 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. We also have investments in unsecured debt instruments which 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. For details of such loans and advances, please see "*Financial Statements*" on page 197. If such parties delay or default in repaying such loans and advances, we may incur significant losses.

43. If we are unable to protect our trademarks and tradenames, others may be able to use our trademarks and tradenames to compete more effectively. Also, we may breach third-party intellectual property rights.

We have obtained registration for trademarks in relation to our business.

Our word mark 'Indostar Capital Finance' and our logo ' ' is registered with the Trademarks Registry under class 16 and class 36. For details please see "*Our Business – Intellectual property*" on page 154.

Our efforts to protect our intellectual property or proprietary information and the measures we take to identify potential infringement of our intellectual property may not be adequate to detect or prevent infringement, misappropriation or unauthorized use. Any such misappropriation or duplication of our name, registered/ official addresses, corporate logos or other intellectual property or proprietary information may disrupt our business, distract management and employees, reduce revenues and increase expenses. In addition, we may also become subject to infringement claims. Even if claims against us are not meritorious, any legal, arbitral or administrative proceedings that we may be required to initiate or defend in this regard may be time-consuming, costly and harmful to our reputation, and there is no assurance that such proceedings will ultimately be determined in our favor. Furthermore, the application of laws governing intellectual property rights in India is continuously evolving and there may be instances of infringement or passing-off of our brand in Indian markets. Our failure to adequately protect our brand, trademarks and other related intellectual property rights may adversely affect our business, financial condition and results of operations.

We may be subject to claims by third-parties, both inside and outside India, if we breach their intellectual property rights by using slogans, names, trademarks or other such rights that are of a similar nature to the intellectual property these third-parties may have registered or are using. We might also be in breach of such third-party intellectual property rights due to accidental or purposeful actions by our employees where we may also be subjected to claims by such third-parties.

Any legal proceedings that result in a finding that we have breached third-parties' intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third-parties or stop using the relevant intellectual property (including by way of temporary or permanent injunction) or make changes to our marketing strategies or to the brand names of our products, any of which may have a material adverse effect on our business, prospects, reputation, results of operations and financial condition.

We have also made an application for registration of the trademark , with the Trademarks Registry (application no. 6189053) on November 17, 2023. This application has been approved under 'Class 36' and is currently pending registration under 'Class 16' and 'Class 35'. There can be no assurance that our trademark application will be accepted. Further, there are no assurances that we will be able to register this mark. In the event we are not able to obtain registrations due to any injunctive or other adverse order issued against our promoter by the appellate authorities in respect of the registration of our logo or slogan, we may not be able to avail legal protections under the trade mark or prevent unauthorised use of such trademarks by third parties, and in case the logo or slogan is used or claimed by a third party, our ability to use such logo or slogan may be restricted or lost, which may adversely affect our goodwill.

44. There may be no active market for the NCDs on the platform of the Stock Exchanges. As a result, the liquidity and market prices of the NCDs may fail to develop and may accordingly be adversely affected.

There can be no assurance that an active market for the NCDs will develop or at what price will the NCDs trade in the secondary market or whether such market will be liquid or illiquid. If an active market for the NCDs fails to develop or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors, inter alia, including (i) the interest rate on similar securities available in the market and the general interest rate scenario in the country, (ii) the market for listed debt securities, (iii) general economic conditions, and (iv) our financial performance, growth prospects and results of operations. In addition, the trading of the NCDs may be impacted by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes, among others. The aforementioned factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which you purchase the NCDs and/or be relatively illiquid.

45. Some of our Directors may be interested in companies or entities which are in the same line of business as us.

One of our Directors, namely Hemant Kaul is interested in other companies or entities, as director or shareholder or otherwise, which are engaged in a similar line of business as compared to ours. For more details regarding other directorships of our Directors, see "*Our Management*" on page 161. Further there is no assurance that our Directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in future. Such factors may have an adverse effect on the results of our operations and financial condition.

46. Certain of our Directors and Key Management Personnel may be interested in our Company by virtue of the Equity Shares and/ or ESOPs held by them.

Some of our Directors and Key Management Personnel are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or stock options held by them in our Company. Our Directors and Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. For details of the shareholding of our Directors and Key Management Personnel, see "*Capital Structure*" on page 65.

47. We have in this document included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial condition. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses. Many financial services businesses provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. Such non-GAAP measures are not measures of operating performance or liquidity defined by generally accepted accounting principles. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry. Therefore, such non-GAAP measures may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs in India or elsewhere.

Risk Factors related to the Issue and NCDs

48. The fund requirement and deployment mentioned in the Objects of the Issue have not been appraised by any bank or financial institution.

We intend to use the net proceeds of the Issue, after meeting the expenditures of and related to the Issue, for the purpose of onward lending, financing, and for repayment/ prepayment of interest and principal of existing borrowings of our Company and for general corporate purposes. For further details, please see "*Objects of the Issue*" at page 79. The fund requirement and deployment are based on internal management estimates and has not been appraised by any bank or financial institution. The management will have significant flexibility in applying the proceeds received by us from the Issue. Further, as per the provisions of the SEBI NCS Regulations, we are not required to appoint a monitoring agency and therefore no monitoring agency has been appointed for the Issue.

49. There is no assurance that the NCDs issued pursuant to this Issue will be listed on BSE Limited in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the NCD issued pursuant to this Issue will not be granted until after the NCDs have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issue of NCDs to be submitted. There could be a failure or delay in listing the NCDs in BSE.

50. ***Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law.***

In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs. In case of proceedings under the (Indian) Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, the NCDs will be subordinated to certain liabilities preferred by law.

Amongst others, the (Indian) Insolvency and Bankruptcy Code, 2016 prescribes that in case of liquidation, a secured creditor has the option to either relinquish the security and participate in the liquidation process, or to independently realise the security. If the secured creditor chooses to independently enforce the security held by it, it will have a lower priority for any amounts remaining unpaid after the enforcement of the security (as compared to the priority such creditor would have had on relinquishing the security). The (Indian) Insolvency and Bankruptcy Code, 2016 also prescribes the order of distribution of the liquidation proceeds.

51. ***Credit ratings may not reflect all risks. Any downgrading in credit rating of our NCDs may adversely affect the value of NCDs and thus our ability to raise further debts.***

The NCDs proposed to be issued under the Issue have been rated CARE AA-; Stable (Double A Minus; Outlook: Stable) for an amount of ₹ 50,000 Lakh by CARE Ratings Limited vide their rating letter dated January 24, 2024, revalidated vide letter dated February 15, 2024, and further revalidated vide letters dated April 22, 2024 and June 19, 2024, with a rating rationale dated January 25, 2024.. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed here, and other factors that may affect the value of the NCDs.

Rating 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. The rating provided by CARE may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. The investors should take their own decisions or consult relevant expert, while investing in NCDs. Please see **Annexure A** for rating letter and rationale for the above rating.

52. ***The NCD Holders may not be able to recover, on a timely basis or at all, the full value of the outstanding amounts and/or the interest accrued thereon in connection with the NCDs.***

Failure or delay to recover the expected value from a sale or disposition of the assets / receivables charged as security in connection with the NCDs could expose the holders to a potential loss. Our ability to pay interest accrued on the NCDs and/or the principal amount outstanding from time to time in connection therewith would be subject to various factors inter-alia including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we will be able to repay the principal amount outstanding from time to time on the NCDs and/or the interest accrued thereon in a timely manner or at all. Although our Company will create appropriate security in favor of the Debenture Trustee for the NCD Holders on the assets adequate to ensure security cover of at least 100% of the outstanding principal amounts of the NCDs and all interest due and payable, which shall be free from any encumbrance, the realisable value of the assets charged as security, when liquidated, may be lower than the outstanding principal and/or interest accrued thereon in connection with the NCDs. A failure or delay to recover the expected value from a sale or disposition of the assets charged as security in connection with the NCDs could expose you to a potential loss.

While the NCDs will be secured against a charge to the tune of 100% of the principal and/or interest accrued thereon in favour of Debenture Trustee, and it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the possibility of recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

53. ***The rights over the security provided will not be granted directly to holders of the NCDs***

The rights over the security securing the obligations of our Company under the NCDs and the Debenture Trust Deed will not be granted directly to the NCD holders, but will be granted only in favour of the Debenture Trustee. As a consequence, NCD holders will not have direct security and will not be entitled to take enforcement action in respect of the security for the NCDs, except through the Debenture Trustee.

54. There may be a delay in making refund/ unblocking of funds to Applicants.

We cannot assure you that the monies refundable to you, on account of (i) withdrawal of your applications, (ii) our failure to receive minimum subscription in connection with the Base Issue size, (iii) withdrawal of the Issue, or (iv) failure to obtain the final approval from the BSE for listing of the NCDs, will be refunded to you in a timely manner. We, however, shall refund / unblock such monies, with the interest due and payable thereon (in case of any delays) as prescribed under applicable statutory and/or regulatory provisions.

55. Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes.

The Indian Stock Exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian Stock Exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and Stock Exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

56. Changes in interest rate may affect the price of our NCD.

Any increase in rate of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs. All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

57. Repayment is subject to the credit risk of the Company

Potential investors should be aware that receipt of the principal amount, (i.e. the redemption amount), interest thereon and any other amounts that may be due in respect of the NCDs is subject to the credit risk of the Company whereby the Investors may or may not recover all or part of the funds in case of default by the Company. Potential investors assume the risk that the Company will not be able to satisfy their obligations under the NCDs. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the NCDs may not be made or may be substantially reduced or delayed.

On December 14, 2021, the RBI issued a circular titled "Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)" ("**PCA Framework Circular**") to enable supervisory intervention and implement remedial measures of NBFCs, including NBFC-NDs, on the basis of tracking certain indicators such as CRAR, Tier I Capital Ratio and Net NPA Ratio.

58. Risks in relation to NCDs; the secondary market for debentures may be illiquid; limited or sporadic trading of non-convertible securities of the Company on the Stock Exchange

The NCDs may be very illiquid, and no secondary market may develop in respect thereof. Even if there is a secondary market for the NCDs, it is not likely to provide significant liquidity. Potential investors may have to hold the NCDs until redemption to realize any value.

59. Security may be insufficient to redeem the debentures; risks in relation to maintenance of security cover or full recovery of the security in case of enforcement.

The NCDs to be issued pursuant to the Issue will be secured by creating an *pari passu* charge on Identified Book debts/ receivables of the Company to the extent of 100% of the amount outstanding towards principal and interest payable on NCDs. In the event that the Company is unable to meet its payment and other obligations towards investors under the terms of the NCDs, the Debenture Trustee may enforce the Security in respect of the NCDs as per the terms of security documents, and other related documents. The Debenture Holder(s)' recovery in relation to the NCDs will be subject to (i) the market value of such secured assets, (ii) finding willing buyers for the transaction security at a price sufficient to repay the Debenture Holder(s)' amounts outstanding under the NCDs. The value realised from the enforcement of the transaction security may be insufficient to redeem the NCDs.

Fluctuations in the market values of the assets over which security has been provided in respect of loans provided by the Company could affect the Company's liquidity and reduce the Issuer's ability to enforce the security, which could adversely affect the Company's result of operations and financial condition. The Company may not accurately identify changes in the value of assets over which security has been provided caused by changes in market prices, and the Company's assessments, assumptions or estimates may prove inaccurate.

60. The Issuer, being an NBFC is not required to maintain a debenture redemption reserve ("DRR")

Pursuant to a Ministry of Corporate Affairs notification dated August 16, 2019 amending Section 71 of the Companies Act, 2013 and Rule 18 (7) of the Companies (Share Capital and Debentures) Rules, 2014, a NBFC is not required to maintain DRR for debentures issued through a public issue. Hence, investors shall not have the benefit of reserve funds to cover the re-payment of the principal and interest on the NCDs.

External Risk Factors

61. Any volatility in exchange rates may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

Foreign inflows into India have remained extremely volatile responding to concerns about the domestic macroeconomic landscape and changes in the global risk environment. The widening current account deficit has been attributed largely to the surge in gold and oil imports.

Further, increased volatility in foreign flows may also affect monetary policy decision making. For instance, a period of net capital outflows might force RBI to keep monetary policy tighter than optimal to guard against any abnormal currency depreciation.

62. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, across the multiple jurisdictions we operate in may materially adversely affect our business and financial performance.

Our business and financial performance could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and our businesses, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations, in India.

The governmental and regulatory bodies in India where we operate may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition and results of operations. See "*Regulations and Policies*" on page 181.

In addition, unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws and/ or may require us to apply for additional approvals.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, turnover tax, goods and service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. For instance:

- The General Anti Avoidance Rules ("**GAAR**") came into effect from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement may result in a denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. GAAR provisions may have an adverse tax impact on us; and

- The Government of India has implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017 that combines taxes and levies by the Central and State Governments into a unified rate structure. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If the tax costs associated with certain transactions because of a particular tax risk materializing are greater than anticipated, it could affect the profitability of such transactions.

We are subject to various labour laws and regulations governing our relationships with our employees including in relation to minimum wages, working hours, overtime, working conditions.

A change of law that requires us to increase the benefits to the employees from the benefits now being provided may create potential liability for us. Such benefits could also include provisions which reduce the number of hours an employee may work for or increase in number of mandatory casual leaves, which all can affect the productivity of the employees.

A change of law that requires us to treat and extend benefits to our outsourced personnel, and personnel retained on a contractual basis, similar to our full-time employees may create potential liability for us. If we fail to comply with current and future health and safety and labour laws and regulations at all times, including obtaining relevant statutory and regulatory approvals, this could materially and adversely affect our business, future financial performance and results of operations.

63. Any adverse change in India's credit rating by an international rating agency could materially adversely affect our business and profitability.

India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB-with a "Positive" outlook (S&P) and BBB-with a "Stable" outlook (Fitch). India's sovereign rating could be downgraded due to various factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside our Company's control. Any adverse change in India's credit ratings by international rating agencies may adversely impact the Indian economy and consequently our ability to raise additional financing in a timely manner or at all, as well as the interest rates and other commercial terms at which such additional financing is available. Any such adverse development could adversely affect our business, financial condition and results of operations.

64. 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 cashflows and results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our cashflows and results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange 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 Exchange;
- 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, cash flows and 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.

65. Financial difficulties and other problems in certain financial institutions in India could cause our business to suffer and adversely affect our cash flows and results of operations.

We are exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties and other problems faced by certain Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years. Some co-operative banks (which tend to operate in rural sector) have also faced serious financial and liquidity crises. There has been a trend towards consolidation with weaker banks, NBFCs and HFCs being merged with stronger entities. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect our business, our future financial performance, our shareholders' funds and the market price of our NCDs.

66. Natural disasters and other disruptions could adversely affect the economy and could adversely affect our business, cash flows, results of operations and financial condition.

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labor unrest. We may also face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our business and financial performance. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business, results of operation and financial condition.

67. We face risks related to public health epidemics in India and abroad.

Our business could be materially and adversely affected by the outbreak of public health epidemics, or the fear of such an outbreak, in India or elsewhere. In January 2020, an outbreak of a strain of coronavirus, COVID-19, which has spread globally, with cases recorded in China, Australia, Italy, Iran, Japan, South Korea, UAE, Thailand, the United States and India, among other countries. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a health emergency of international concern. Governments around the world had to impose a number of measures designed to contain the outbreak, including business closures, travel restrictions, quarantines and cancellations of gatherings and events. This in turn has impacted the operation of businesses, reduced regional travels and trade and lowered industrial production and consumption demand. If the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occurs again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, financial condition, cash flows and results of operations. Similarly, any other future public health epidemics in India could materially and adversely affect our business, financial condition, cash flows, results of operations and prospects.

68. Instability of economic policies and the political situation in India could adversely affect the fortunes of the industry.

There is no assurance that the liberalisation policies of the government will continue in the future. Protests against privatisation could slow down the pace of liberalisation and deregulation. The Government of India plays an important role by regulating the policies and regulations that govern the private sector. The current economic policies of the government may change at a later date. The pace of economic liberalisation could change and specific laws and policies affecting the industry and other policies affecting investments in our Company’s business could change as well. A significant change in India’s economic liberalisation and deregulation policies could disrupt business and economic conditions in India and thereby affect our Company’s business. Unstable domestic as well as international political environment could impact the economic performance in the short term as well as the long term. The Government of India has pursued the economic liberalisation policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support continued economic liberalisation. The Government has traditionally exercised and continues to exercise a significant influence over many aspects of the Indian economy. Our Company’s business may be affected not only by changes in interest rates, changes in Government policy, taxation, social and civil unrest but also by other political, economic or other developments in or affecting India.

SECTION III – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated on July 21, 2009, as a private limited company under the provisions of the Companies Act, 1956 as R V Vyapaar Private Limited and received a certificate of incorporation dated July 21, 2009. The Corporate Identification Number of our Company is L65100MH2009PLC268160.

The name of our Company was changed to '*Indostar Capital Finance Private Limited*' pursuant to a fresh certificate of incorporation dated November 15, 2010, issued by the Registrar of Companies, West Bengal at Kolkata. Thereafter, our Company was converted into a public limited company under the Companies Act, 2013. Consequently, the name of our Company was changed to 'Indostar Capital Finance Limited' and a fresh certificate of incorporation was issued by the RoC on May 28, 2014.

Our Company was registered as a non-public deposit taking NBFC 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. The registered office of our Company is situated at Off No - 301, Wing A, CTS No 477, Silver Utopia, Chakala Road, Opp Proctor and Gamble, Andheri (E), Sahargaon, Mumbai, Maharashtra, India, 400099 and our CIN is L65100MH2009PLC268160. For details of the business of our Company, see "*Our Business*" beginning on page 141.

Registration:

CIN: L65100MH2009PLC268160
LEI: 335800HNZGIACIS15W53
RBI: N-13.02109

Permanent Account Number: AAECR4127Q

Registered Office and Corporate Office:

Indostar Capital Finance Limited
Off No - 301, Wing A, CTS No 477,
Silver Utopia, Chakala Road,
Opp Proctor and Gamble,
Andheri (E), Sahargaon, Mumbai – 400 099,
Maharashtra, India,
Tel: +91 22 4315 7000
Website: www.indostarcapital.com
Email: investor.relations@indostarcapital.com

For further details regarding changes to our Registered Office, see "*History and Main Objects*" on page 158.

Registrar of Companies, Maharashtra at Mumbai
100, Everest House
Marine Lines
Mumbai 400 002
Maharashtra, India

Chief Financial Officer
Vinodkumar Panicker
D 903, Nagarjuna Pearl Bay Apartments,
Puthiya Road, off K P Vallon Road,
Kadavanthra, Ernakulam - 682020
Tel.: +91 22 4315 7000
Email: vpanicker@indostarcapital.com

Company Secretary and Compliance Officer
Shikha Jain
Off No - 301, Wing A, CTS No 477,
Silver Utopia, Chakala Road,
Opp Proctor and Gamble,
Andheri (E), Sahargaon, Mumbai – 400 099,
Maharashtra, India
Tel.: +91 22 4315 7000
Email: sjain4@indostarcapital.com

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer in case of any pre-Issue or post-Issue related issues such as non-receipt of Allotment Advice, demat credit of allotted NCDs, refunds, non-receipt of debentures certificates (in case of NCDs which have been re-materialised), transfers, etc. as the case may be.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, Permanent Account Number, number of NCDs applied for, Series of NCDs applied for, amount paid on application, Depository Participant name and client identification number, and the collection center of the Members of the Consortium where the Application was submitted and ASBA Account number (for Bidders other than Retail Individual Investors bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of Retail Individual Investors bidding through the UPI mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centers, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchange or through their Trading Members. The intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

All grievances arising out of Applications for the NCDs made through the Online Stock Exchange Mechanism or through Trading Members of the Stock Exchange may be addressed directly to the relevant Stock Exchange.

Lead Manager

nuvama

Nuvama Wealth Management Limited
(formerly known as Edelweiss Securities Limited)
801-804, Wing A, Building No 3
Inspire BKC, G Block, Bandra Kurla Complex
Bandra East, Mumbai – 400 051
Tel: +91 22 4009 4400
E-mail: ICFL.NCD@nuvama.com
Investor Grievance Email: customerservice.mb@nuvama.com
Website: www.nuvama.com
Contact Person: Saili Dave
Compliance Officer: Bhavana Kapadia
SEBI Registration No.: INM000013004
CIN: L67110MH1993PLC344634

Debenture Trustee

IDBI Trusteeship Services Limited
Universal Insurance Building, Ground Floor,
Sir PM Road, Fort, Mumbai – 400001
Tel.: +91 22 40807015
Fax: +91 2266311776
Email: response@idbitrustee.com
Website: www.idbitrustee.com
Investor Grievance Email: response@idbitrustee.com
SEBI Registration No: IND000000460
CIN: U65991MH2001GOI131154
Contact Person: Nikhil Lohana/ Gaurav Jeswani/ Hiren Kalinani

IDBI Trusteeship Services Limited has, pursuant to regulation 8 of SEBI NCS Regulations, by its letter dated July 9, 2024 given its consent for its appointment as Debenture Trustee to the Issue (hereinafter referred to as "**Trustees**"). A copy of letter from IDBI Trusteeship Services Limited conveying their consent to act as Trustees for the Debenture holders is annexed as *Annexure B* to this Draft Prospectus.

All the rights and remedies of the Debenture Holders under the Issue shall vest in and shall be exercised by the appointed Debenture Trustee for the Issue without having it referred to the Debenture Holders. All investors under the Issue are deemed to have irrevocably given their authority and consent to the Debenture Trustee so appointed by our Company for the Issue to act as their trustee and for doing such acts and signing such documents to carry out their duty in such capacity.

Any payment by our Company to the Debenture Holders/Debenture Trustee, as the case maybe, shall, from the time of making such payment, completely and irrevocably discharge our Company from any liability to the Debenture Holders to that extent. For details on the terms of the Debenture Trust Deed, please see section titled "*Issue Related Information*" on page 256. For details on the terms of the Debenture Trust Deed see section titled, "*Issue Related Information*" beginning on page 256.

Registrar to the Issue

Link Intime India Private Limited

C- 101, 247 Park, LBS Marg,
Vikhroli (West), Mumbai – 400 083
Tel: +91 810 811 4949
Fax: +91 22 4918 6060
Email: indostar.ncd2024@linkintime.co.in
Investor Grievance Email: indostar.ncd2024@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer : BN Ramakrishnan
SEBI Registration Number: INR000004058
CIN: U67190MH1999PTC118368

Link Intime India Private Limited, has by its letter dated June 12, 2024, given its consent for its appointment as Registrar to the Issue and for its name to be included in this Draft Prospectus, and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to the Issue.

Banker to the Company
IndusInd Bank Limited
One World Center - Tower 1- 11th Floor,
841, S.B. Marg, Elphinstone Road,
Mumbai - 400013

Tel: 9967402297
Fax: NA
Email: digvijay.yadav@indusind.com
Website: www.indusind.com
Contact Person: Digvijay Singh Yadav

Syndicate Member to the Issue

As specified in the Prospectus

Public Issue Account Bank, Sponsor Bank and Refund Bank

As specified in the Prospectus

Statutory Auditors

M S K A & Associates, Chartered Accountants
602, Floor 6, Raheja Titanium
Western Express Highway,
Geetanjali, Railway Colony,
Ram Nagar, Goregaon (E)
Mumbai – 400 063, India
Tel: +91 9022787885
Email: antrikshaagrawal@mska.in
Firm Registration Number: 105047W
Website: www.mska.in
Peer Review No.: 013267
Contact Person: Antriksha Agrawal
M S K A & Associates has been the statutory auditors of our Company since September 18, 2023.

Credit Rating Agency

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)
4th Floor, Godrej Coliseum
Somaiya Hospital Road
Off Eastern Express Highway,
Sion (East), Mumbai – 400 022 Maharashtra, India
Tel: + 91 22 6754 3456
Fax: +91 22 6754 3457
Email: Jitendra.Meghrajani@careedge.in
Website: www.careratings.com
Contact Person: Jitendra Meghrajani
SEBI Registration No: IN/CRA/004/1999

Credit Rating and Rationale

"CARE AA-/Stable" (pronounced as CARE Double A Minus; Outlook: Stable) for an amount of ₹ 50,000 Lakh by CARE Ratings Limited *vide* their rating letter dated January 24, 2024, revalidated *vide* letter dated February 15, 2024, and further revalidated *vide* letters dated April 22, 2024 and June 19, 2024, with a rating rationale dated January 25, 2024. Securities with these ratings are considered to have high degree of safety regarding timely servicing of financial obligations. Such securities carry very low credit risk. The rating is not a recommendation to buy, sell or hold securities and investors should take their own decision. The rating given by CARE is valid as on the date of this Draft Prospectus and shall remain valid on the date of Issue and allotment of NCDs and the listing of the NCDs on Stock Exchange unless withdrawn. The rating may be subject to revision or withdrawal at any time by the assigning rating agency and each rating should be evaluated independently of any other rating. The rating agency has a right to suspend or withdraw the rating at any time on the basis of factors such as new information. Please refer to *Annexure A* of this Draft Prospectus for the rating letter, and rating rationale of the above ratings. There are no unaccepted ratings and any other ratings other than as specified in this Draft Prospectus.

Disclaimer Statement of CARE

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Disclaimer Statement of CARE

The report is prepared by CARE Analytics and Advisory Private Limited (CareEdge Research). CareEdge Research has taken utmost care to ensure accuracy and objectivity while developing the report based on information available in CareEdge Research's proprietary database, and other sources considered by CareEdge Research as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.

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Legal Counsel to the Issue

KHAITAN & CO ADVOCATES SINCE 1911

Khaitan & Co
One World Centre
13th & 10th Floor, Tower 1C,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India
Tel: +91 22 6636 5000

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-Section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications. Section 38(1) of the Companies Act, 2013 provides that:

"Any person who —

a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10.00 lakhs or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10.00 lakhs or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ ₹50.00 lakhs or with both.

Underwriting

The Issue is not underwritten**.**

Arrangers to the Issue

There are no arrangers to the Issue.

Guarantor to the Issue

There are no guarantors to the Issue.

Minimum subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size i.e., ₹ 11,250 Lakh. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 Working Days from the Issue Closing Date or such time as may be specified by SEBI, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular bearing no. HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

Designated Intermediaries

Self-Certified Syndicate Bank

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link.

In relation to Bids submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of the ASBA Forms from the Members of the Syndicate is available on the website of SEBI http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Syndicate SCSB Branches

In relation to Applications submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Application Forms from the Members of the Syndicate is available on the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Syndicate at Specified Locations, see the website of the SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time or any such other website as may be prescribed by SEBI from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit the Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the website of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

CRTAs / CDPs

The list of the CRTAs and CDPs, eligible to accept Applications in the Issue, including details such as postal address, telephone number and email address, are provided on the website of BSE for CRTAs and CDPs, as updated from time to time.

Utilisation of Issue proceeds

For details on utilisation of Issue proceeds see, "*Terms of the Issue*" beginning on page 262.

Issue Programme*

ISSUE OPENS ON	As provided in the Prospectus
ISSUE CLOSES ON	As provided in the Prospectus
PAY IN DATE	Application Date. The entire Application Amount is payable on Application.
DEEMED DATE OF ALLOTMENT	The date on which the Board of Directors/or the Debt - Public Issue Committee approves the allotment of the NCDs for this Issue or such date as may be determined by the Board of Directors/ or the Debt - Public Issue Committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture holders from the Deemed Date of Allotment.

**The Issue shall remain open for subscription on Working Days from 10 a.m. to 5 p.m. (Indian Standard Time) during the period indicated above, except that the Issue may close on such earlier date or extended date as may be decided by the Board of Directors of* *our Company or the Debt – Public Issue Committee, subject to relevant approvals (subject to a minimum period of three working days and a maximum period of 10 working days from the date of opening of this Issue). In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in an English daily national newspaper with wide circulation and a regional daily with wide circulation where the registered office of the Company is located (in all the newspapers in which pre-issue advertisement for opening of this Issue has been given on or before such earlier or initial date of Issue closure).On the Issue Closing Date, the Application Forms will be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) and uploaded until 5 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date.*

*Applications Forms for the Issue will be accepted only from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) (“**Bidding Period**”) or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange. It is clarified that the Applications not uploaded on the Stock Exchange(s) Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one Working Day after the Issue Closing Date.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Neither our Company, nor the Lead Manager, nor any Member of the Syndicate, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. Please note that the Basis of Allotment under the Issue will be on date priority basis except on the day of oversubscription, if any, where the Allotment will be proportionate.

Inter-se Allocation of Responsibilities:

Nuvama Wealth Management Limited is the sole Lead Manager to the issue and will be responsible for the following activities:

No	Activities
1.	• Due diligence of Company’s operations/ management/ business plans/ legal etc. • Drafting and designing of the offering document. (The Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchange, RoC and SEBI including finalization of Offering Document and RoC filing). Draft Prospectus, and Prospectus (together “Offer Documents”) • Coordination with the Stock Exchange for in-principle approval
2.	Structuring of various issuance options with relative components and formalities etc.
3.	Co-ordination with auditors for auditor deliverables and co-ordination with lawyers for legal opinion
4.	Appointment of other intermediaries viz., Registrar, Debenture Trustee, Consortium/Syndicate Members, printer, advertising agency and Public Issue Bank, Refund Bank and Sponsor Bank.
5.	• Coordination with the printer for designing and finalization of Offer Documents, Application Form including memorandum containing salient features of the Offer Documents. • Drafting and approval of statutory advertisement
6.	Drafting and approval of all publicity material (excluding statutory advertisement as mentioned in 5 above) including print and online advertisement, outdoor advertisement including brochures, banners, hoardings etc.
7.	• Preparation of road show presentation, FAQs.
8.	Marketing strategy which will cover, inter alia:

No	Activities
	• Deciding on the quantum of the Issue material and follow-up on distribution of publicity and Issue material including Application Forms, Offer Documents, posters, banners, etc. • Finalise collection centres; • Coordinate with Registrar for collection of Application Forms by ASBA banks; • Finalisation of list and allocation of institutional investors for one on one meetings.
9.	Domestic institutions/banks/mutual funds marketing strategy: • Finalize the list and division of investors for one on one meetings, institutional allocation
10.	Non-institutional marketing strategy which will cover, inter alia: • Finalize media, marketing and public relation strategy and publicity budget; • Finalize centers for holding conferences for brokers, etc.
11.	Coordination with the Stock Exchange for use of the bidding software
12.	• Coordination for security creation by way of execution of Debenture Trust Deed
13.	Post-issue activities including – • Co-ordination with Bankers to the Issue for management of Public Issue Account(s), Refund Account and any other account and • Allotment resolution
14.	• Drafting and finalization of post issue stationery items like, allotment and refund advice, etc.; • Coordination for generation of ISINs; • Corporate action for dematerialized credit /delivery of securities; • Coordinating approval for listing and trading of securities; and • Redressal of investor grievances in relation to post issue activities.

CAPITAL STRUCTURE

Details of share capital

The share capital of our Company as on June 30, 2024 is set forth below:

Share Capital	(in ₹)
AUTHORISED SHARE CAPITAL	
18,75,00,000 Equity Shares of ₹ 10 each	187,50,00,000
1,25,00,000 Preference Shares of ₹ 10 each	12,50,00,000
Total	**200,00,00,000**
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	
13,60,79,295 Equity Shares of ₹ 10 each	1,36,07,92,950
Total	**1,36,07,92,950**

Notes:
1. Securities Premium account as of June 30, 2024 was ₹ 2,91,998.28 lakh.
2. There will be no change in the capital structure and securities premium account due to the issue and allotment of the NCDs.
3. None of the equity shares held by the Promoters of our Company are either pledged or encumbered.

Details of change in authorised share capital of our company for last three financial years and current financial year:

Except as stated below, there has been no change in the authorised share capital of our Company, for the last three financial years and current financial year.

Date of changes (AGM/EGM)	Particulars
EGM – March 22, 2024	Increase in the Authorized Share Capital of the Company: **From** ₹ 165,00,00,000 (Indian Rupees One Hundred and Sixty Five Crore only) divided into: (i) 15,25,00,000 (Fifteen Crore Twenty Five Lakh) equity shares of ₹ 10 (Indian Rupees Ten Only) each, amounting to 152,50,00,000 (Indian Rupees One Hundred and Fifty Two Crore and Fifty Lakh Only); and (ii) 1,25,00,000 (One Crore Twenty Five Lakh) preference shares of ₹ 10 (Indian Rupees Ten Only) each, amounting to 12,50,00,000 (Indian Rupees Twelve Crore Fifty Lakh Only). **To** ₹ 200,00,00,000 (Indian Rupees Two Hundred Crores only) divided into: (i) 18,75,00,000 (Eighteen Crore Seventy Five Lakhs) equity shares of ₹ 10 (Indian Rupees Ten only) each, amounting to ₹ 187,50,00,000 (Indian Rupees One Hundred Eighty Seven Crores and Fifty Lakhs Only); and (ii) 1,25,00,000 (One Crore Twenty Five Lakh) preference shares of ₹ 10 (Indian Rupees Ten only) each, amounting to 12,50,00,000 (Indian Rupees Twelve Crore Fifty Lakh Only)

Changes in the Equity Share capital of our Company in the three preceding financial years and current financial year:
Except as stated below, there has been no change in Equity Share capital of our Company in preceding three financial years and current financial year.

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative			Addition to Equity Share Premium (INR in Lakhs)
						No. of Equity Shares	Equity Share Capital (in ₹)	Equity Share Premium (₹ in lakhs)	
June 3,	20,000	10	255.00	Cash	Allotment pursuant to	123,750,329	1,237,503,290	2,91,419.27	49.00

Date of Allotment	No. of Equity Shares	Face Value (in ₹)	Issue Price (in ₹)	Consideration (Cash, other than cash etc.)	Nature of Allotment	Cumulative			Addition to Equity Share Premium (INR in Lakhs)
						No. of Equity Shares	Equity Share Capital (in ₹)	Equity Share Premium (₹ in lakhs)	
2021					Exercise of Stock Option granted under ESOP 2016-II				
June 23, 2021	44,400	10	225.00	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,794,729	1,237,947,290	2,91,514.73	95.46
August 30, 2021	10,000	10	255.00	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016-II	123,804,729	1,238,047,290	2,91,539.23	24.50
September 2, 2021	50,000	10	225.00	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,854,729	1,238,547,290	2,91,646.73	107.50
September 14, 2021	65,600	10	225.00	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,920,329	1,239,203,290	2,91,787.77	141.04
September 21, 2021	66,500	10	225.00	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	123,986,829	1,239,868,290	2,91,930.75	142.98
September 28, 2021	23,500	10	225.00	Cash	Allotment pursuant to Exercise of Stock Option granted under ESOP 2016	124,010,329	1,240,103,290	2,91,981.27	50.53
November 26, 2021 (Please refer Note below)	1,20,68,966*	10	NA	NA	Allotment pursuant to Conversion of Compulsory Convertible Preference shares (CCPS)	13,60,79,295	1,36,07,92,950	2,91,981.27	NA
March 31, 2022	Transfer from ESOP reserves as per IND AS 102 - Share Based Payment					NA	NA	2,92,207.63	226.36
June 30, 2024	Adjustment of share issue expense					NA	NA	2,91,998.28	(209.35)

Notes:

**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.*

Shareholding pattern of our Company on June 30, 2024
Table I – Summary Statement holding of specified securities

	Category of share holder	Nos. of share-holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each\ class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	No. of Locked in shares		No. of Shares pledged or otherwise encumbered		No. of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No.	As a % of total Shares held	
								Class e.g.: Equity Shares	Class e.g.: y	Total								
A	Promoter & Promoter Group	3	10,01,48,307	0	0	10,01,48,307	73.60	10,01,48,307	0	10,01,48,307	73.60	0	68.15	764,82,638	76.37	NA	NA	10,01,48,307
B	Public	69,109	3,59,30,988	0	0	3,59,30,988	26.40	3,59,30,988	0	3,59,30,988	26.40	10,869,565	31.85	0	0	NA	NA	3,59,30,988
C	Non Promoter - Non Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
C1	Shares Underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
C2	Shares Held By Employee Trust	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
	Total	**69,112**	**13,60,79,295**	**0**	**0**	**13,60,79,295**	**100.00**	**13,60,79,295**	**0**	**13,60,79,295**	**100.00**	**10,869,565**	**100.00**	764,82,638	**56.20**	**NA**	**NA**	**13,60,79,295**

Table II – Statement showing shareholding pattern of the Promoter and Promoter Group

	Category & Name of the shareholders	Nos. of share-holders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								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 eg: X	Class eg: y	Total								
A1	**Indian**																	
A2	**Foreign**																	
(a)	**Individuals (Non-Resident Individuals / Foreign Individuals)**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b)	**Government**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	**Institutions**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	**Foreign Portfolio Investor**	1	4,03,086	0	0	4,03,086	0.30	4,03,086	0	4,03,086	0.30	0	0.27	0	0	0	0	4,03,086
(e)	**Any Other (Specify)**	**2**	**9,97,45,221**	**0**	**0**	**9,97,45,221**	**73.30**	**9,97,45,221**	**0**	**9,97,45,221**	**73.30**	**0**	**67.88**	7,64,82,638	**76.68**	**0**	**0**	**9,97,45,221**
	BCP V Multiple Holdings Pte Ltd	1	7,64,82,638	0	0	7,64,82,638	56.20	7,64,82,638		7,64,82,638	56.20	0	52.05	7,64,82,638	100	0	0	7,64,82,638
	Indostar Capital	1	2,32,62,583	0	0	2,32,62,583	17.09	2,32,62,583		2,32,62,583	17.09	0	15.83	0	0.0	0	0	2,32,62,583
	Sub Total (A)(2)	**3**	**10,01,48,307**	**0**	**0**	**10,0148,307**	**73.60**	**10,01,48,307**	**0**	**10,01,48,307**	**73.60**	**0**	**68.15**	**7,64,82,638**	**76.37**	**0**	**0**	**10,01,48,307**
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1) + (A)(2)	**3**	**10,01,48,307**	**0**	**0**	**10,01,48,307**	**73.60**	**10,01,48,307**	**0**	**10,01,48,307**	**73.60**	**0**	**68.15**	**7,64,82,638**	**76.37**	**0**	**0**	**10,01,48,307**

Table III- Statement showing shareholding pattern of the Public shareholder

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								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 eg: X	Class eg: y	Total								
B1	**Institutions (Domestic)**																	
(a)	Mutual Fund	1	15,037	0	0	15,037	0.01	15,037	0	15,037	0.01	0	0.01	0	0	0	0	15037
(b)	Venture Capital Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Alternate Investment Funds	0	0	0	0	0	0.00	0	0.00	0	0.00	0	0	0	0	0	0	0
(d)	Banks	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(e)	Insurance Companies	2	24,08,473	0	0	24,08,473	1.77	24,08,473	0	24,08,473	1.77	0	1.64	0	0	0	0	24,08,473
	ICICI Prudential Life Insurance Company Limited	1	18,51,855	0	0	18,51,855	1.36	18,51,855	0	18,51,855	1.36	0	1.26	0	0	0	0	18,51,855
(f)	Provident Funds/ Pension Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(G)	Asset Reconstruction Companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(h)	Sovereign Wealth Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(i)	NBFCs registered with RBI	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(j)	Other Financial Institutions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(k)	Any Other (Specify)											0	0	0	0	0	0	
	Sub Total (B)(1)	**3**	**24,23,510**	**0**	**0**	**24,23,510**	**1.78**	**24,23,510**	**0**	**24,23,510**	**1.78**	**0**	**1.65**	**0**	**0**	**0**	**0**	**24,23,510**
B2																		
(a)	Foreign Direct Investment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b)	Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(c)	Sovereign Wealth Funds	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(d)	Foreign Portfolio Investors Category I	12	4,64,576	0	0	4,64,576	0.34	4,64,576	0	4,64,576	0.34	0	0.32	0	0	0	0	4,64,576
(e)	Foreign Portfolio Investors Category II	3	24,18,395	0	0	24,18,395	1.78	24,18,395	0	24,18,395	1.78		1.65	0	0	0	0	24,18,395
	Cohesion MK Best Ideas Sub-Trust	1	23,62,012	0	0	23,62,012	1.74	23,62,012	0	23,62,012	1.74	0	1.61	0	0	0	0	23,62,012
(f)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(g)	Any Other (Specify)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Sub Total (B)(2)	**15**	**28,82,971**	**0**	**0**	**28,82,971**	**2.12**	**28,82,971**	**0**	**28,82,971**	**2.12**	**0**	**1.96**	**0**	**0**	**0**	**0**	**28,82,971**
B3																		
(a)	Central Government / President of India	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b)	State Government / Governor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	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	0

	Category & Name of the shareholders	Nos. of shareholders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								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 eg: X	Class eg: y	Total								
	Sub Total (B)(3)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B4																		
(a)	Associate companies / Subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(b)	Directors and their relatives (excluding Independent Directors and nominee Directors)	2	1100	0	0	1100	0	1100	0	1100	0.00	0	0	0	0	0	0	1100
(C)	Key Managerial Personnel	2	101	0	0	101	0	101	0	101	0	0	0	0	0	0	0	101
(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	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	0
(f)	Investor Education and Protection Fund (IEPF)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(g)	i. Resident Individual holding nominal share capital up to ₹ 2 lakhs.	65,120	90,70,067	0	0	90,70,067	6.67	90,70,067	0	90,70,067	6.67	0	6.17	0	0	0	0	90,70,067
(h)	ii. Resident individual holding nominal share capital in excess of ₹ 2 lakhs.	94	109,97,136	0	0	109,97,136	8.08	109,97,136	0	109,97,136	8.08	0	7.48	0	0	0	0	109,97,136
	Madhuri Madhusudan Kela	1	33,79,834	0	0	33,79,834	2.48	33,79,834	0	33,79,834	2.48	0	2.30	0	0	0	0	33,79,834
(i)	Non Resident Indians (NRIs)	519	11,30,122	0	0	11,30,122	0.83	11,30,122	0	11,30,122	0.83	0	0.77	0	0	0	0	11,30,122
(j)	Foreign Nationals	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(k)	Foreign Companies	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(l)	Bodies Corporate	211	77,82,108	0	0	77,82,108	5.72	77,82,108	0	77,82,108	5.72	10,869,565	12.69	0	0	0	0	77,82,108
(m)	Any Other (Specify)	3,143	16,43,873	0	0	16,43,873	1.21	16,43,873	0	16,43,873	1.21	0	1.12	0	0	0	0	16.43.873
	Trust	1	7,46,613	0	0	7,46,613	0.55	7,46,613	0	7,46,613	0.55	0	0.51	0	0	0	0	7,46,613
	Hindu Undivided Family	3,139	8,97,153	0	0	8,97,153	0.66	8,97,153	0	8,97,153	0.66	0	0.61	0	0	0	0	8,97,153
	Clearing Member	3	107	0	0	107	0.00	107	0	107	0.00	0	0	0	0	0	0	107
	Sub Total (B)(4)	69091	3,06,24,507	0	0	3,06,24,507	22.50	3,06,24,507	0	3,06,24,507	22.50	10,869,565	28.24	0	0	0	0	3,06,24,507
	Total Public Shareholding B=(B)(1)+(B)(2)+(B) (3)+ (B)(4)	69109	3,59,30,988	0	0	3,59,30,988	26.40	3,59,30,988	0	3,59,30,988	26.40	10,869,565	31.85	0	0	0	0	3,59,30,988

Table IV – Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

	Category & Name of the shareholders	Nos. of share holders	No. of fully paid up equity shares held	Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								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								
1	Custodian/DR Holder	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
2	Employee Benefit Trust / Employee Welfare Trust under SEBI (Share based Employee Benefits and Sweat Equity) Regulations, 2021	0	0	0	0	0	0	0	0	0	0	0	0	0	0	NA	NA	0
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**NA**	**NA**	**0**

Table V – Statement showing details of significant beneficial owners

SR. NO	DETAILS OF THE SBO (I)		DETAILS OF THE REGISTERED OWNER (II)		DETAILS OF HOLDING/ EXERCISE OF RIGHT OF THE SBO IN THE REPORTING COMPANY, WHETHER DIRECT OR INDIRECT*: (III) WHETHER BY VIRTUE OF:					DATE OF CREATION / ACQUISITION OF SIGNIFICANT BENEFICIAL INTEREST# (IV)
					Shares	Voting Rights	Rights on distributable dividend or any other distribution	Exercise of control	Exercise of significant influence	
1	Aanandjit Sundheraj	Singapore	BCP V Multiple Holdings Pte. Ltd.	Singapore	0	0	0	Yes	Yes	May 27, 2020

<u>Note</u> = ** In case the nature of the holding/ exercise of the right of a SBO falls under multiple categories specified under (a) to (e) under Column III, multiple rows for the same SBO shall be inserted accordingly for each of the categories.*

 # This column shall have the details as specified by the listed entity under Form No. BEN-2 as submitted to the Registrar.

List of top 10 holders of Equity Shares of our Company as on June 30, 2024:

Sr. No.	Name of the Shareholder	Total number of Equity Shares	Number of Equity Shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares (%)
1.	BCP V Multiple Holding Pte Ltd	7,64,82,638	7,64,82,638	56.20
2.	Indostar Capital (Mauritius)	2,32,62,583	2,32,62,583	17.09
3.	Madhuri Madhusudan Kela	33,79,834	33,79,834	2.48
4.	Cohesion MK Best Ideas Sub-Trust	23,62,012	23,62,012	1.74
5.	ICICI Prudential Life Insurance Company Limited	18,51,855	18,51,855	1.36
6.	Rosy Blue (India) Private Limited	10,00,000	10,00,000	0.73
7.	Vikas Vijaykumar Khemani	9,61,505	9,61,505	0.71
8.	Khemani Distributors And Marketing Limited	9,61,505	9,61,505	0.71
9.	Elpro International Limited	7,97,500	7,97,500	0.59
10.	Carnelian Capital Compounder Fund-1	7,46,613	7,46,613	0.55

List of top 10 holders of non-convertible securities as on June 30, 2024 (on cumulative basis):

Sr. No.	Name of holders	Category of holder	Face value of holding (₹ in lakh)	Face value of non-convertible securities (₹ in lakh)	Holding as a % of total outstanding non-convertible securities of the Issuer
1.	ICICI Prudential Mutal Fund	Mutual Fund	50,000	1	15.59%
2.	HDFC Mutual Fund-HDFC Credit Risk Debt Fund	Mutual Fund	35,000	1	10.91%
3.	SBI Mutual Fund	Mutual Fund	32,500	1	10.13%
4.	Nippon Life India Trustee Limited	Body Corporate	27,405	1	8.54%
5.	Sporta Technologies Private Limited	Body Corporate	26,500	1	8.26%
6.	Tata Capital Limited	Body Corporate	22,800	10	7.11%
7.	Morgan Stanley India Primary Dealership	Body Corporate	14,250	1	4.44%
8.	Wipro Enterprises Private Limited	Body Corporate	11,000	1	3.43%
9.	Kotak Mahindra Mutal Fund	Mutual Fund	10,000	1	3.12%
10.	Citicorp Finance India Limited	Body Corporate	10,000	1	3.12%

List of top 10 holders of commercial papers in terms of value (in cumulative basis):

Sr. No.	Name of the CP holder	Category of the CP Holder	Face value of CP holding (cumulative) (₹ in lakh)	CP holding % as a % of total CP outstanding of the issuer
1.	Axis Mutual Fund	Mutual Fund	7,500	18.16%
2.	The Kangra Central Co-Op Bank Ltd	Bank	5,000	12.11%
3.	Nippon Life India Trustee Ltd MF	Mutual Fund	5,000	12.11%
4.	Northern Arc Capital Limited	Body Corporate	5,000	12.11%
5.	Mirae Asset MF	Mutual Fund	5,000	12.11%
6.	Raymond Limited	Body Corporate	3,000	7.26%
7.	Northern Arc Money Market Alpha Trust	Trust	2,500	6.05%
8.	Ambit Finvest Private Limited	Body Corporate	2,500	6.05%
9.	Visakhapatnam Steel Project Employees Provident Fund Trust	Trust	1,800	4.36%
10.	Uniparts India Ltd	Body Corporate	1,000	2.42%

Statement of the aggregate number of securities of our Company and our Subsidiaries purchased or sold by our Promoters, Promoter Group and the directors of our Promoters, our Directors and/or their relatives within six months immediately preceding the date of filing of this Draft Prospectus.

Except for the details as set out in the table below, no securities of our Company and Subsidiaries have been purchased or sold by our Promoters, promoter group directors of our Promoters, our Directors and/or their relatives within six months immediately preceding the date of filing of this Draft Prospectus.

Sr. No.	Name of the Transferor	Name of the Transferee	Date of purchase/ Transfer/sale	Whether purchase/ transfer/sale	Number of Equity Shares	Number of Non-Convertible Debentures
1.	ECP III FVCI Pte Ltd	NA (market sale)	April 2, 2024	Sale	19,09,919	-

Statement of Capitalization

A. ***Statement of capitalization (Debt to Equity Ratio) of our Company (Standalone) as on March 31, 2024 and post-issue:***

(₹ in lakh, except Debt/Equity ratio)

Particulars	Pre-Issue as at March 31, 2024	Post Issue as Adjusted basis March 31, 2024*
Debt		
Debt Securities & Subordinated Liabilities	3,28,775.09	3,58,775.09
Borrowings (Other than Debt Securities)	2,76,167.94	2,76,167.94
Total Debt (A)	**6,04,943.03**	**6,34,943.03**
Equity		
Equity Share Capital	13,607.93	13,607.93
Other Equity	2,95,363.08	2,95,363.08
Total Shareholder's funds (B)	**3,08,971.01**	**3,08,971.01**
Debt/ Equity (C= A/B)* (No. of times)	**1.96**	**2.06**

The debt-equity ratio post Issue in indicative on account of the assumed inflow of* *₹ 30,000 lakhs*** *from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

B. ***Statement of capitalization (Debt to Equity Ratio) of our Company (Consolidated) as on March 31, 2024 and post-issue:***

(₹ in lakh, except Debt/Equity ratio)

Particulars	Pre-Issue as at March 31, 2024	Post Issue as Adjusted basis March 31, 2024*
Debt		
Debt Securities & Subordinated Liabilities	3,34,103.91	3,64,103.91
Borrowings (Other than Debt Securities)	4,23,061.12	4,23,061.12
Total Debt (A)	**7,57,165.03**	**7,87,165.03**
Equity		
Equity Share Capital	13,607.93	13,607.93
Other Equity	3,08,414.40	3,08,414.40
Total Shareholder's funds (B)	**3,22,022.33**	**3,22,022.33**
Debt/ Equity (C= A/B)* (No. of times)	**2.35**	**2.44**

The debt-equity ratio post Issue in indicative on account of the assumed inflow of **₹ 30,000 lakhs from the proposed Issue. The actual debt-equity ratio post the Issue would depend on the actual position of debt and equity on the Deemed Date of Allotment.*

Details of Promoter's shareholding in our Company's Subsidiaries

Nil

Details of shareholding of our Directors in our Subsidiaries, Associate or Joint Ventures as of date of this Draft Prospectus

As on the date of this Draft Prospectus, the Directors are not holding any shares in our Subsidiaries. Further, there are no Associates and Joint Ventures of our Company.

Details of any acquisition or amalgamation in the last one year

Our Company has not undertaken any acquisition or amalgamation in the last one year prior to the date of this Draft Prospectus.

Details of any reorganization or reconstruction in the last one year

Our Company has not made any reorganization or reconstruction in the last one year prior to the date of this Draft Prospectus.

Details of debt securities that were issued at a premium or a discount by the Company

Other than as disclosed in the section "*Financial Indebtedness*" on page 199, no debt securities were issued at a premium or a discount by the Company.

Details of change in the promoter holding in our Company during the last financial year beyond 26 % (as prescribed by RBI)

There has been no change in the promoter holding in our Company during the last financial year beyond 26%.

Employee Stock Option Scheme

Particulars	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016 - II	ESOP Plan 2017
Date of Shareholder's Approval	July 30, 2012	May 9, 2016	October 17, 2016	April 28, 2017
Total Number of Options	15,00,000	27,00,000	30,00,000	20,00,000

approved				
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 four 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			

Particulars	ESOP Plan 2018
Date of Shareholder's Approval	December 15, 2017
Total Number of Options approved	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. NRC is entitled to make any Options conditional upon, performance-based criteria, time based criteria and change in control criteria. 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: (iv) Fair Market Value rounded to the nearest rupee; or (v) Market Price rounded to the nearest rupee; or (vi) Such price as may be determined by the NRC.
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 four years from the date of vesting.
Method of Settlement	Equity
Source of shares	Primary
Variation in terms of ESOP	ESOP Plan 2018 was amended via shareholders approval dated June 28, 2024
Method used for accounting of options	Fair Value Method

The following table sets forth details in respect of our ESOP Plans as of March 31, 2024:

Particulars	ESOP Plan				
	2012	2016	2016-II	2017	2018
Total number of options*	15,00,000	27,00,000	30,00,000	20,00,000	60,00,000
Total number of options granted	16,33,754	54,54,536	30,19,000	19,98,500	81,03,992
Options vested	14,250	3,65,950	10,000	1,55,250	1,20,750
Options exercised	13,63,464	5,46,500	10,15,000	-	-
Options cancelled	2,36,590	35,48,536	19,80,500	18,23,500	33,82,406
Options Lapsed	1,950	13,500	13,500	19,750	13,150
Total options outstanding	31,750	13,45,500	10,000	1,55,250	47,08,436

OBJECTS OF THE ISSUE

Issue Proceeds

Our Company has filed this Draft Prospectus for a public issue of secured, redeemable, NCDs for an amount aggregating up to ₹30,000 Lakh.

The details of the proceeds of the Issue are summarized below:

Particulars	Estimated amount (₹ in Lakh)
Gross proceeds of the Issue	30,000.00
Less: Issue related expenses*	[●]
Net proceeds	[●]

**The above Issue related expenses are indicative and are subject to change depending on the actual level of subscription to the Issue, the number of allottees, market conditions and other relevant factors.*

The following table details the objects of the Issue and the amount proposed to be financed from Net Proceeds:

Sr. No.	Objects of the Issue	Percentage of amount proposed to be financed from Net Proceeds
a.	For the purpose of onward lending#	At least 90%
b.	General Corporate Purposes*	Maximum 10%

#Our Company shall not utilize the proceeds of the Issue towards payment of prepayment penalty, if any.
**The Net Proceeds will be first utilized towards the Objects mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount raised in the Issue, in compliance with the SEBI NCS Regulations.*

The main objects clause of the Memorandum of Association of the Company permits the Company to undertake its existing activities as well as the activities for which the funds are being raised through the Issue.

Purpose for which there is a requirement of funds

As stated in this section.

Funding Plan

NA

Summary of the project appraisal report

NA

Schedule of implementation of the project

NA

Monitoring of utilization of funds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Audit Committee of our Company shall monitor the utilisation of the proceeds of the Issue. Our Company will disclose in our Company's financial statements for the relevant financial year commencing from Fiscal 2025, the utilized of the proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue. Our Company shall utilize the proceeds of the Issue only upon the execution of the documents for creation of security and receipt of final listing and trading approval from the Stock Exchange.

Interim use of proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Issue Proceeds in compliance with all applicable laws. Pending complete utilization of the Issue Proceeds for the Objects described above, our Company intends to, inter alia, invest the Issue Proceeds on a temporary basis in instruments as permitted in the Investment Policy of the Company (as approved by the Board of the Company on April 29, 2024), including in Government Securities, Bonds of Public Sector Undertakings and Private Sector, units of Debt Mutual Funds, Fixed Deposits with Banks and Commercial Paper, and undertaken in compliance with all applicable laws.

Other Confirmations

In accordance with the SEBI NCS Regulations, our Company will not utilize the proceeds of the Issue for providing loans to or acquisition of shares of any person or company who is a part of the same group as our Company or who is under the same management as our Company.

Proceeds from the Issue shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property. No part of the proceeds from the Issue will be paid by us as consideration to our Promoter, the Directors, Key Managerial Personnel, or companies promoted by our Promoter except in ordinary course of business.

No part of the proceeds from the Issue will be utilized for buying, trading or otherwise dealing in equity shares of any listed company. Further our Company undertakes that Issue proceeds from NCDs allotted to banks shall not be used for any purpose, which may be in contravention of the RBI guidelines including those relating to classification as capital market exposure or any other sectors that are prohibited under the RBI Regulations.

All monies received out of the Issue shall be credited/ transferred to a separate bank account maintained with a Scheduled Bank as referred to in section 40(3) of the Companies Act 2013.

Details of all monies utilized out of the Issue referred above shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies have been utilized along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form in which such unutilized monies have been invested.

Our Company confirms that it will not use the proceeds from the Issue, directly or indirectly, for the purchase of any business or in the purchase of any interest in any business whereby our Company shall become entitled to an interest in either the capital or profit or losses or both in such business exceeding 50% thereof, the purchase or acquisition of any immovable property (direct or indirect) or acquisition of securities of any other body corporate.

The fund requirement as above is based on our current business plan and is subject to change in light of variations in external circumstances or costs, or in our financial condition, business or strategy. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirements and deployment of funds may also change.

There is no contribution being made or intended to be made by the Directors as part of the Issue or separately in furtherance of the Objects of the Issue.

Issue related expenses break-up

The expenses for this Issue include, inter alia, lead management fees and selling commission to the Lead Manager, Consortium Members and intermediaries as provided for in the SEBI Master Circular, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses, listing fees and any other expense directly related to the Issue. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for this Issue is as follows*:

Particulars	Amount (₹ in lakhs)	As percentage of Issue proceeds (in %)	As percentage of total expenses of the Issue (in %)
Lead manager fees	[•]	[•]	[•]
Underwriting commission	[•]	[•]	[•]
Brokerage, selling commission and upload fees	[•]	[•]	[•]
Fee Payable to the registrars to the issue	[•]	[•]	[•]
Fees payable to the legal advisors	[•]	[•]	[•]
Advertising and marketing expenses	[•]	[•]	[•]
Fees payable to the regulators including stock exchange and depository.	[•]	[•]	[•]
Expenses incurred on printing and distribution of issue stationary	[•]	[•]	[•]
Any other fees, commission or payments under whatever nomenclature.**	[•]	[•]	[•]
Grand Total	[•]	[•]	[•]

**Assuming the Issue is fully subscribed. The expenses are indicative and are subject to change depending on the actual level of subscription to the Issue and the number of Allottees, market conditions and other relevant factors.*
***fees payable to rating agency, debenture trustee and auditors.*

Our Company shall pay processing fees to the SCSBs for ASBA forms procured by Lead Manager/ Consortium Members / Sub brokers/Trading Members and submitted to the SCSBs for blocking the Application Amount of the applicant, at the rate of ₹ [•] per Application Form procured (plus service tax and other applicable taxes). However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA Processing Fee.

Further, our Company shall pay the Sponsor Bank ₹ [•] for every valid Application that is blocked. The payment will be made on the basis of valid invoices within such timelines mutually agreed to/prescribed by the Company with the Designated Intermediaries/Sponsor Bank.

Variation in terms of contract or objects in this Draft Prospectus

Our Company shall not, in terms of Section 27 of the Companies Act, 2013, at any time, vary the terms of the objects for which this Draft Prospectus is issued, except as may be prescribed under the applicable laws and specifically under Section 27 of the Companies Act, 2013. Further, in accordance with the SEBI Listing Regulations, in case of any material deviation in the use of proceeds as compared to the objects of the issue, the same shall be indicated in the format as specified by SEBI from time to time.

Benefit / interest accruing to Promoters/Directors out of the object of the Issue

Neither our Promoter nor the Directors of our Company are interested in the Objects of the Issue.

STATEMENT OF POSSIBLE TAX BENEFITS

To,

The Board of Directors

IndoStar Capital Finance Limited
Off No- 301, Wing A, CTS No 477, Silver Utopia,
Chakala Road, opposite Proctor and Gamble Plaza,
Andheri (E), Sahargaon, Mumbai – 400 099

Sub: Proposed public issue by Indostar Capital Finance Limited ("Company" or "Issuer") of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each ("NCDs") for an amount aggregating up to ₹ 15,000 lakh ("Base Limit") with a Green Shoe Option of up to ₹ 15,000 lakh aggregating up to ₹ 30,000 lakh ("Issue") hereinafter referred to as the "Issue". The NCDs will be issued on terms and conditions as set out in the Draft Prospectus and the Prospectus (collectively, the "Offer Documents").

1. We, MSKA & Associates ("the Firm"), Chartered Accountants, the statutory auditors of Indostar Capital Finance Limited (the "Company") hereby confirm the enclosed statement in the Annexure prepared and issued by the Company, which provides the possible special tax benefits under Income-tax Act, 1961 ('Act') as amended by Finance Act 2024 presently in force in India viz. the Income-tax Act, 1961, ('Act'), the Income-tax Rules, 1962, ('Rules'), regulations, circulars and notifications issued thereon, as applicable to the assessment year 2025-26 relevant to the financial year 2024-25, available to the Company and its debenture holders; and Indostar Home Finance Private Limited ("Material Subsidiary") identified as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Several of these benefits are dependent on the Company, its debenture holders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company, its debenture holders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company, its debenture holders face in the future, the Company, its debenture holders and may or may not choose to fulfil.

2. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

3. It is assumed that with respect to special tax benefits available to the Company, the same would include those benefits as enumerated in the statement. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the statement, have not been examined and covered by this statement.

4. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

5. The benefits discussed in the enclosed statement cover the possible special tax benefits available to the Company, its debenture holders and do not cover any general tax benefits available to them.

6. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

7. The benefits stated in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the distinct nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation

in the issue and we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of this statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency.

8. We do not express any opinion or provide any assurance whether:
   - The Company, its debenture holders will continue to obtain these benefits in future;
   - The conditions prescribed for availing the benefits have been/would be met;
   - The revenue authorities/courts will concur with the views expressed herein.

9. We conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India (the "Guidance Note"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

11. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the Company.

12. This Statement is addressed to Board of Directors and issued at specific request of the Company. The enclosed Annexure to this Statement is intended solely for your information and for inclusion in offer documentsand any other material in connection with the proposed issue of non-convertible debentures of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

13. We hereby consent to inclusion of the extracts of this certificate in the Issue Documents and/or any other document in relation to the Issue, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority including SEBI and the Registrar of Companies, Mumbai, stock exchanges, any other authority as may be required and/or for the records to be maintained by the Lead Manager appointed in connection with the Issue and in accordance with applicable law, and for the purpose of any defense the Lead Managers may wish to advance in any claim or proceeding in connection with the contents of the Issue Documents. Accordingly, this certificate is not to be used, referred to or distributed for any other purpose without our prior and written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing. Any subsequent amendment / modification to provisions of the applicable laws may have an impact on the views contained in our statement. While reasonable care has been taken in the preparation of this certificate, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

14. This certificate may be relied on by Lead Manager, namely Nuvama Wealth Management Limited and their affiliates and legal counsel in relation to the Issue.

For **M S K A & Associates**
Chartered Accountants
Firm Registration Number:105047W

Tushar Kurani
Partner
Membership No:118580

Place: Mumbai
Date: 29 July 2024
UDIN: 24118580BKFMBR7286

Annexure I

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDER(S)

The information provided below sets out the possible tax benefits available to the Debenture Holders of secured, rated, listed, redeemable non-convertible debentures ("**NCDs**") of Indostar Capital Finance Limited in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposing of the NCDs under the current tax laws presently in force in India. Several of these benefits are dependent on the Debenture Holders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Debenture Holders to derive the tax benefits is dependent upon fulfilling suchconditions, which, based on business imperatives a subscriber faces, may or may not choose to fulfill.

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Subscribers are advised to consult their own tax consultant with respect to the tax implications of an investment in the NCDs, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may havea different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor advising the investor to invest money based on this Statement.

THE SUBSCRIBERS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING THE NCDs IN YOUR PARTICULAR SITUATION.

POSSIBLE TAX BENEFITS AVAILABLE TO THE DEBENTURE HOLDERS UNDER THE INCOME TAX ACT,1961, ("the IT ACT") PRESENTLY IN FORCE IN INDIA ON ACQUISITION OF THE NCDs.

1. The basis of charge of Indian income-tax would depend upon the residential status of the debenture holder during the tax year (i.e., the financial year). The Indian tax year runs from April 1 until March 31.

2. If the debenture holder is an Indian tax resident, he is liable to income-tax in India on his worldwide income, subject to certain tax exemptions, which are provided under the IT Act. Furthermore, in case an Indian citizen, having total income (other than foreign source income), exceeding ₹ 15 Lakhs during the year shall be deemed to be a resident in India, if he is not liable to tax in any other country or territory by reason of his domicile or residence and he is always treated as a resident but not ordinarily resident.

3. A debenture holder, who is treated as a non-resident for Indian income-tax purposes, is generally subject to tax in India only on his India-sourced income (i.e., income which accrues or arises or deemed to accrue or arise in India) and income received by such persons in India. Since the NCDs would be issued by an Indian company, any income in respect of the NCDs and/or gains arising to the non-resident debenture holder on transfer would generally be regarded as India- sourced income and would accordingly be taxable in India under the IT Act.

4. In case of non-resident debenture holders, the tax rates and the consequent taxation, mentioned in this part shall be further subject to any benefits available under the Double Taxation Avoidance Agreement ("DTAA" or "tax treaty"), if any, between India and the country of residence of the non-resident, subject to satisfying the relevant conditions including but not limited to:

   - conditions (if any) present in the said DTAA read with the relevant provisions of the Multilateral Instrument ("MLI") as ratified by India with the respective country of which the said debenture holder is a tax resident;
   - non-applicability of General Anti-Avoidance Rule ("GAAR"); and
   - providing and maintaining necessary information and documents as prescribed under the IT Act read with applicable rules, circulars and/or notifications.

5. All references to NCDs hereinafter refer to secured, rated, listed, redeemable, non-convertible debentures issued by the Company, unless statedotherwise.

6. **Determination of head of income for the purpose of taxability**

   The returns received by the investors from the NCDs in the form of interest and/or gains or loss on transfer of the NCD, may be characterized under the following broad heads of income for the purposes of taxation under the IT Act:

- Profits and gains from business or profession ("PGBP");
- Income from capital gains ("CG"); and
- Income from other sources ("IFOS")

If the NCDs are held as 'Stock-in-trade', interest income as well as gain or loss on its transfer will be taxable under the head PGBP, whereas, if the NCD are held as 'Investments', then the interest income will be taxable under the head IFOS and any gain or loss on its transfer will be assessed to tax under the head CG.

For determining the appropriate head of income (as mentioned above) vis-à-vis the interest income or gains earned on/from the NCD, it will be pertinent to analyse whether the NCDs are held as 'Investments' i.e., capital asset or as 'Stock-in- trade'. The conclusion can vary based on the facts of each investor's case (taking into account factors such as the volume of purchases and sales, ratio between purchases and sales, the period of holding, whether the intention is to earna profit from sale or to earn interest etc.).

The Central Board of Direct Taxes ("CBDT") has clarified in Circular No. 6/2016 dated February 29, 2016, that incomearising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as "CapitalGains" unless the Assessee itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

Further, as per section 2(14) of the IT Act, 'capital asset' includes, *inter alia*, securities held by a Foreign Institutional Investor ("FII") now known as Foreign Portfolio Investor] which has invested in such securities in accordance with the regulations made under Securities and Exchange Board of India Act, 1992 ("SEBI"). Accordingly, such securities, held by an FII, will be characterized as 'capital asset' and classification as 'Stock-in- trade' shall not apply.

The investors may obtain specific advice from their tax advisors regarding the tax treatment of their investments.

7. **Taxation of Interest and Gain/Loss on transfer of NCDs**

A. RESIDENT DEBENTURE HOLDERS:

1. In respect of Interest on NCD

Interest on NCDs received by the NCD holders would be subject to income tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act (Refer Note 1 below). Interest will be assessed to income tax on an accrual basis or receipt basis depending on the method of accounting regularly employed by the debenture holder under section 145 of theIT Act.

1.1. **Taxable under the head PBBP**

As discussed above, depending on the particular facts of each case, the NCDs may, in certain cases, be regarded to be in the nature of 'Stock-in-trade' and, accordingly, the interest on NCDs should be considered to be in the nature of business income and hence, chargeable to tax under the head PGBP. Furthermore, where the NCDs are held as stock-in-trade and unpaid interest has accrued before acquisition and is included in the price paid for the NCDs, subsequent receipt of interest is to be allocated between pre-acquisition and post-acquisition periods, the pre-acquisition portion of the interest is reduced from the actual cost and is to be treated as interest.

1.2. **Taxable under the head IFOS**

Where the NCDs are held as investments by the debenture holders, then the interest income would be taxable under the head IFOS.

Section 57(i) grants deduction of any reasonable sum paid by way of commission or remuneration paid to a bankeror any other person for the purpose of realizing dividend or interest on securities on behalf of the Assessee. Further,under clause (iii) of section 57, deduction is allowable for any other expenditure (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of making or earning the income.

Debentures received as gift without consideration or inadequate consideration

As per section 56(2)(x) of the IT Act, except in cases which are specifically exempted under this clause (such as gift received from relative as defined under the section), where the debentures are received without consideration where the aggregate market value of all gifts received exceeds Rs. 50,000 the aggregate market value of the debentures shall be taxable as income in the hands of the recipient. Similarly, if debentures are received for inadequate consideration, the shortfall in the consideration will be treated as income of the recipient subject to the provisions contained in section 56(2)(x) of the IT Act. There is no gift tax for the Donor of the Debentures. Clubbing provisions might also get attracted in case of inadequate transfer of assets or income by the assessee.

2. In respect of Withholding taxes

2.1 Interest on NCDs received by its holder would be subject to deduction of tax at source ("TDS") at the rate of 10% at the time of credit or payment, whichever is earlier as per the provisions of section 193 of the IT Act.

2.2 Prior to Finance Act 2023, section 193 provided for no TDS in case of any interest payable on any security issued by a company, where such security was in dematerialized form and listed on a recognized stock exchange in India. However, the said relaxation has been omitted by Finance Act 2023 with effect from April 1, 2023. Accordingly, TDS at the rate of 10% would now be deductible on listed NCDs.

2.3 Section 193 further provides for non-deduction of tax at source in certain cases. Section 193 inter alia provides for no TDS where the aggregate amount of interest paid or likely to be paid during the financial year to an individual or HUF, being a resident, does not exceed ₹5,000 and such interest is paid by an account payee cheque.

2.4 No deduction of tax is required in case of resident individuals or resident Hindu Undivided Family ("HUF") if self - declaration in Form no. 15G/15H is furnished as per section 197A(1A)/(1C).

2.5 Further, as per section 196, no deduction of tax shall be made by any person from any sums payable to –

(i) the Government, or

(ii) the Reserve Bank of India, or

(iii) a corporation established by or under a Central Act which is, under any law for the time being in force, exempt from income-tax on its income, or

(iv) a Mutual Fund specified under clause (23D) of section 10

2.6 Further, section 197A(1E) provides no deduction of tax shall be made from any payment to any person for, or on behalf of, the New Pension System Trust referred to in clause (44) of section 10.

2.7 Section 206AA provides for a higher withholding rate in case of any person, who being entitled to receive any sum/ income on which TDS is deductible under Chapter XVIIB (deductee), fails to furnish his Permanent Account Number to the person responsible for deducting such TDS. The withholding tax rates in case of such person shall be higher of the following:

(i) at the rate specified in the relevant provision of the IT Act; or

(ii) at the rate or rates in force; or

(iii) at the rate of 20%.

2.8 Section 206AB provides for a higher withholding rate in case of any person (other than (a) a non-resident who does not have a permanent establishment in India or (b) a person who is not required to furnish the return of income for the assessment year relevant to the concerned previous year and is notified by the Central Government in the Official Gazette in this behalf) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:

(i) at twice the rate specified in the relevant provision of the IT Act; or
(ii) at twice the rate or rates in force; or
(iii) at the rate of 5%.

Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall bededucted at higher of the rates provided in section 206AB and in section 206AA of the IT Act.

3. In respect of Capital Gains arising from transfer of NCDs

3.1 As discussed above, based on the particular facts of each case, the NCD may, in certain cases, be regarded to be held as 'Investments' in which case the gains or loss from the transfer of such NCD should be chargeable to tax under the head CG.

3.2 As per section 2(29AA) read with section. 2(42A) of the IT Act, a capital asset shall be treated as a long- term capital asset ("LTCA"), if the same is held for more than 36 months immediately preceding the date of its transfer. However, in case of a listed security, the same shall be treated as a LTCA, if it is held for more than 12 months immediately preceding the date of its transfer.

3.3 As per section 112 of the IT Act, Long Term Capital Gain ("LTCG") arising on transfer of the NCDs would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, the amount of such tax shall be limited to 10% (plus applicable surcharge and education cess) without indexation, in the case of listed NCDs.

3.4 As per the third proviso to section 48 of the IT Act, the benefit of indexation on the cost of acquisition of a LTCA under second proviso of section 48 of the IT Act, is not available in case of bonds and debenture, except capital indexed bonds and sovereign gold bonds.

3.5 Short Term Capital Gains ("STCG") arising from transfer of the NCDs would be taxable as per the normal slab rates (Plus, applicable surcharge and education cess), subject to applicability of concessional tax regime.

3.6 Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act. Also, the capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the NCDs from the sale consideration accrued to the respective NCD holder.

3.7 Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG arising in the hands of the NCD holder, being an Individual or Hindu Undivided Family, on transfer of the NCDs would be exempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India ("new asset").

However, the said exemption shall not be available, if the debenture holder:

a) Owns more than one residential house, other than the new asset, on the date of transfer of the NCDs; or

b) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer ofthe NCDs; or

c) Constructs any residential house, other than the new asset, within a period of 3 years after the date of transferof the NCDs; and

d) The income from such residential house, other than the one residential house owned on the date of transfer ofthe NCDs is chargeable under the head 'Income from house property'.

Where the cost of new asset exceeds Rs. 10 crores, the amount exceeding Rs. 10 crores shall not be taken into account for the purpose of section 54F (1). That is to say, the maximum deduction permissible under section 54F is restricted to Rs. 10 crores.

Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, theamount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such residential house is transferred.

3.8 Thereafter, under section 54EE of the IT Act, long term capital gains arising to the Debenture Holder(s) on transfer of debentures in the company shall not be chargeable to tax to the extent such capital gains are invested in long term specified asset (a unit or units issued before 01.04.2019) as notified by Central Government within six months after the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred or converted into money. However, the exemption is subject to a limit of investment of INR 50 lacs during any financial year in the notified bonds. Where the benefit of Section 54EE of the Act has been availed of on investments in the notified bonds, a deduction from the income with reference to such a cost shall not be allowed under section 80C of the Act.

As per provisions of section 54EE of the Act, capital gain on the transfer of a long-term capital asset, arising to a debenture holder is exempt from tax, if the assessee / debenture holder invested the whole or any part of capital gains in the long-term specified asset at any time within a period of six months. If the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, then such gains would be chargeable to tax on a proportionate basis. This exemption is available, subject to the condition that the investment in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees: If the long term specified asset in which the investment has been made is transferred within a period of three years from the date of its acquisition, the amount of capital gains tax claimed earlier would become chargeable to tax as capital gains in the year in which such long term specified asset is transferred. Specified Asset means a unit or units, issued before the 1st day of April 2019, of such fund as may be notified by the Central Government in this behalf.

3.9 As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

3.10 A new section 50AA has been inserted by Finance Act 2023 for computation of capital gains in case of inter alia Market Linked Debentures ("MLDs") so as to tax the income from the same as short term capital gains irrespective of their period of holding. MLDs are basically a type of non-convertible debentures wherein the returns are not fixed but linked to the performance of a certain market index. The NCDs under consideration are not MLDs and thus, the said section would not be applicable.

4. In respect of Business Income arising from transfer of NCDs

4.1 As discussed above, depending on the particular facts of each case, the NCDs may, in certain cases, be regardedto be in the nature of 'Stock-in-trade' and, accordingly, the gains from the transfer of such NCD should be considered to be in the nature of business income and hence, chargeable to tax under the head PGBP.

4.2 In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a 'net' basis (i.e.net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act).

4.3 In terms of section 36(1)(xv) of the IT Act, the STT paid by the investor in respect of the taxable securities transactions entered into during the course of his business would be eligible for deduction from the amount of income chargeable under the head PGBP, if the income arising from taxable securities' transaction is included in such income.

5. In respect of Set off and carry forward of the losses

5.1 As per section 70 of the IT Act, Short Term Capital Loss ("STCL") computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

5.2 Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

5.3 As per section 70 of the IT Act, business loss from one source (other than loss on speculation business) for a given year is allowed to be set off against business income from another source. Further, as per section 71 of the IT Act, business loss (other than loss on speculation business) for a given year is allowed to be set-off against income from other heads (except Salaries). In order to carry forward the capital losses and subsequently offset the same against capital gains, the Return of Income should be filed before the prescribed due date and should possess an indication towards such carry forward and set off.

Balance business loss (other than loss on speculation business), which is not set-off is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' non-speculative business income, as per section 72. In order to carry forward the capital losses and subsequently offset the same against capital gains, the Return of Income should be filed before the prescribed due date and should possess an indication towards such carry forward and set off

6. In case, where total income of any individual, HUF, Association of Person ("AOP") (except in case of an AOP having only companies as its members), Body of Individuals ("BOI"), Artificial Juridical Person ("AJP") includes any income inter alia by way of capital gains under sections 111A, 112 and 112A, the rate of surcharge on the amount of income- tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

Total Income	Income other than Capital gains covered u/s111A, 112 and 112A	Capital gains covered u/s111A, 112 and 112A
Upto ₹50 lakh	Nil	Nil
Income exceeds ₹ 50 lakhs but does not exceed ₹1 crore	10%	10%
Income exceeds ₹1 crore but does not exceed ₹2 crore	15%	15%
Income exceeds ₹2 crore but does not exceed ₹5 crores	25%	15%
Income exceeds ₹5 crores	37%#	15%

#In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 has made section 115BAC as the default tax regime w.e.f. AY 2024-25. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of section 115BAC, in which case, the highest rate of surcharge rate shall be 37%. A person shall be liable to mandatorily submit Form 10-IEA within the specified time

frame under section 139(1) of the IT Act if he wishes to switch the tax regime from new to old or if he wishes to re-enter in the new scheme.

B. NON-RESIDENT DEBENTURE HOLDERS OTHER THAN FOREIGN INSTITUTIONAL INVESTOR ("FII"):

1. In respect of Interest on NCDs

Interest on NCDs received by the NCD holders would be subject to income tax at the normal rates of tax in accordance with and subject to the provisions of the IT Act. Interest will be assessed to income tax on accrual basis or receipt basis depending on the method of accounting regularly employed by the debenture holder under section 145 of the IT Act.

1.1. Taxable under the head PGBP

As discussed above, depending on the particular facts of each case, the NCDs may, in certain cases, be regarded to be in the nature of 'Stock-in-trade' and, accordingly, the interest on NCDs should be considered to be in the nature of business income and hence, chargeable to tax under the head PGBP.

1.2. Taxable under the head IFOS

Where the NCDs are held as investments by the debenture holders, then the interest income would be taxable under the head IFOS.

Section 57(i) grants deduction of any reasonable sum paid by way of commission or remuneration paid to a bankeror any other person for the purpose of realizing dividend or interest on securities on behalf of the Assessee. Further, under clause (iii) of section 57, deduction is allowable for any other expenditure (not being in the nature of capital expenditure) laid out or expended wholly and exclusively for the purpose of making or earning theincome.

Debentures received as gift without consideration or inadequate consideration

As per section 56(2)(x) of the IT Act, except in cases which are specifically exempted under this clause (such as gift received from relative as defined under the section), where the debentures are received without consideration where the aggregate market value of all gifts received exceeds Rs. 50,000 the aggregate market value of the debentures shall be taxable as income in the hands of the recipient. Similarly, if debentures are received for inadequate consideration, the shortfall in the consideration will be treated as income of the recipient subject to the provisions contained in section 56(2)(x) of the IT Act. There is no gift tax for the Donor of the Debentures.

2. In respect of Withholding taxes

2.1 Interest on the NCDs received by its holder would be subject to withholding tax at source at the time of credit or payment, whichever is earlier as per the provisions of section 195 of the IT Act. The applicable income-tax rate for deduction of tax at source has been provided in Part II of First Schedule to Finance Act, 2024.

2.2 However, no/lower income-tax shall be deductible if the holder of the NCDs obtains a certificate under sections 195(3) or 197(1) from the Assessing Officer for no deduction of tax at source or lower deduction at source and that certificate is furnished to the Company before the prescribed date of closure of books of account of the Companyfor payment of debenture interest.

2.3 The Company would be under an obligation to deduct tax at source under section 195 at applicable rates in force (Generally 30%/40%).In the absence of PAN of the debenture holder, tax would be deductible at higher of, the applicable rate or 20% as per section 206AA of the IT Act. The provisions of section 206AA will, however not apply if the non-residentdebenture holder provides to the payer the following details as listed in Rule 37BC:

a) name, e-mail id, contact number;

b) address in the country or specified territory outside India of which the debenture holder is a resident;
c) Tax Residency Certificate and Form 10F filed electronically;
d) Tax Identification Number/ Unique Identification Number of the debenture holder.

2.4 Section 206AB provides for a higher withholding rate in case of any person (other than (a) a non-resident who does not have a permanent establishment in India or (b) a person who is not required to furnish the return of income for the assessment year relevant to the concerned previous year and is notified by the Central Government in theOfficial Gazette in this behalf) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit forfurnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deductedat source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:

a) at twice the rate specified in the relevant provision of the IT Act; or
b) at twice the rate or rates in force; or
c) at the rate of 5%.

Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall be deductedat higher of the rates provided in section 206AB and in section 206AA of the IT Act.

3. In respect of Capital Gains from transfer of NCDs

3.1 As discussed above, based on the particular facts of each case, the NCD may, in certain cases, be regarded to be held as 'Investments' in which case the gains or loss from the transfer of such NCD should be chargeable to tax under the head CG.

3.2 As per section 2(29AA) read with section 2(42A) of the IT Act, a capital asset shall be treated as a long-term capital asset (LTCA), if the same is held for more than 36 months immediately preceding the date of its transfer. However, in case of a listed security, the same shall be treated as a LTCA, if it is held for more than 12 months immediatelypreceding the date of its transfer.

3.3 Under the first proviso to Section 48 of the IT Act, in case of a non-resident investor, while computing the capital gains arising from transfer of the NCDs acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. The capital gains/loss in such a case is computed by converting the cost of acquisition, sale consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized for the purchase of the NCDs.

3.4 As per section 112 of the IT Act, Long Term Capital Gain (LTCG) arising on transfer of the NCDs would be subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, the amount of such tax shall, be limited to 10% (plus applicable surcharge and education cess) without indexation, at the option of the debenture holder if the NCDs are listed.

3.5 As per the third proviso to section 48 of the IT Act, the benefit of indexation on the cost of acquisition of a LTCA under second proviso of section 48 of the IT Act, is not available in case of bonds and debenture, except capital indexed bonds and sovereign gold bonds.

3.6 Short Term Capital Gains (STCG) arising from transfer of the NCDs would be taxable as per the slab rates provided under Finance Act, 2024 (plus applicable surcharge and education cess), subject to applicability of concessional tax regime.

3.7 Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 112 of the IT Act. Also, the capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the NCDs from the sale consideration accrued to the respective NCD holder.

3.8 Under section 54F of the IT Act and subject to the conditions and to the extent provided therein, LTCG arising in the hands of the debenture holder, being an Individual or Hindu Undivided Family, on transfer of the debentures would be exempt from tax, if the net consideration from such transfer is utilized, for purchase within a period of 1 year before or 2 years after the date on which the transfer took place, or for construction within a period of 3 years after the date of such transfer, of one residential house in India (new asset).

However, the said exemption shall not be available, if the debenture holder:

a) Owns more than one residential house, other than the new asset, on the date of transfer of the NCDs; or

b) Purchases any residential house, other than the new asset, within a period of 1 year after the date of transfer of the NCDs; or

c) Constructs any residential house, other than the new asset, within a period of 3 years after the date of transfer of the NCDs; and

d) The income from such residential house, other than the one residential house owned on the date of transfer of the NCDs is chargeable under the head 'Income from house property'.

   Where the cost of new asset exceeds Rs. 10 crores, the amount exceeding Rs. 10 crores shall not be taken into account for the purpose of section 54F (1). That is to say, the maximum deduction permissible under section 54F is restricted to Rs. 10 crores.

   Further, if the new asset is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as LTCG in the year in which such residential house is transferred.

3.9 As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

3.10 A new section 50AA has been inserted by Finance Act, 2023 for computation of capital gains in case of *inter alia* Market Linked Debentures (MLDs) so as to tax the income from the same as short term capital gains irrespective of their period of holding. The NCDs under consideration are not MLDs and thus, the said section would not be applicable.

4. <u>In respect of Business Income from transfer of NCDs</u>

4.1 As discussed above, depending on the particular facts of each case, the NCDs may, in certain cases, be regarded to be in the nature of 'Stock-in-trade' and, accordingly, the gains from the transfer of such NCD should be considered to be in the nature of business income and hence, chargeable to tax under the head PGBP.

In such a scenario, the gains from the business of investing in the NCD may be chargeable to tax on a 'net' basis (i.e.net of allowable deductions for expenses/allowances under Chapter IV – Part D of the IT Act).

4.2 In terms of section 36(1)(xv) of the IT Act, the STT paid by the investor in respect of the taxable securities transactions entered into in the course of his business would be eligible for deduction from the amount of income chargeable under the head PGBP, if the income arising from taxable securities transaction is included in such income.

5. <u>In respect of Set off and carry forward of Losses</u>

5.1 As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

5.2 Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

5.3 As per section 70 of the IT Act, business loss from one source (other than loss on speculation business) for a given year is allowed to be set off against business income from another source. Further, as per section 71 of theIT Act, business loss (other than loss on speculation business) for a given year is allowed to be set-off against income from other heads (except Salaries).

5.4 Balance business loss (other than loss on speculation business), which is not set-off is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' non-speculative business income, as per section 72.

6. Where the NCDs have been subscribed in convertible foreign exchange, Non-Resident Indians ("NRI"), i.e., an individual being a citizen of India or person of Indian origin who is not a resident, have the option of being governed by the provisions of Chapter XII-A of the IT Act, which *inter alia* entitles them to the following benefits:

(i) Under section 115E of the IT Act, interest on NCDs shall be taxable in the hands of NRI at the rate of 20% (plus applicable surcharge and health & education cess) and the LTCG arising to the NRI shall be taxable at the rateof 10 % (plus applicable surcharge and health & education cess). While computing the LTCG, the benefit of indexation of cost would not be available.

(ii) Under section 115F of the IT Act, LTCG arising to an NRI from the transfer of the debentures subscribed to in convertible foreign exchange shall be exempt from income-tax, if the net consideration is reinvested in specified assets or in any saving certificates referred to in section 10(4B) of the IT Act, within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets or saving certificate are transferred or converted into money within three years from the date of their acquisition.

(iii) Under section 115G of the IT Act, it shall not be necessary for an NRI to furnish his return of income under section139(1) of the IT Act if his total income chargeable under the IT Act consists of only investment income or LTCG or both; arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted thereon as per the provisions of Chapter XVII-B of the IT Act.

(iv) In accordance with the provisions of Section 115H of the IT Act, where an NRI becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A of the IT Act shallcontinue to apply to him in relation to such investment income derived from the specified assets (which includes debentures issued by an Indian company which is not a private company) for that year and subsequent assessment years until such assets are transferred or converted into money.

(v) As per provisions of Section 115-I of the IT Act, an NRI may elect not to be governed by provisions of Chapter XII-A and compute his total income as per other provisions of the IT Act. In such a case,

- Long Term capital gains on transfer of listed debentures would be subject to tax at the rate of 10% computed without indexation.

- Interest income and Short – term capital gains on the transfer of listed debentures, where debentures are held for a period of not more than 12 months preceding the date of transfer, would be taxable applicable rates in accordance with the provisions of the Act.

- Where debentures are held as stock in trade, the income on transfer of debentures would be chargeable to tax as "Profits & Gains of business & profession in accordance with and subject to the provisions of the Act.

(vi) As per Section 115D (1) of the IT Act, no deduction in respect of any expenditure or allowance shall be allowed under any provisions of the Act in the computation of income of a non-resident Indian under Chapter XII – A of the Act.

7. The provisions of section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the IT Act and the Assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the Assessee is not required to seek registration under any law for the time being in force, relating to companies.

   Further, section 115JB expressly provides that the amount of income from (i) capital gains arising on transactions in securities; or (ii) interest, dividend, royalty or fees for technical services chargeable to tax at the rates specified in Chapter XII, accruing or arising to a foreign company shall not be liable to MAT if such income is credited to the profit and loss account and the income-tax payable in accordance with the other provisions of the IT Act, is less than the rate specified in section 115JB. The expenditures, if any, debited to the profit and loss account, corresponding to such income (which is to be excluded from the MAT liability) shall also be added back to the book profit for the purpose of computation of MAT.

8. In case, where total income of any individual, HUF, AOP (except in case of an AOP having only companies as its members), BOI, Artificial Juridical Person includes any income inter alia by way of capital gains under sections 111A, 112 and 112A, the rate of surcharge on the amount of income-tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

Total Income	**Income other than Capital gains covered u/s111A, 112 and 112A**	**Capital gains covered u/s 111A, 112 and 112A**
Upto ₹50 lakh	Nil	Nil
Income exceeds ₹ 50 lakhs but does not exceed ₹1 crore	10%	10%
Income exceeds ₹1 crore but does not exceed ₹2 crore	15%	15%
Income exceeds ₹2 crore but does not exceed ₹5 crores	25%	15%
Income exceeds ₹5 crores	37%#	15%

 # In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 has made section 115BAC as the default tax regime w.e.f. AY 2025-26. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of section 115BAC, in which case, the surcharge rate of 37% would be applicable.

9. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the IT Act or the applicable tax treaty (read with MLI, if applicable), whichever is more beneficial. The treaty and MLI provide for various anti-abuse provisions (viz. beneficial ownership, Limitation on Benefit, Principal Purpose Test, etc.) which have to be examined for claiming tax treaty benefit. In order to avail treaty benefit, the non-resident will also have to furnish a Tax Residency Certificate of his being a resident in a country outside India, along with Form No. 10F as prescribed under section 90(5) of the IT Act. Further, vide Notification No. 03/2022 dated 16 July 2022, the Directorate of Income Tax (Systems) has added Form 10F to the prescribed list of forms to be furnished electronically. Also, vide Circular dated December 12, 2022 read with Circular Dated March 28, 2023, CBDT has relaxed the requirement of electronic filing of Form 10F till September 30, 2023 in case of non- resident taxpayers

who are not having PAN and are not required to obtain PAN as per relevant provisions of IT Act read with Income-tax rules, 1962.

C. NON-RESIDENT DEBENTURE HOLDERS – FIIs:

1. In respect of Interest on NCDs

1.1 Section 115AD (1) provides for taxation of income of *inter alia* FIIs/FPIs from securities or capital gains arising from their transfer. The rate of income-tax prescribed for income in respect of securities *inter alia* debentures is 20% (plus applicable surcharge and education cess).

1.2 The computation of income has to be in accordance with section 115AD and other applicable provisions of the IT Act. FII/FPI debenture holders may avail tax treaty benefit (if any), subject to satisfaction of certain conditions.

2. In respect of Capital Gains from transfer of NCDs

2.1 As per section 2(29AA) read with section 2(42A) of the IT Act, a capital asset shall be treated as a long-term capital asset (LTCA), if the same is held for more than 36 months immediately preceding the date of its transfer. However,in case of a listed security, the same shall be treated as a LTCA, if it is held for more than 12 months immediately preceding the date of its transfer.

2.2 Capital gains taxable under section 115AD would be computed without giving effect to the first and second provisoto section 48. In other words, adjustment in respect of foreign exchange fluctuation and benefit of indexation would not be allowed while computing the Capital Gains. The rate of income-tax prescribed under the said section on capital gains income is as under:

(i) Short Term Capital Gains (other than gains covered under section 111A) – 30%
(ii) Long Term Capital Gains – 10%

2.3 Further, no deduction under Chapter VI-A would be allowed in computing LTCG subject to tax under section 115AD of the IT Act. Also, the capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition of the NCDs from the sale consideration accrued to the respective NCD holder.

2.4 As per the seventh proviso to section 48 of the IT Act, no deduction of amount paid on account of STT will be allowed in computing the income chargeable to tax as Capital Gains.

2.5 A new section 50AA has been inserted by Finance Act 2023 for computation of capital gains in case of *inter alia* Market Linked Debentures (MLDs) so as to tax the income from the same as short term capital gains irrespective of their period of holding. The NCDs under consideration are not MLDs and thus, the said section would not be applicable.

3. In respect of Withholding taxes

3.1 Interest on NCDs received by its holder would be subject to withholding tax at source at the time of credit or payment, whichever is earlier as per the provisions of section 196D of the IT Act. The applicable income-tax rate would be 20% (plus applicable surcharge and education cess) as provided under section 196D of the IT Act, subject to treaty benefit entitlement.

3.2 In the absence of PAN of the debenture holder, tax would be deductible at higher of, the applicable rate or 20% asper section 206AA of the IT Act. The provisions of section 206AA will, however not apply if the non-resident debenture holder provides to the payer the following details as listed in Rule 37BC:

(i) name, e-mail id, contact number;
(ii) address in the country or specified territory outside India of which the debenture holder is a resident;
(iii) Tax Residency Certificate and form 10F to be filed electronically

(iv) Tax Identification Number/ Unique Identification Number of the debenture holder.

3.3 Section 206AB provides for a higher withholding rate in case of any person (other than (a) a non-resident who does not have a permanent establishment in India or (b) a person who is not required to furnish the return of income for the assessment year relevant to the concerned previous year and is notified by the Central Government in the Official Gazette in this behalf) who has not filed the return of income for assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year. The withholding tax rates in case of such person shall be higher of the following:

(i) at twice the rate specified in the relevant provision of the IT Act; or

(ii) at twice the rate or rates in force; or

(iii) at the rate of 5%.

Further, where the provisions of section 206AA of the IT Act are applicable to such person, tax shall be deducted at higher of the rates provided in section 206AB and in section 206AA of the IT Act.

3.4 As per section 196D (2) of the IT Act, tax is not required to be deducted at source from any income, by way of Capital Gains arising to a FII from the transfer of securities referred to in section 115AD of the IT Act.

4. <u>In respect of Set off and carry forward of losses</u>

4.1 As per section 70 of the IT Act, Short Term Capital Loss computed for the given year is allowed to be set off against STCG as well as LTCG computed for the said year. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years, for being set off against subsequent years' STCG as well as LTCG, in terms of section 74 of the IT Act.

4.2 Long Term Capital Loss computed for a given year is allowed to be set off only against the LTCG, in terms of section 70 of the IT Act. The balance loss, which is not set off, is allowed to be carried forward for subsequent eight assessment years for being set off only against subsequent years' LTCG, in terms of section 74 of the IT Act.

5. The provisions of section 115JB of the IT Act do not apply to a foreign company if it is a resident of a country with which India has entered into a DTAA under section 90/90A of the IT Act and the Assessee does not have a Permanent Establishment in India or such company is a resident of a country with which India does not have such agreement and the Assessee is not required to seek registration under any law for the time being in force, relating to companies.

Further, section 115JB expressly provides that the amount of income from (i) capital gains arising on transactions in securities; or (ii) interest, dividend, royalty or fees for technical services chargeable to tax at the rates specified in Chapter XII, accruing or arising to a foreign company shall not be liable to MAT if such income is credited to the profit and loss account and the income-tax payable in accordance with the other provisions of the Income-tax Act, is less than the rate specified in section 115JB. The expenditures, if any, debited to the profit and loss account, corresponding to such income (which is to be excluded from the MAT liability) shall also be added back to the book profit for the purpose of computation of MAT.

6. In case, where total income of any individual, AOP (except in case of an AOP having only companies as its members), BOI, Artificial Juridical Person includes any income *inter alia* by way of capital gains referred under section 115AD(1)(b), the rate of surcharge on the amount of income-tax computed in respect of such income shall not exceed 15%. The applicable rates of surcharge are tabulated hereunder:

Total Income	Income other than Capital gains referred u/s 115AD(1)(b)	Capital gains covered referred u/s 115AD(1)(b)
Upto ₹50 lakh	Nil	Nil
Income exceeds ₹50 lakhs but does not exceed ₹1 crore	10%	10%
Income exceeds ₹1 crore but does not exceed ₹2 crore	15%	15%
Income exceeds ₹2 crore but does not exceed ₹5 crores	25%	15%
Income exceeds ₹5 crores	37%#	15%

 # In case of any individual, HUF, AOP (other than a co-operative society), BOI, Artificial Juridical Person, Finance Act, 2023 has made section 115BAC as the default tax regime w.e.f. AY 2025-26. Under this regime the highest rate of surcharge is restricted to 25%. There is an option to opt out of section 115BAC, in which case, the surcharge rate of 37% would be applicable. In case of FIIs/FPIs, the applicability of section 115BAC needs to be evaluated.

7. As per section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the DTAA entered between India and the country of residence of the non-resident, if any, to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the provisions of the IT Act or the applicable tax treaty (read with MLI, if applicable), whichever is more beneficial. The treaty and MLI provide for various anti-abuse provisions (viz. beneficial ownership, Limitation on Benefit, Principal Purpose Test, etc.) which have to be examined for claiming treaty benefit. In order to avail treaty benefit, the non-resident will also have to furnish a Tax Residency Certificate of his being a resident in a country outside India, along with Form No. 10F as prescribed under section 90(5) of the IT Act. Further, vide Notification No. 03/2022 dated 16 July 2022, the Directorate of Income Tax (Systems) has added Form 10F to the prescribed list of forms to be furnished electronically. Also, vide Circular dated December 12, 2022 read with Circular dated March 28, 2023, CBDT has relaxed the requirement of electronic filing of Form 10F till September 30, 2023 in case of non-resident taxpayers who are not having PAN and are not required to obtain PAN as per relevant provisions of IT Act read with Income-tax rules, 1962.

D. CATEGORY III ALTERNATIVE INVESTMENT FUND LOCATED IN INTERNATIONAL FINANCIAL SERVICES CENTRE & INVESTMENT DIVISION OF AN OFFSHORE BANKING UNIT:

1. W.e.f. FY 2020-21, the provisions of section 115AD are extended to a 'specified fund' defined under clause (e) of the Explanation to clause (4D) of section 10. 'Specified fund' is defined to mean a fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate, –

   (i) which has been granted a certificate of registration as a Category III Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012 made under the SEBI Act, 1992 or regulated under the IFSC (Fund Management) Regulations, 2022 made under the IFSC Authority Act, 2019;

   (ii) which is located in any International Financial Services Centre; and

   (iii) of which all the units are held by non-residents other than unit held by a sponsor or manager;

   Finance Act, 2021 has w.e.f. FY 2021-22 further amended the definition of specified fund to also mean an investment division of an offshore banking unit, which has been—

   (i) granted a certificate of registration as a Category I FPI under the SEBI (FPI), Regulations, 2019 made under the SEBI Act, 1992 which has commenced its operations on or before the 31st day of March, 2024; and

   (ii) fulfils such conditions including maintenance of separate accounts for its investment division, as may be prescribed.

2. The rate of income-tax prescribed under section 115AD(1) on various streams of income is as under:

   (i) Income in respect of securities *inter alia* debentures – 10%
   (ii) Short Term Capital Gains covered under section 111A – 15%
   (iii) Other Short Term Capital Gains – 30%
   (iv) Long Term Capital Gains – 10%

   The computation of income has to be in accordance with section 115AD and other applicable provisions of the IT Act.

3. The Finance Act, 2021 has further inserted a new sub-section (1B) w.e.f. FY 2021-22 which states that notwithstanding anything contained in section 115AD(1), in case of investment division of an offshore banking unit, the provisions of this section shall apply to the extent of income that is attributable to the investment division of such banking units.

   The provisions of section 115AD shall apply only to the extent of income that is attributable to units held by non- resident (not being a permanent establishment of a non-resident in India) calculated in the prescribed manner. Further, as per section 115JEE, the provisions of Alternate Minimum Tax shall not apply to such specified funds.

4. Section 196D(1A) provides for deduction of tax on any income in respect of securities referred to in section 115AD(1)(a) at the rate of 10% (plus applicable surcharge and education cess). Provided that no deduction shall bemade in respect of an income exempt under section 10(4D). In the absence of PAN, TDS rate would be increased to 20% as per section 206AA.

E. INVESTMENT FUNDS – CATEGORY I OR CATEGORY II ALTERNATIVE INVESTMENT FUND (“AIF”):

1. Under section 10(23FBA) of the IT Act, any income of an Investment Fund, other than the income chargeable under the head “Profits and gains of business or profession” would be exempt from income tax. For this purpose, an “Investment Fund” means a fund registered as Category I or Category II Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternate Investment Fund) Regulations, 2012 or regulated underthe IFSC (Fund Management) Regulations, 2022 made under the IFSC Authority Act, 2019.

   As per section 115UB(1) of the IT Act, any income accruing/arising/received by a person from his investment in Investment Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly in the venture capital undertaking.

2. In case, the Fund incurs any losses, only the business losses would be eligible to be carried forward and set-off by the Fund at the Fund level. The prescribed conditions laid down under the IT Act for carry forward and set off of losses should be applicable to the Fund in this regard.

3. Losses other than business loss shall be allowed to be carried forward and set-off by the Unit holders while computing the total tax liability, provided that the units of the Fund are held for a period of more than 12 months. Further, such loss cannot be carried forward at Fund level even if the loss is not passed onto the Investors on account of non - fulfilment of condition of holding the units for at least 12 months. The eligible period for carry forward of losses would depend on the nature of loss.

4. Section 115UB of the IT Act further provides that:

   (i) Income paid or credited by Fund shall be deemed to be of the same nature and in the same proportion in the hands of the Investors as it had been received by or had accrued or arisen to Fund.

   (ii) Income accruing or arising to, or received by, Fund, during a particular financial year, if not paid or credited tothe Investors shall be deemed to be credited to the account of the Investors on the last day of the financial year in the same proportion in which such Investors would have been entitled to receive the income, had it been paid in the same financial year.

5. As per section 10(23FBB) read with section 115UB of the IT Act, any business income, accruing or arising to or received by Investors of the Fund, shall be exempt in the hands of the Investors and taxed in the hands of the Fund at the rates specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm and at maximum marginal rate in any other case.

   Income received by Fund which is exempt in its hand under section 10(23FBA) would not be subjected to any withholding tax by virtue of section 197A(1F) read with Notification No.51/2015/SO1703(E) dated June 25, 2015.

6. Further, as per section 194LBB of the IT Act, where any income, other than that proportion of income which is of the same nature as income referred to in section 10(23FBB) of the IT Act, is payable to a unit holder in respect of units of an Investment Fund, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon:

   (i) at the rate of 10% where the payee is a resident; and

   (ii) at the rates in force where the payee is a non-resident.

F. MUTUAL FUNDS:

Under section 10(23D) of the IT Act, any income of mutual funds registered under SEBI or Regulations made thereunder or mutual funds set up by public sector banks or public financial institutions or mutual funds authorized by the Reserve Bank of India and subject to the conditions specified therein, is exempt from tax subject to such conditions as the Central Government may by notification in the Official Gazette, specify in this behalf.

G. PROVIDENT FUND AND PENSION FUND:

Under section 10(25) of the IT Act, any income received by trustees on behalf of a recognized provident fund or a recognized superannuation fund is exempt from tax.

H. MULTI-LATERAL AND BILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS:

Generally, multilateral and bilateral development financial institutions may be exempt from taxation in India on thecapital gains arising on the sale of NCDs of the bank depending on the applicable Statute and Acts passed in India. For e.g., World Bank, IBRD, IFC, etc. In case, they are not specifically exempt from tax then the provisions as applicable for capital gains to a non-resident FII, as they may be registered as FII, may apply to these institutions.

I. WITHHOLDING TAXES ON PURCHASE OF GOODS

As per section 194Q of the IT Act, any sum payable by a buyer for purchase of goods of the value exceeding Rs. 50 Lakhs shall be liable to withhold tax at the rate of 0.1 percent.

Buyer means a person whose total sales, turnover or gross receipts from the business carried on by him exceeds Rs.10 crores in the financial year immediately preceding the financial year in which the purchase is carried out. Further,TDS shall not be applicable where: -

(i) Tax is deductible under any of the provisions of the IT Act; or

(ii) Tax is collectible under the provisions of section 206C of the IT Act other than a transaction to which section206C(1H) of the IT Act applies.

The CBDT has issued Circular No 13 of 2021 dated June 30, 2021 laying down guidelines under section 194Q of the IT Act. It inter alia provides that TDS under section 194Q of the IT Act shall not apply to transaction in securities and commodities which are traded through recognized stock exchanges or cleared and settled by the recognized clearing corporation (including exchanges or corporation located in IFSC).

Given that the Circular does not provide clarity in respect of shares/ securities traded off-market, it is advisable thatthe subscribers obtain specific advice from their tax advisors regarding applicability of these provisions.

Further, the CBDT has also inter alia clarified that the section 194Q of the IT Act shall not apply to a non -resident buyer, whose purchase of goods from a seller, resident in India, is not effectively connected with the permanent establishment of such non-resident in India.

For this purpose, 'permanent establishment' shall mean to include a fixed place of business through which the business of the enterprise is wholly or partly carried on.

J. DOCUMENTS REQUIRED IN CASES OF LOWER/ NON-DEDUCTION OF TDS DUE TO EXEMPTION AVAILABLE

Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

a. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed with the Company before the prescribed date of closure of books for payment of debenture interest;

b. When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be NIL. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

c. Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be NIL; and

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. Please find below the class of resident investors and respective documents that would be required for granting TDS exemption, unless specified otherwise hereinabove:

Si no.	Class of Investors	Relevant Section which grants TDS exemption	Documents to be taken on record from Investors

1.	Resident Individual or resident HUF	Claiming non-deduction or lower deduction of tax at source under section 193 of the IT Act,	Form No.15G with PAN / Form No.15H with PAN / Certificate issued u/s 197(1) has to be filed with the Company. However, in case of NCD Holders claiming non- deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either a declaration (in duplicate) in the prescribed form i.e. Form 15H which can be given by individuals who are of the age of 60 years or more Form 15G which can be given by all applicants (other than companies, and firms), or a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13.
2.	Non-residents- (Other than FIIs/FPIs)	For Non-deduction or lower deduction of tax at source u/s 195 of the IT Act	A certificate under section 197 of the IT Act from the Indian Assessing Officer for nil / lower deduction of tax at source by making an application in the prescribed form (i.e. Form No.13.)
3.	Life insurance Corporation of India	Clause vi of Proviso to Section 193	Copy of Registration certificate
4.	General Insurance Corporation of India, companies formed under section 16(1) of General Insurance Business Act, 1972 and any company in which GIC has full beneficial interest (100% shareholding)	Clause vii of Proviso to Section 193	Copy of Registration certificate Copy of shareholding pattern
5.	Any Insurer (like SBI Life Insurance, Max Life Insurance etc.)	Clause viii of Proviso to Section 193	Copy of Registration certificate issued by IRDA
6.	Mutual Funds	Section 196(iv) read with Section 10(23D)	Copy of Registration certificate issued by SEBI / RBI and notification issued by Central Government

7.	Government, RBI and corporation established under Central / State Act whose income is exempt from tax	Section 196(i), (ii) and (iii)	In case of Corporation, Declaration that their income is exempt from tax with applicable provisions
8.	Recognized Provident Funds, Recognized Gratuity Funds, Approved Superannuation Funds, Employees' State Insurance Fund etc.	Section 10(25) and 10(25A) and CBDT Circular - 18/2017	Copy of Registration and Recognition certificate issued by relevant statutory authorities and income-tax authorities and Declaration from the funds that their income is exempt u/s 10(25) and 10(25A)
9.	New Pension System Trust	Section 10(44) read with Section 196(iii) and CBDT Circular - 18/2017	Relevant Registration certificate issued to NPS Trust under section Indian Trusts Act, 1882
10.	Other entities like Local authority, Regimental Funds, IRDA etc.	Section 10(20) etc. read with CBDT Circular - 18/2017	Declaration that they fall within the relevant income-tax section and eligible for income-tax exemption on their income
11.	Alternative Investment Funds (Category I and II)	Section 197A(1F)	Copy of Registration certificate issued by SEBI

Note 1 – Tax rates

Resident Individuals and Hindu Undivided Families:

The FA, 2023 has amended section 115BAC of the IT Act by, inter alia, inserting sub-section (1A) thereto to provide that the tax regime provided under section 115BAC of the IT Act shall be the default tax regime applicable in case of an individual, HUF, AOP (other than a co-operative society), body of individual or artificial juridical, beginning with the financial year 2023-24, except where the assessee specifically opts to be governed by the erstwhile regime.

In such cases, the following shall be the rate of tax applicable:

Slab	Tax Rate
Total income up to ₹ 3,00,000	Nil
More than ₹ 3,00,000 but up to ₹ 6,00,000	5 per cent of excess over ₹ 3,00,000
More than ₹ 6,00,000 but up to ₹ 9,00,000	10 per cent of excess over ₹ 6,00,000 + ₹ 15,000
More than ₹ 9,00,000 but up to ₹ 12,00,000	15 per cent of excess over ₹ 9,00,000 + ₹ 45,000
More than ₹ 12,00,000 but up to ₹ 15,00,000	20 per cent of excess over ₹ 12,00,000 + ₹ 90,000
More than ₹ 15,00,000	30 per cent of excess over ₹ 15,00,000 + ₹ 1,50,000

In computing the income-tax under the new regime, certain deductions like standard deduction available to salaried taxpayers, etc., shall be allowed. However, most of the deductions/exemptions such as section 80C, 80D, etc. would need to be foregone.

A resident individual (whose total income does not exceed Rs 7,00,000) whose income is chargeable to tax under sub- section (1A) of section 115BAC can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 25,000, whichever is less. Further, where the total income exceeds Rs 7,00,000, the assessee shall be entitled for deduction of an amount equal to the amount by which the income-tax payable on the total income exceeds the amount by which the total income exceeds Rs 7,00,000.

Where the assessee as stated above, specifically opts to be governed by the erstwhile regime, the income earned by assessee should be liable to tax as per the applicable slab rates (plus applicable surcharge and health and education cess) based on the taxable income of such assessee. The slab rates applicable to such investors (other than resident individuals aged 60 years or more) are as follows:

Income	Tax Rate*
Up to ₹ 2,50,000#	NIL
Exceeding ₹ 2,50,000 up to ₹ 5,00,000@	5 per cent of the amount by which the total income exceeds ₹ 2,50,000
Exceeding ₹ 5,00,000 up to ₹ 10,00,000	20 per cent of the amount by which the total income exceeds ₹ 5,00,000 plus ₹ 12,500$
Exceeding ₹ 10,00,000	30 per cent of the amount by which the total income exceeds ₹ 10,00,000 plus ₹ 112,500$

@*A resident individual (whose total income does not exceed Rs 500,000) can avail rebate under section 87A. It is deductible from income tax before calculating health and education cess. The amount of rebate available would be 100 per cent of income-tax chargeable on his total income or Rs 12,500, whichever is less.*

* *plus surcharge if applicable and a health and education cess ('cess') of 4 per cent on the amount of tax plus surcharge, if applicable).*

\# *for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 250,000 has to be read as Rs 300,000 and for resident senior citizens of eighty years of age and above ("super senior citizen) Rs 250,000' has to be read as Rs 500,000.*

$*Similarly, for resident senior citizens of sixty years of age and above but below eighty years of age, Rs 12,500 has to be read as Rs 10,000 and Rs 112,500 has to be read as Rs 110,000. And for super senior citizen Rs 12,500 has to be read as Nil and Rs 112,500 has to be read as Rs 100,000.*

Partnership Firms & LLP's:

The tax rates applicable would be 30 per cent (plus surcharge if applicable – Refer Note 2 and a health and education cess of 4 per cent on the amount of tax plus surcharge, if applicable).

Domestic Companies:

Type of Domestic company	Base normal tax rate on income (other than income chargeable at special rates)	Base MAT rate
Domestic companies having turnover or gross receipts of upto Rs 400 Cr in FY 2021-22 (For AY2024-25)	25 per cent	15 per cent
Domestic manufacturing company set-up and registered on or after 1 March 2016 subject to fulfilment of prescribed conditions (Section 115BA)	25 per cent	15 per cent
Any domestic company (even if an existing company or engaged in non-manufacturing business) has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAA)	22 per cent	Not applicable
Domestic manufacturing company set-up and registered on or after 1 October 2019 and commences manufacturing upto 31 March 2024, has an option to avail beneficial rate, subject to fulfilment of prescribed conditions (Section 115BAB)	15 per cent	Not applicable
Domestic companies not falling under any of the above category	30 per cent	15 per cent

Note 2: Surcharge (as applicable to the tax charged on income)

Non-corporate assessees (other than firm, co-operative societies and FIIs):

Particulars	Rate of Surcharge
Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and 112 of the IT Act) does not exceed Rs 2 crore but total income (including dividend income and income under the provisions of section 111A, section 112A and 112 of the IT Act) exceeds Rs 2 crore	15 per cent on total tax The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long term gains chargeable to tax under section 112 of the IT Act.
Where total income (excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act) exceeds Rs 2 crore	25 per cent on tax on income excluding dividend income and income under the provisions of section 111A, section 112A and section 112 of the IT Act. In case the assessee opts out of Sec 115BAC then the rate of surcharge applicable is 37 percent. - 15 per cent on tax on dividend income and income under the provisions of section 111A section 112A and section 112 of the IT Act. The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long term gains chargeable to tax under section 112 of the IT Act as well.

Note*: The Finance Act, 2022 from FY 2022-23 has capped the surcharge rates for long-term gains chargeable to tax under section 112 of the IT Act as well.*

As per the FA, 2024, the maximum surcharge rate in case of capital gains chargeable to tax under section 112 of the IT Act, in case of an assessee being an individual, HUF, AOP (not being a co-operative society), BOI or artificial juridical person is also capped to 15%.

FIIs (Non – corporate):

Particulars	Rate of Surcharge
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 50 lacs	Nil
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 50 lacs but does not exceed Rs 1 crore	10 per cent on total tax
Where total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 1 crore but does not exceed Rs 2 crore	15 per cent on total tax

Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) does not exceed Rs 2 crore but total income (including dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore	15 per cent on total tax
Where total income (excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act) exceeds Rs 2 crore	- 25 per cent on tax on income excluding dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act. In case the assessee opts out of Sec 115BAC then the rate of surcharge applicable is 37 percent. - 15 per cent on tax on dividend income or income of the nature referred to in section 115AD(1)(b) of the IT Act.

Note: The FA, 2024 has capped the highest surcharge rate to 25 per cent.

For assesses other than those covered above:

Particulars	Rate of surcharge applicable
Non-corporate taxpayers being firms and co- operative societies	Nil where total income does not exceed Rs 1 crore
	From FY 2022-23, 7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	From FY 2022-23, 12 per cent where total income exceeds Rs 10 crore
Domestic companies (other than companies availing benefit under section 115BAA and section 115BAB of the IT Act)	Nil where total income does not exceed Rs 1 crore
	7 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	12 per cent where total income exceeds Rs 10 crore
Domestic companies availing benefit under section 115BAA and section 115BAB of the IT Act	10 per cent (irrespective of total income)
Foreign Companies (including corporate FIIs)	Nil where total income does not exceed Rs 1 crore
	2 per cent where total income exceeds Rs 1 crore but does not exceed Rs 10 crore
	5 per cent where total income exceeds Rs 10 crore

A health and education cess of 4 per cent is payable on the total amount of tax plus surcharge.

Notes:

- The above statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of NCD.
- The above statement covers only certain relevant direct tax law benefits and does not cover benefit under any other law.
- The above statement of possible tax benefits is as per the current direct tax laws (read along with the amendments made by the FA, 2024) relevant for the AY 2025-26 corresponding to the FY 2024-25.
- This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the NCD of the Company.
- In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

- No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

NOTES FORMING PART OF STATEMENT OF TAX BENEFITS

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of debenture/bonds.\

2. The above statement covers only certain relevant benefits under the IT Act and does not cover benefits under any other law.

3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the Assessment Year 2025-2026 (Financial year 2024-25) and taking into account the amendments made by the Finance Act, 2024.

4. This statement is intended only to provide general information to Debenture Holders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each debenture Holder is advised to consult his/her/its own tax advisor with respect to specific consequences of his/her/its holding in the debentures of the Company.

5. Several of the above tax benefits are dependent on the debenture holders fulfilling the conditions prescribed under the relevant tax laws and subject to Chapter X and Chapter XA of the IT Act.

6. The stated benefits will be available only to the sole/ first named holder in case the debenture is held by joint holders.

7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant tax treaty, if any, between India and the country in which the non-resident has fiscal domicile.

8. The information provided below sets out the possible tax benefits available to the Debenture Holders of the Company under the Income-tax Act, 1961 (IT Act) presently in force in India. The Annexure is based on the provisions of the IT Act, as on date, taking into account the amendments made by the Finance Act, 2024 (FA 2024), but does not include the impact of amendments proposed by the Union Budget 2024-2025 on July 23, 2024.

9. In respect of non-residents, taxes paid in India could be claimed as a credit in accordance with the provisions of the relevant tax treaty and applicable domestic tax law.

   No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION IV – ABOUT OUR COMPANY

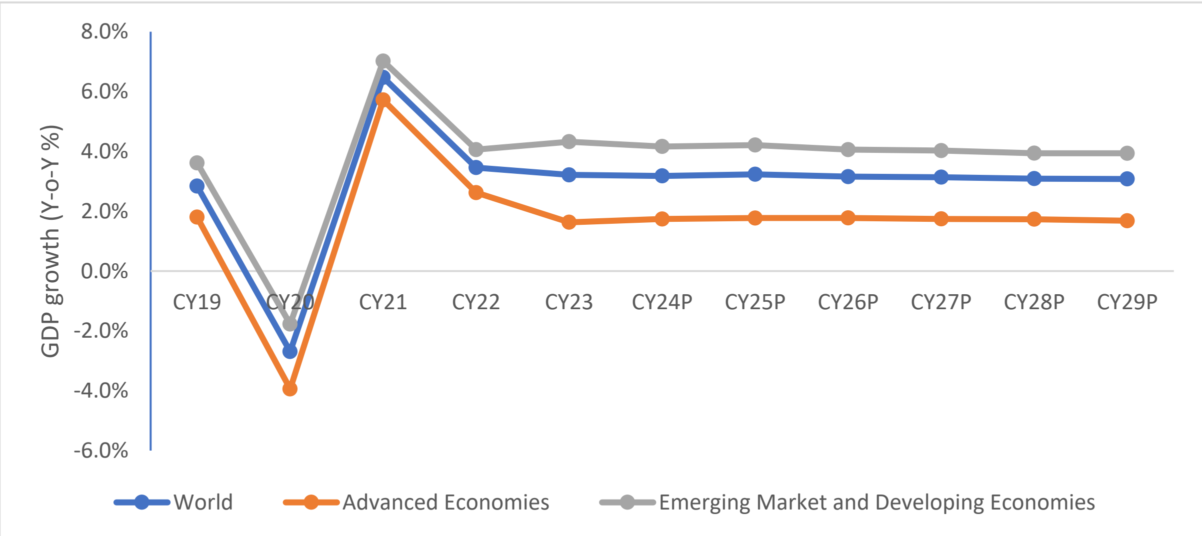
INDUSTRY OVERVIEW

The information under this section has been derived and extracted from the industry report titled "Industry Report on LAP, Construction Finance and Auto Finance" dated July 2024, prepared by CARE Analytics & Advisory Private Limited ("CAAPL") in an "as is where is basis" and the industry and third-party related information in this section has not been independently verified by us, the Lead Manager, or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded-off for presentation in this Draft Prospectus. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. The information in this section must be read in conjunction with "Risk Factors" and "Our Business" on pages 18 and 141.

Global Economy

Global growth, which stood at 3.2% in CY23, is anticipated to maintain this rate throughout CY24 and CY25. The CY24 forecast has been adjusted upwards by 0.1 percentage point compared to the January 2024 World Economic Outlook (WEO) Update, and by 0.3 percentage point compared to the October 2023 WEO. Despite this, the expansion remains historically low, attributed to factors including sustained high borrowing costs, reduced fiscal support, lingering effects of the COVID-19 pandemic and Russia's Ukraine invasion, Iran–Israel Cold War, sluggish productivity growth, and heightened geo-economic fragmentation.

Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Notes: P-Projection; Source: IMF – World Economic Outlook, April 2024

GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)									
	CY20	CY21	CY22	CY23	CY24P	CY25P	CY26P	CY27P	CY28P	CY29P
India	-5.8	9.7	7.0	7.8	6.8	6.5	6.5	6.5	6.5	6.5
China	2.2	8.5	3.0	5.2	4.6	4.1	3.8	3.6	3.4	3.3
Indonesia	-2.1	3.7	5.3	5.0	5.0	5.1	5.1	5.1	5.1	5.1
Saudi Arabia	-3.6	5.1	7.5	-0.8	2.6	6.0	4.0	3.5	3.0	3.5
Brazil	-3.3	4.8	3.0	2.9	2.2	2.1	2.1	2.0	2.0	2.0
Euro Area	-6.1	5.9	3.4	0.4	0.8	1.5	1.4	1.3	1.3	1.2
United States	-2.2	5.8	1.9	2.5	2.7	1.9	2.0	2.1	2.1	2.1

P- Projections; Source: IMF- World Economic Outlook Database (April 2024)

Advanced Economies Group

Advanced economies are expected to experience a gradual increase in growth, climbing from 1.6 % in CY23 to 1.7% in CY24 and further to 1.8% in CY25. The projection for CY24 has been adjusted upwards by 0.2 percentage points compared to the January CY24 WEO Update, while the forecast for CY25 remains unchanged. This adjustment primarily reflects a revision in US growth, compensating for a slight downward revision in the euro area for CY25.

The United States is expected to see growth rise to 2.7% in CY24, followed by a slight slowdown to 1.9% in CY25. This deceleration is attributed to gradual fiscal tightening and labor market softening, which dampen aggregate demand. The CY24 projection has been revised upward by 0.6 percentage points since the January CY24 WEO Update. This revision primarily reflects carryover effects from stronger-than-expected growth in the fourth quarter of CY23, with some of this momentum expected to continue into CY24.

The Euro Area's growth is anticipated to rebound from its sluggish rate of 0.4% in CY23, mainly influenced by significant exposure to the conflict in Ukraine. Projections indicate an increase to 0.8% in CY24 and further to 1.5% in CY25. This recovery is driven by stronger household consumption, as the impact of elevated energy prices diminishes and declining inflation bolsters real income growth. Despite a downward revision of 0.3 percentage points for Germany in both CY24 and CY25 due to persistent weak consumer sentiment, this adjustment is largely balanced by upgrades for several smaller economies, including Belgium and Portugal.

Emerging Market and Developing Economies Group

Emerging market and developing economies are forecasted to maintain stable growth at 4.2% in both CY24 and CY25. While there's a slowdown expected in emerging and developing Asia, this is counterbalanced by increasing growth in economies across the Middle East, Central Asia, and sub-Saharan Africa. Low-income developing countries are anticipated to experience a gradual growth uptick, starting at 4.0% in CY23 and climbing to 4.7% in CY24 and 5.2% in CY25, as certain constraints on near-term growth begin to ease.

The economic forecast for emerging and developing Asia reveals a modest deceleration in growth, with projections indicating a decline from 5.6% in CY23 to 5.2% in CY24 and 4.9% in CY25. China's trajectory reflects a slowdown, transitioning from 5.2% in CY23 to 4.6% in CY24 and 4.1% in CY25 due to fading post-pandemic stimuli and ongoing property sector challenges. In contrast, India's growth remains robust, with anticipated rates of 6.8% in CY24 and 6.5% in CY25, bolstered by resilient domestic demand and a burgeoning working-age populace.

The Indonesian economy is expected to register growth of 5.0% in CY24 and 5.1% in CY25 with a strong domestic demand, a healthy export performance, policy measures, and normalization in commodity prices. In CY22, Saudi Arabia’s growth slowed at -0.8% in CY23 attributed to lower oil production. CY24 is predicted to see a revamp in the growth rates to 2.6% on account of Vision 2030 reforms that helped advance the country’s economic diversification agenda, including through reduced reliance on oil. Going forward, GDP is expected to grow at 6.0% and 4.0% in CY25 and CY26, respectively. On the other hand, Brazil's growth is projected to ease to 2.2% in CY24, driven by fiscal consolidation, the lingering impact of tight monetary policies, and reduced contributions from the agricultural sector.

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the nominal GDP has been estimated to be at USD 3.6 trillion for CY23 and is projected to reach USD 5.3 trillion by CY27 and USD 6.4 trillion by CY29. India's expected GDP growth rate for coming years is almost double compared to the world economy.

Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at more than 6.5% in the period of CY24-CY29, outshining China's growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third-largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7.6% share in the global economy, with China [~18.7%] on the top followed by the United States [~15.6%]. Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country.

Despite Covid-19's impact, high inflationary environment and interest rates globally, and the geopolitical tensions in Europe, India has been a major contributor to world economic growth. India is increasingly becoming an open economy as well through growing foreign trade. Despite the global inflation and uncertainties, Indian economy continues to show resilience. This resilience is mainly supported stable financial sector backed by well-capitalized banks and export of services in trade balance. With this, the growth of Indian economy is expected to fare better than other economies majorly on account of strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners.

Indian Economic Outlook

GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

India's real GDP grew by 7.0% in FY23 and stood at ~Rs. 161 trillion despite the pandemic in previous years and geopolitical Russia-Ukraine spillovers. In Q1FY24, the economic growth accelerated to 8.2%. The manufacturing sector maintained an encouraging pace of growth, given the favorable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum remained in the range in the Q2FY24 with GDP growth at 8.1%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in Q2FY24.

India's GDP at constant prices surged to Rs. 43.72 trillion in Q3FY24 from Rs. 40.35 trillion in Q3FY23, marking an 8.4% growth rate. This upswing was fueled by robust performances in construction, mining & quarrying, and manufacturing sectors and investment drove the GDP growth, while both private and government consumption remained subdued. In 9MFY24, GDP surged by 8.2% to Rs. 126 trillion compared to 7.3% in the previous year largely due to increase in investments and growth in domestic demand (investment growth increased 10.6% y-o-y while private consumption was 3.5% higher).

Real GDP in the year FY24 is estimated to grow at 7.6% at Rs. 172.90 trillion as per second advance estimate of the Ministry of Statistics and Programme Implementation. It is expected that domestic demand, especially investment, to be the main driver of growth in India, amid sustained levels of business and consumer confidence.

GDP Growth Outlook

- Driven by fixed investment and improving global environment, domestic economic activity continues to expand. The second advance estimates (SAE) place real GDP growth at 7.6% for FY24.

- Industrial activity led by manufacturing continues its momentum. Moreover, services sector shows exhibit broad based buoyancy. The purchasing managers' index for both manufacturing and services continues to exhibit a sustained and healthy expansion.

- The outlook for agriculture and rural activity appears bright owing to good rabi wheat crop and expected improvements in kharif crop due to expected normal south-west monsoon. This combines with increasing rural demand, improvement in informal activity, improving employment condition, and alleviating inflationary pressures are expected to boost private investment. Additionally, consumption is expected to support economic growth in FY25 owing to strengthening rural demand.

- The resilience exhibited by cement sector, strong growth in steel sector and import of capital goods bode well for investment cycle to gain further headway. While improvements in external demand led to double digit expansion in exports in February, imports have also accelerated leading to increase in trade deficit in February.

- Investment activity is also expected to be further supported by sustained and robust government spending, strong financial positions of banks and corporations, increasing capacity utilization, and rising business confidence as indicated by surveys. Additionally, improving global economic growth and trade prospects, along with greater integration into global supply chains, are expected to boost external demand for goods and services.

Persistent geopolitical tensions and disruptions in trade route do pose risk to this outlook. Based on these considerations, the RBI, in its April 2024 monetary policy, has projected real GDP growth at 7.0% y-o-y for FY25.

RBI's GDP Growth Outlook (Y-o-Y %)

FY25P	Q1FY25P	Q2FY25P	Q3FY25P	Q4FY25P
7.0%	7.1%	6.9%	7.0%	7.0%

Note: P-Projected; Source: Reserve Bank of India

Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption.

Industry and Services sector leading the recovery charge

The gap between GDP and GVA growth turned positive in FY22 (after a gap of two years) due to robust tax collections. Of the three major sector heads, the service sector has been the fastest-growing sector in the last 5 years.

The agriculture sector was holding growth momentum till FY18. In FY19, the acreage for the rabi crop was marginally lower than the previous year which affected the agricultural performance. Whereas FY20 witnessed growth on account of improved production. During the pandemic-impacted period of FY21, the agriculture sector was largely insulated as timely and proactive exemptions from COVID-induced lockdowns to the sector facilitated uninterrupted harvesting of rabi crops and sowing of kharif crops. However, supply chain disruptions impacted the flow of agricultural goods leading to high food inflation and adverse initial impact on some major agricultural exports. However, performance remained steady in FY22.

In FY23, the agriculture sector performed well despite weather-related disruptions, such as uneven monsoon and unseasonal rainfall, impacting yields of some major crops and clocked a growth of 4% y-o-y, garnering Rs. 22.3 trillion.

In Q1FY24, this sector expanded at a slower pace of 3.5% y-o-y growth compared to y-o-y growth a quarter ago. This further stumbled to 1.2% in Q2FY24.Further, it experienced contraction of 0.8% in Q3, leading to expectations of a modest 0.7% rise for the full year, contrasting sharply with the 4.7% growth recorded in FY23. In the Interim Budget 2024-25, the government plans to boost private and public investment in post-harvest activities and expand the application of Nano-DAP across agro-climatic zones. Strategies for self-reliance in oilseeds and dairy development are to be formulated, alongside ramping up the Pradhan Mantri Matsaya Sampada Yojana and establishing Integrated Aquaparks. Allocation for PM-Formalisation of Micro Food Processing Enterprises scheme has increased from Rs. 639 in FY24 to Rs. 880 crores in FY25.

Going forward, rising bank credit to the sector and increased exports will be the drivers for the agriculture sector. However, a deficient rainfall may have impact on the reservoir level, weighing on prospects of Kharif sowing. Considering these factors, the agriculture sector is estimated to attain Rs. 22.7 trillion and mark 1.8% y-o-y growth for complete FY24.

The industrial sector witnessed a CAGR of 4.7% for the period FY16 to FY19. From March 2020 onwards, the nationwide lockdown due to the pandemic significantly impacted industrial activities. In FY20 and FY21, this sector felt turbulence due to the pandemic and recorded a decline of 1.4% and 0.9%, respectively, on a y-o-y basis. With the opening up of the economy and resumption of industrial activities, it registered 11.6% y-o-y growth in FY22, albeit on a lower base.

The industrial output in FY23 grew by 4.4% with estimated value Rs. 45.2 trillion owing to a rebound in manufacturing activities and healthy growth in the construction sector.

The industrial sector grew by 5.5% in Q1FY24, while Q2FY24 growth was up by 13.2% owing to positive business optimism and strong growth in new orders supported manufacturing output. The industrial growth was mainly supported by sustained momentum in the manufacturing and construction sectors. Within manufacturing, industries such as pharma, motor vehicles, metals, petroleum and pharma witnessed higher production growth during the quarter. The construction sector (13% growth in Q2FY24) benefited from poor rainfall during August and September and higher implementation of infrastructure projects. This was reflected in robust cement and steel production and power demand in Q2FY24. Overall, H1FY24 picked up by 9.3% with manufacturing and construction activities witnessing significant acceleration. In Q3FY24, growth rate slowed down to 10.4%.

India's industrial sector is experiencing strong growth, driven by significant expansion in manufacturing, mining, and construction. This growth is supported by positive business sentiment, declining commodity prices, beneficial government policies like production-linked incentive schemes, and efforts to boost infrastructure development. These factors collectively contribute to the sustained buoyancy in industrial growth due to which the industrial growth is estimated at 7.9% on y-o-y basis registering the value of Rs. 48.9 trillion in FY24.

The Services sector recorded a CAGR of 7.1% for the period FY16 to FY20, which was led by trade, hotels, transport, communication, and services related to broadcasting, finance, real estate, and professional services. This sector was the hardest hit by the pandemic and registered an 8.2% y-o-y decline in FY21. The easing of restrictions aided a fast rebound in this sector, with 8.8% y-o-y growth witnessed in FY22.
Overall, in FY23, benefitting from the pent-up demand, the service sector was valued at Rs. 20.6 trillion and registered growth of 9.5% y-o-y.

In Q1FY24, the services sector growth jumped to 10.3%. Within services, there was a broad-based improvement in growth across different sub-sectors. However, the sharpest jump was seen in financial, real estate, and professional services. Trade, hotels, and transport sub-sectors expanded at a healthy pace gaining from strength in discretionary demand. The service sector growth in Q2FY24 moderated to 5.8% partly due to the normalization of base effect and some possible dilution in discretionary demand. Considering these factors, service sector marked 8% growth in H1FY24. In Q3FY24 growth slowed to 6.7% compared to 9.7% last year in the same quarter.

With this performance, steady growth in various service sector indicators like air passenger traffic, port cargo traffic, GST collections, and retail credit are expected to support the services sector. With this, the growth of service sector is estimated at Rs. 86.2 trillion registering 7.7% growth in FY24 overall.

Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY19	FY20	FY21	FY22 (FRE)	FY23 (PE)	FY24 (FAE)
Agriculture, Forestry & Fishing	**2.1**	**6.2**	**4.1**	**3.5**	**4.0**	**1.8**
Industry	**5.3**	**-1.4**	**-0.9**	**11.6**	**4.4**	**7.9**
Mining & Quarrying	-0.9	-3.0	-8.6	7.1	4.6	8.1
Manufacturing	5.4	-3.0	2.9	11.1	1.3	6.5
Electricity, Gas, Water Supply & Other Utility Services	7.9	2.3	-4.3	9.9	9.0	8.3
Construction	6.5	1.6	-5.7	14.8	10.0	10.7
Services	**7.2**	**6.4**	**-8.2**	**8.8**	**9.5**	**7.7**
Trade, Hotels, Transport, Communication & Broadcasting	7.2	6.0	-19.7	13.8	14.0	6.3
Financial, Real Estate & Professional Services	7.0	6.8	2.1	4.7	7.2	8.9

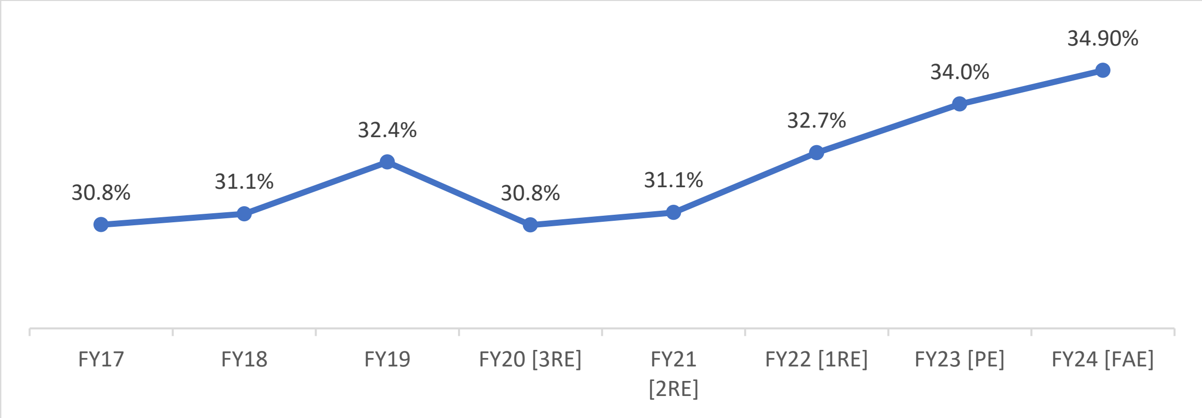
Public Administration, Defence and Other Services	7.5	6.6	-7.6	9.7	7.2	7.7
GVA at Basic Price	**5.8**	**3.9**	**-4.2**	**8.8**	**7.0**	**6.9**

Note: FRE – First Revised Estimates, PE – Provisional Estimate, FAE – First Advance Estimate; Source: MOSPI

Investment Trend in Infrastructure

Gross Fixed Capital Formation (GFCF), which is a measure of the net increase in physical assets, witnessed an improvement in FY22. As a proportion of GDP, it is estimated to be at 32.7%, which is the second-highest level in 7 years (since FY15). In FY23, the ratio of investment (GFCF) to GDP climbed up to its highest in the last decade at 34%. Continuing in its growth trend, this ratio is expected to reach 34.9% in FY24.

Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices):



Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate, FAE-First Advance Estimate; Source: MOSPI

Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and Production-linked Incentive (PLI) scheme announced across various sectors.

Industrial Growth

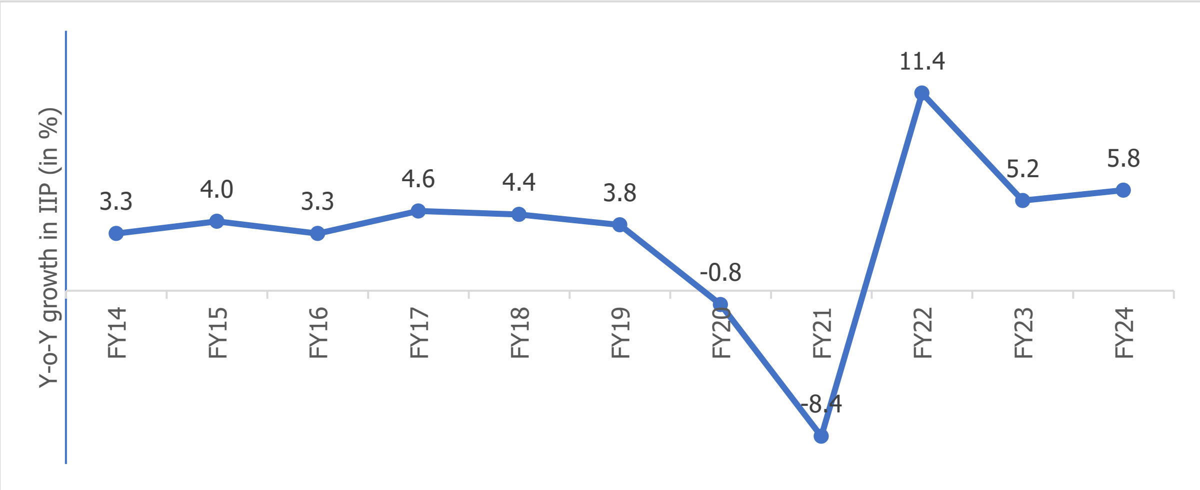
Improved Core and Capital Goods Sectors helped IIP Growth Momentum

The Index of Industrial Production (IIP) is an index to track manufacturing activity in an economy. On a cumulative basis, IIP grew by 11.4% y-o-y in FY22 post declining by 0.8% y-o-y and 8.4% y-o-y, respectively, in FY20 and FY21. This high growth was mainly backed by a low base of FY21. FY22 IIP was higher when compared with the pre-pandemic level of FY20, indicating that while economic recovery was underway.

During FY23, the industrial output recorded a growth of 5.2% y-o-y supported by a favorable base and a rebound in economic activities. The period April 2023 – March 2024, industrial output grew by 5.8% compared to the 5.2% growth in the corresponding period last year. For the month of March 2024, the IIP growth increased to 4.9% compared to the last year's 1.9%, on account of growth in manufacturing and electricity but decelerated from 5.6% in February 2024 due to slowdown in mining activity. Within the manufacturing sector, the top three contributors to growth of IIP have been manufacturing of basic metals, pharmaceuticals, medicinal chemical and botanical products, and other transport equipment.

So far in the current fiscal, growth in consumer and capital goods, along with pick-up in rural demand and investment activity exhibits a positive outlook for the economy. Additionally, moderating inflationary pressures, expectation of a normal monsoon, improvement in rabi crop, and spending fueled by wedding season in April-May are expected to sustain this growth.

Y-o-Y growth in IIP (in %)



Source: MOPSI

Consumer Price Index

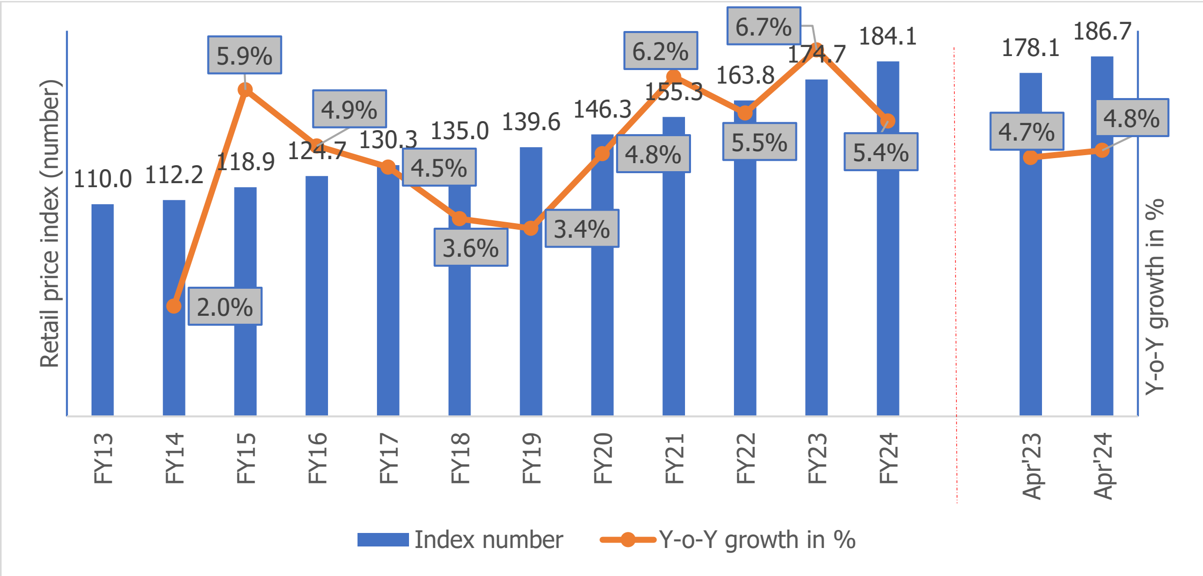
India's consumer price index (CPI), which tracks retail price inflation, stood at an average of 5.5% in FY22 which was within RBI's targeted tolerance band of 6%. However, consumer inflation started to upswing from October 2021 onwards and reached a tolerance level of 6% in January 2022. Following this, CPI reached 6.9% in March 2022.

CPI remained elevated at an average of 6.7% in FY23, above the RBI's tolerance level. However, there was some respite toward the end of the fiscal wherein the retail inflation stood at 5.7% in March 2023, tracing back to the RBI's tolerance band. Apart from a favorable base effect, the relief in retail inflation came from a moderation in food inflation.

In FY24, the CPI moderated for two consecutive months to 4.7% in April 2023 and 4.3% in May 2023. This trend snapped in June 2023 with CPI rising to 4.9%. In July 2023, the CPI had reached its highest point at 7.4%, this was largely due to increase in food prices. The notable surge in vegetable prices and in other food categories such as cereals, pulses, spices, and milk have driven this increase. In August 2023, the food inflation witnessed some moderation owing to government's active intervention. This was further moderated for second consecutive month in September 2023 to 5%, led by a sharp correction in vegetables prices and lower LPG prices. Helped by deflation in the fuel and light category, the retail inflation in October 2023 softened at 4.9%. This trend revsered in November 2023 due to spike in certain vegetable prices as well as sticky inflation in non-perishable food items such as cereals, pulses and spices and the CPI rose to 5.6%. In the month of December 2023, elevated food prices and an unfavourable base drove headline inflation to a four-month peak of 5.7%. However in the month of January and February, food prices softened and the inflation was reported at 5.1% for both the months. March witnessed furthur softning of prices registering 4.9% growth. For FY24 inflation moderated to 5.4% which are within the boundaries set of 2% to 6% by the RBI.

While the consistent decrease in core inflation due to falling commodity prices and diminishing demand-side pressures is encouraging, the ongoing high food inflation due to rising mercury levels could pose a significant risk worth monitoring. Despite these concerns, the favourable base effect throughout Q4FY24 and the expected easing of food price pressures and Government's support could help mitigate inflation risks. The numbers for April FY25 show an increase in inflation growth y-o-y to 4.8%.

Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)

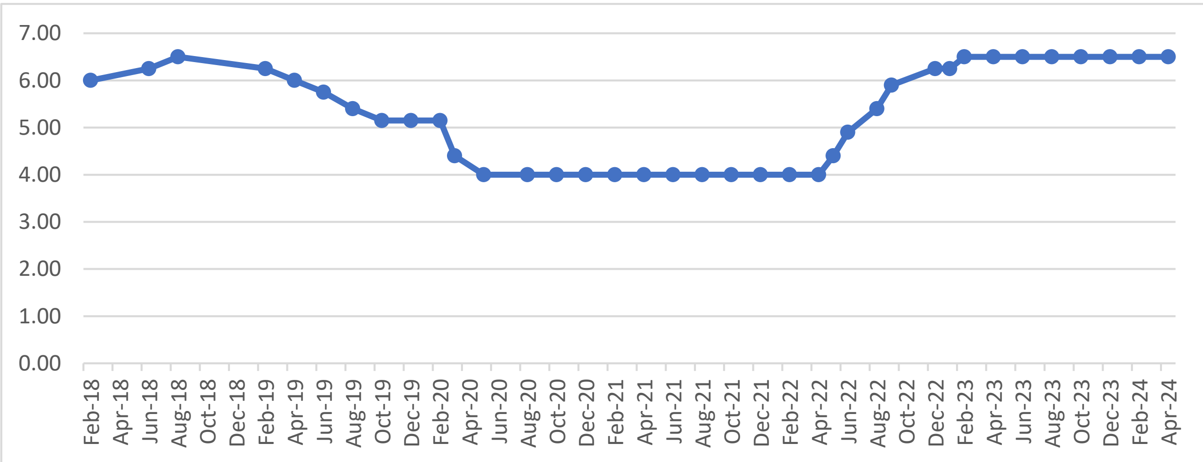


Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetory policy. At the bi-monthly meeting held in April 2024, RBI projected inflation at 4.5% for FY25 with inflation during Q1FY25 at 4.9%, Q2FY25 at 3.8%, Q3FY25 at 4.6% and Q4FY25 at 4.5%.

Considering the current inflation situation, RBI has kept the repo rate unchanged at 6.5% again in the April 2024 meeting of the Monetary Policy Committee.

RBI historical Repo Rate



Source: RBI

In a meeting held in April 2024, RBI also maintained the liquidity adjustment facility (LAF) corridor by adjusting the standing deposit facility (SDF) rate of 6.25% as the floor and the marginal standing facility (MSF) at the upper end of the band at 6.75%.

Further, the central bank continued to remain focused on the withdrawal of its accommodative stance. With growth prospects gaining traction, RBI has the policy space to prioritize controlling inflation. While RBI has paused on the policy rate front, it has also strongly reiterated its commitment to bringing down inflation close to its medium-term target of 4%. Given the uncertainities in food prices that might derail the path to bring down inflation, the Central Bank has decided to be vigilant and maintain an active disinflationary stance to ensure complete transmission of past rate cuts and anchoring of inflation expectations.

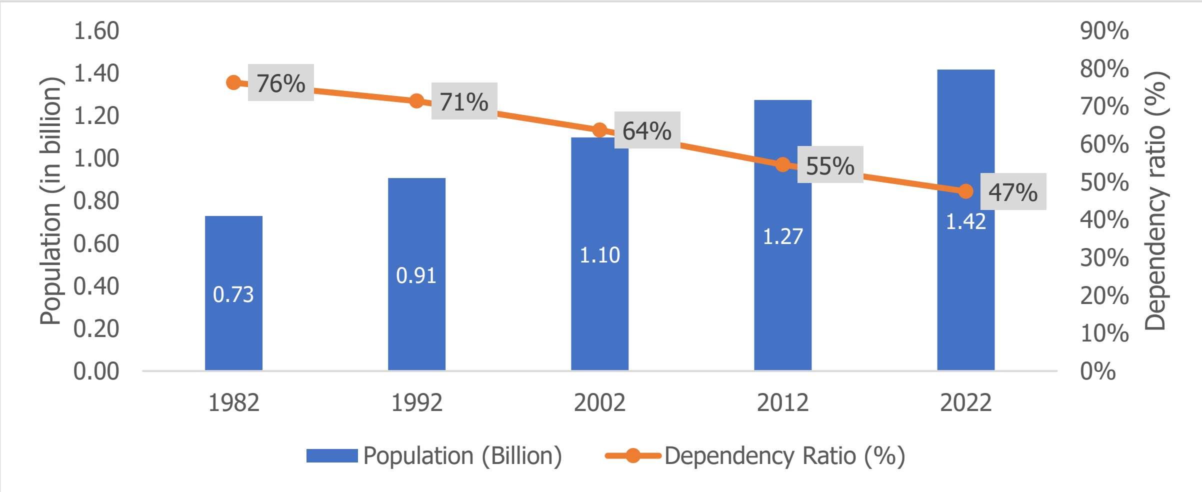
Overview on Key Demographic Parameters

Population growth and Urbanization

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the world bank, India's population in 2022 surpassed 1.42 billion slightly higher than China's population 1.41 billion and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. It was as high as 76% in 1982, which has reduced to 47% in 2022. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy.

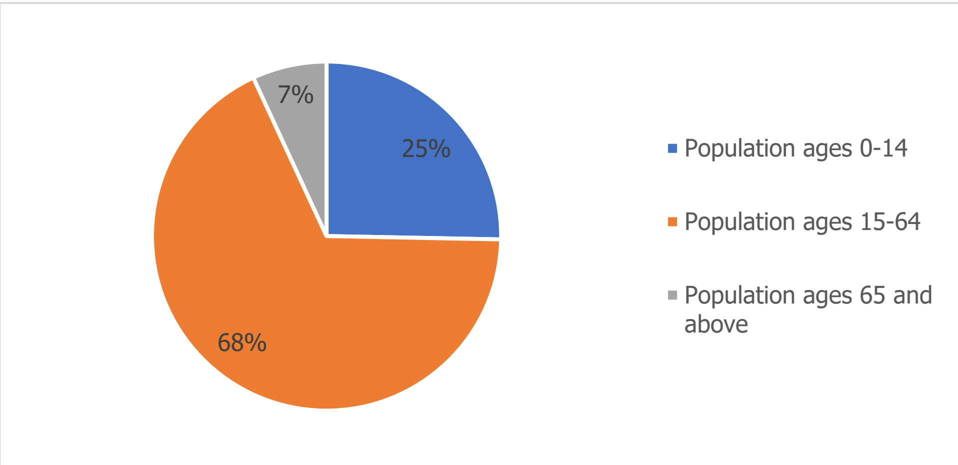
Trend of India Population vis-à-vis dependency ratio



Source: World Bank Database

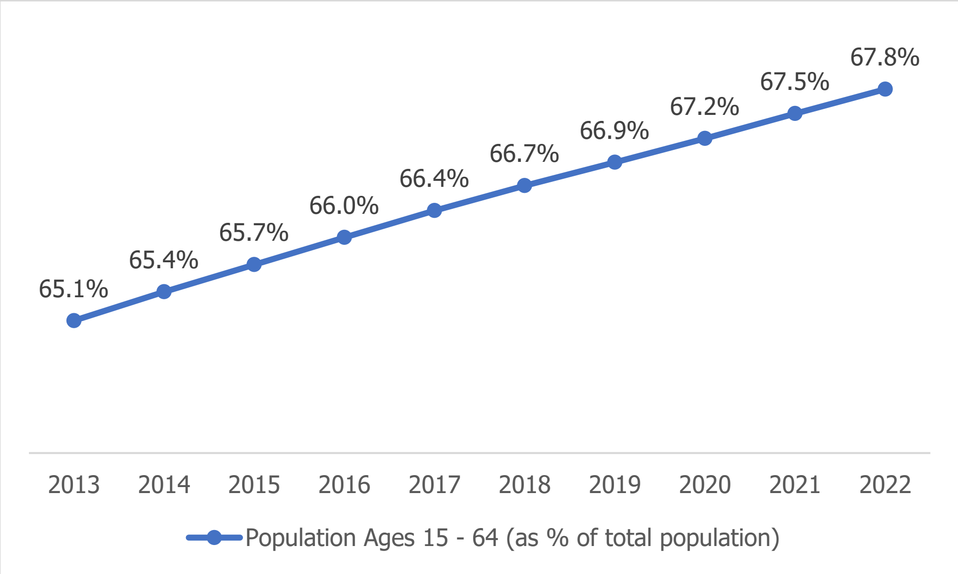
With an average age of 29, India has one of the youngest populations globally. With vast resources of young citizens entering the workforce every year, it is expected to create a 'demographic dividend'. India is home to a fifth of the world's youth demographic and this population advantage will play a critical role in economic growth.

Age-Wise Break Up of Indian population



Source: World Bank Database

Yearly Trend - Young Population as % of Total Population

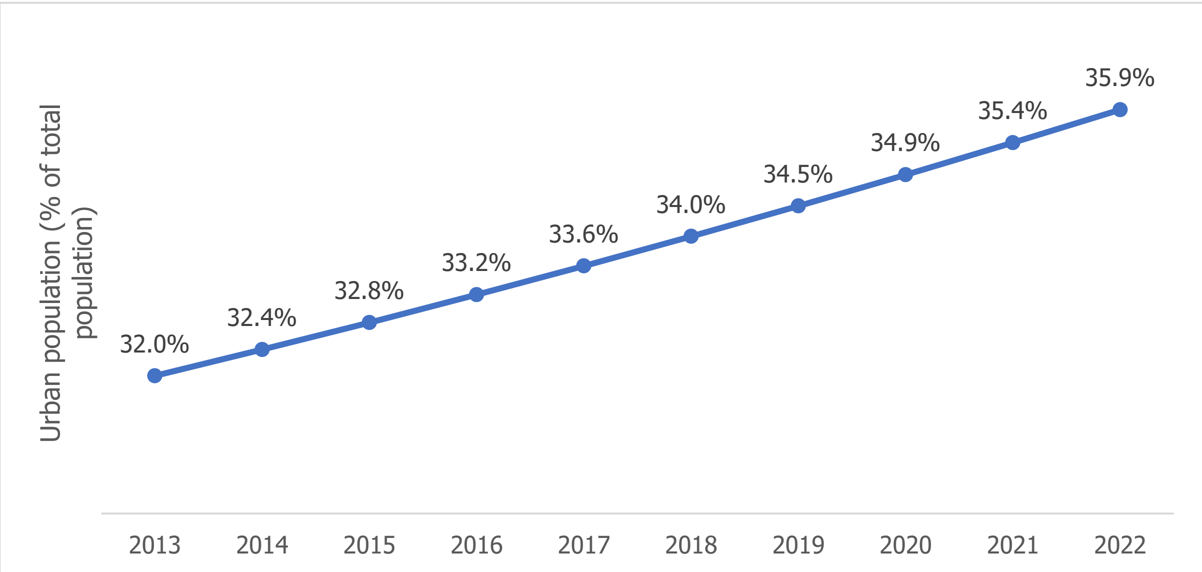


Source: World Bank database

Urbanization

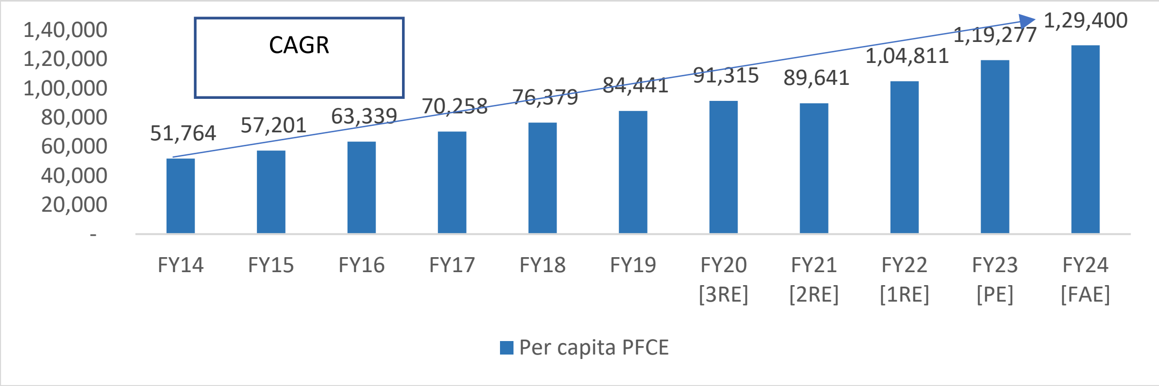
The urban population is significantly growing in India. The urban population in India is estimated to have increased from 403 million (31.6% of total population) in 2012 to 508 million (35.9% of total population) in the year 2022. People living in Tier-2 and Tier-3 cities have greater purchasing power.

Urbanization Trend in India



Source: World Bank Database

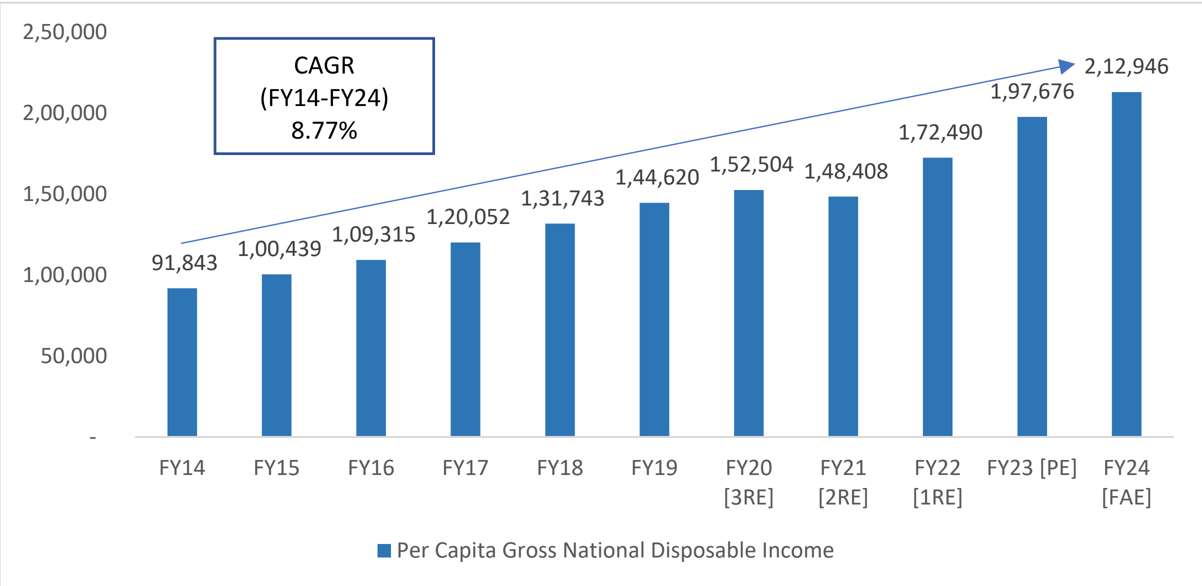
Increasing Per Capita Disposable Income



Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY14 to FY24, per capita GNDI at current prices registered a CAGR of 8.77%. More disposable income drives more consumption, thereby driving economic growth.

The chart below depicts the trend of per capita GNDI in the past decade:

Trend of Per Capita Gross National Disposable Income (Current Price)



Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

Increase in Consumer Spending

With increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Private Final Consumption Expenditure (PFCE) which is measure of consumer spending has also showcased significant growth in the past decade at a CAGR of 9.6%. Following chart depicts the trend of per capita PFCE at current prices:

Trend of Per Capita Private Final Consumption Expenditure (Current Price)

Concluding Remarks

The major headwinds to global economic growth are escalating geopolitical tensions, volatile global commodity prices, and a shortage of key inputs. Despite the global economic growth uncertainties, the Indian economy is relatively better placed in terms of GDP growth compared to other emerging economies. According to IMF's forecast, it is expected to be 6.8% in CY24 compared to the world GDP growth projection of 3.2%. The bright spots for the economy are continued

healthy domestic demand, support from the government towards capital expenditure, moderating inflation, investments in technology and improving business confidence.
Likewise, several high-frequency growth indicators including the purchasing managers index, auto sales, bank credit, and GST collections have shown improvement in FY23. Moreover, normalizing the employment situation after the opening up of the economy is expected to improve and provide support to consumption expenditure.

The India Meteorological Department (IMD) has made a significant forecast, predicting "above normal" rainfall for the upcoming monsoon season, marking the first time in a decade that such an optimistic outlook has been declared at the initial stage. This forecast, coupled with an anticipated eight-year-high rainfall, offers promising prospects for the agrarian economy and inflation. The weakening of El Nino to a neutral stage in the early monsoon season, followed by the likely development of La Nina conditions in the later part, adds to the positive outlook. El Nino typically leads to suppressed rainfall during the Indian monsoon, whereas La Nina tends to enhance rainfall activity. IMD's more optimistic prediction is expected to bolster agricultural growth and incomes, while also potentially alleviating stubborn food inflation pressures.

At the same time, public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 11.11 lakh crores for FY25. The private sector’s intent to invest is also showing improvement as per the data announced on new project investments and resilience shown by the import of capital goods. Additionally, improvement in rural demand owing to good rabi crop and an expected normal monsoon will aid the investment cycle in gaining further traction.

Overview of Non-Banking Financial Company

Introduction to Non-banking financial institutions (NBFIs)

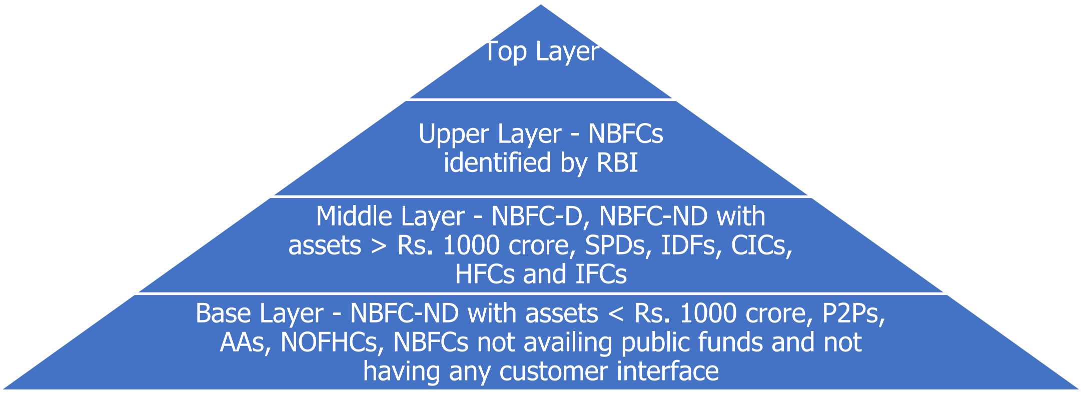
Non-banking financial institutions (NBFIs) encompass a heterogeneous group of financial intermediaries. Those under the regulatory purview of the Reserve Bank comprise:

- All-India Financial Institutions (AIFIs) that include the National Bank for Agriculture and Rural Development (NABARD), the Export-Import Bank of India (EXIM Bank), the Small Industries Development Bank of India (SIDBI), and the National Housing Bank (NHB) are apex financial institutions that play an important role in meeting the long-term funding requirements of agriculture and the rural sector, foreign trade, small industries, housing finance companies (HFCs), NBFCs, Micro Finance Institutions (MFIs), and other specialised segments and institutions.
- Non-banking financial companies (NBFCs) are government/public/private limited companies that specialise in delivering credit to a wide variety of specific segments, ranging from infrastructure to consumer durables and vehicle financing. Housing finance companies (HFCs) extend housing finance to individuals, cooperative societies, and corporate bodies and lease commercial and residential premises to support housing activity in the country.
- Primary dealers (PDs) came into existence in 1995 and act as market makers in the government securities (G-secs) market, besides ensuring subscription to primary issuances.

Non-Banking Financial Companies (NBFCs) play an important role in the Indian financial system by complementing and competing with banks and bringing efficiency and diversity into financial intermediation. NBFCs have evolved considerably in terms of operations, heterogeneity, asset quality and profitability, and regulatory architecture.

Classification of NBFCs

According to RBI, NBFCs are classified based on size and risk perception using Scale Based Approach –



Source: RBI, CareEdge Research
Notes: 1. NBFCs-D, CICs, NBFC-IFCs and HFCs will be included in the middle or the upper layer.
2. The remaining NBFCs, viz., NBFC-ICC, NBFC-MFI, NBFCFactors and NBFC-MGC could lie in any of the layers depending on the parameters of SBR.
3. Government owned NBFCs shall be placed in the Base Layer or Middle Layer, as the case may be.

And since NBFCs cater to niche areas, they are also categorized on the basis of the activities they undertake. Till February 21, 2019, NBFCs were divided into 12 categories. Thereafter, these categories were harmonised in order to provide NBFCs with greater operational flexibility. As a result, asset finance companies (AFCs), loan companies (LCs), and investment companies (ICs) were merged into a new category called Investment and Credit Companies (NBFC-ICC). At present, there are 11 categories of NBFCs in the activity-based classification.

Types of NBFCs

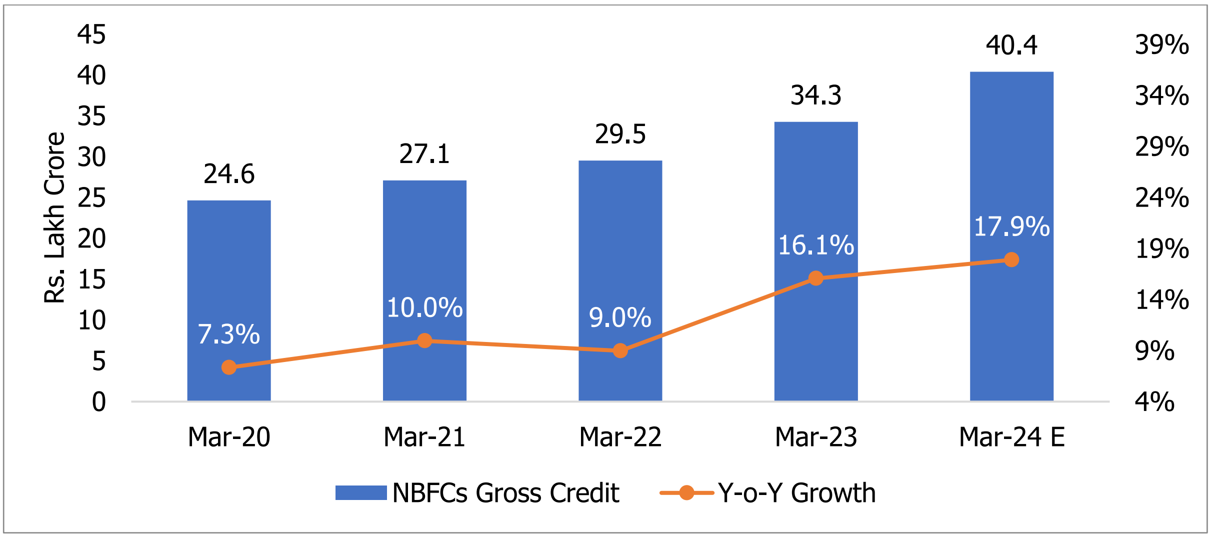
Classification	Activity
Investment and Credit Company (NBFC-ICC)	Lending which supports productive/economic activities and acquisition of securities for investment.
NBFC-Infrastructure Finance Company (NBFC-IFC)	Infrastructure loans.
Core Investment Company (CIC)	Investment in equity shares, preference shares, debt, or loans of group companies.
NBFC-Infrastructure Debt Fund (NBFC-IDF)	Facilitation of flow of long-term debt post commencement operations date (COD) infrastructure projects which have completed at least one year of satisfactory performance and finance toll operate transfer project as the direct lender.
NBFC-Micro Finance Institution (NBFC-MFI)	Providing collateral free small ticket loans to economically disadvantaged groups.
NBFC-Factors	Acquisition of receivables of an assignor or extending loans against the security interest of the receivables at a discount.
NBFC-Non-Operative Financial Holding Company (NBFC-NOFHC)	Facilitation of promoters/ promoter groups in setting up new banks.
Mortgage Guarantee Company (MGC)	Undertaking of mortgage guarantee business.
NBFC-Account Aggregator (NBFCAA)	Collecting and providing information about a customer's financial assets in a consolidated, organised, and retrievable manner to the customer or others as specified by the customer.

NBFC–Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise funds.
Housing Finance Company (HFC)	Financing for purchase/ construction/ reconstruction/renovation/ repairs of residential dwelling units.

Source: RBI, CareEdge Research

Trend in NBFCs Credit in India

Gross Credit Deployed by NBFCs

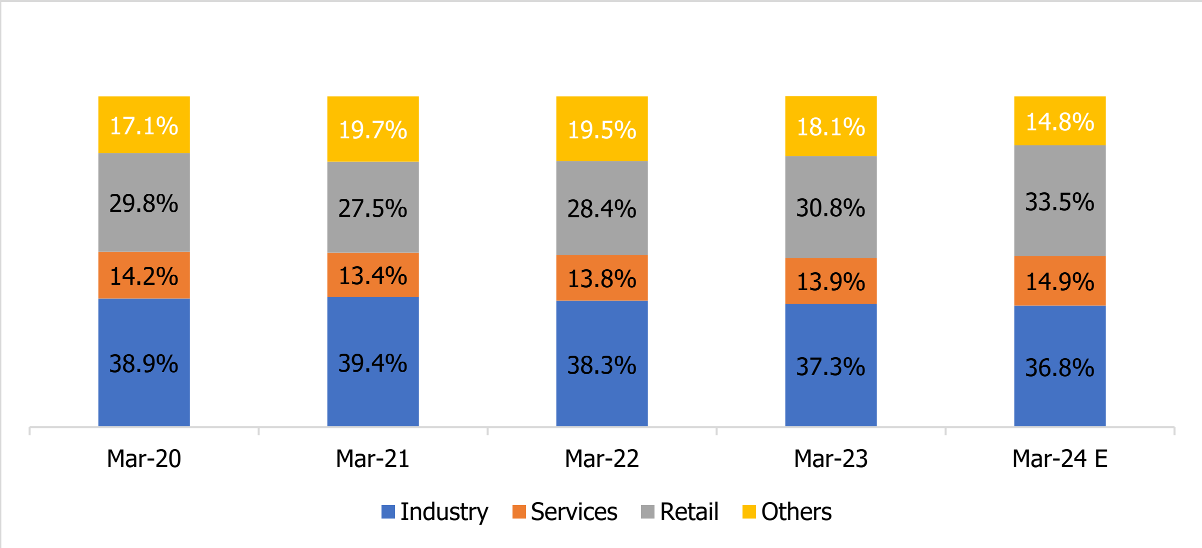


Source: RBI, CareEdge Research
Note: Data are provisional, E indicates Estimated

As of Mar-24, the credit growth rate has seen an uptick of 17.9% y-o-y and is estimated to have crossed Rs. 40 lakh crore. The upward growth trajectory of NBFC credit indicates its importance in India's Financial System. This resilience in growth can mainly be attributed to the increasing demand for unsecured loans, retail credit mainly vehicle and housing loans and the growing demand for MSME Loans has also supported growth in credit.

CareEdge expects that over the medium-term demand for infrastructure loans is expected to see an uptick owing to Government's focus towards the sector. However, unsecured loans growth could be cliffed by RBI's increased risk-weight from 100% to 125% in last fiscal.

Sectoral Distribution of NBFCs' credit



Source: RBI, CareEdge Research
Note: Industry includes credit to micro, small, medium and large enterprises;
Retail loans are personal loans for housing loans, consumer durables, auto loans, and other personal loans;
Services include credit towards commercial real-estate, retail trade and other such loans
Others include credit deployed towards agriculture and allied activities and other non-food credit

The industry sector has remained the largest recipient of credit extended by NBFCs followed by retail loans, services, other non-food credit, and agriculture & allied activities. NBFCs growth in credit deployed towards industry is mainly attributable to increase in infrastructure lending by large government-owned NBFCs. Furthermore, NBFCs have steadily expanded their micro, small and medium enterprises (MSMEs) portfolio, addressing the credit needs of the sector and contributing to overall financial inclusion and economic growth. As of Mar-24, industry credit contributed Rs. 14.9 Lakh crore, indicating around 16.2% y-o-y growth in NBFCs' credit to industry, as per the RBI.

While NBFCs' credit to the industry is growing, their credit to services has declined marginally mainly due to declining credit to the commercial real estate sector, transport operators. As of Mar-24, as per data published by RBI, credit deployed to the service sector has reached around Rs. 6 Lakh crore indicating 26.3% y-o-y growth in NBFC credit deployed towards service sector.

Retail loans comprise housing loans, vehicle loans, loans against gold, consumer durables loans, and other such personal loans. Over the last couple of years, NBFCs have shifted their focus to retail lending in order to grow their business. There has been significant ramp-up in demand for retail credit as more and more consumers are getting comfortable with borrowing funds to meet their changing lifestyle needs.

The growth in NBFCs unsecured retail lending has outpaced the growth in NBFCs aggregate gross credit deployed. As of Mar-24, retail loans reached 13.5 Lakh crore forming over a third of NBFCs gross credit deployed. Furthermore, in terms of delinquencies retail loans have lower delinquencies when compared to MSME/corporate lending, another major factor for the NBFCs increased focus towards retail lending.

Key Growth Drivers

Last Mile Financing and Unbanked Population

NBFCs have a strong presence in the unorganized and under-served areas where banks may not have a strong foothold. This is attributed to the lack of necessary bank infrastructure in these areas and an aversion on the part of banks to disburse loans to smaller companies. Further, the ease of internet access and affordable data packs have contributed to increased spending and demand for retail credit from these areas alongside raising the potential consumer base of NBFCs.

Growing Focus on Informal Customer Base

Traditional banks may not be very keen on lending to retail borrowers from semi-urban and rural areas or small companies with weaker credit scores and lack of documentation, as compared to larger borrowers. However, in terms of volume, the number of potential customers in this category is higher and NBFCs have created a niche segment by having customized credit assessment methods based on cash flow assessment and field verification. This gives NBFCs an opportunity to extend credit to the financially weaker set of customers, a growing customer base in the informal customer segment, further opening up avenues for NBFCs' growth.

Technological Adoption and Co-Lending Arrangements

NBFCs deploy technological solutions to develop innovative products and lower operational costs. Since NBFCs are fairly new in the financial landscape in comparison to most banks, they are more agile and better positioned to leverage technology to enhance their reach while increasing efficiency.

Additionally, NBFCs partner with various alternative financiers and commercial banks, enabling them to diversify their income avenues and reach their targeted customer base through different channels. Accordingly, bank collaborations with other NBFCs help make credit accessible to the under-banked and un-banked population.

Shifting Buying Behaviour

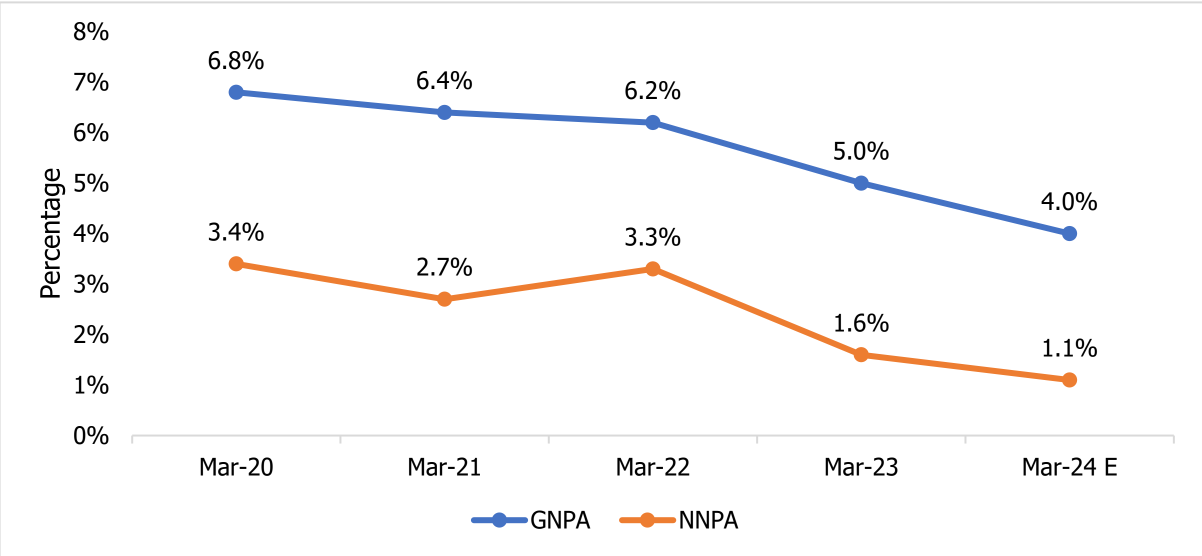
Over the years, there have been significant changes in the perception of consumers toward borrowing. With the need to improve lifestyle, there is an increasing inclination toward borrowing to attain a certain standard of living people. This is prominent among the younger population. Accordingly, banks and NBFCs have seen significant traction in demand for personal loans over the last decade, indicating increased awareness about credit and shift in perception towards borrowing.

Rising Demand from Retail Customers

Retail loans are expected to have accounted for around 33% of total credit disbursed by NBFCs as of Mar-24, according to the data published by the RBI. The retail segment has shown consistent growth in credit demand throughout the pandemic alongside being a significant chunk of the customer base of NBFCs. Going forward, CareEdge Research believes that the demand for consumer durables, consumption of services, home loans and gold loans are likely to support the growth in retail demand and, consequently, aid in the new business of NBFCs.

Asset Quality

Asset Quality of NBFCs



Source: RBI, CareEdge Research

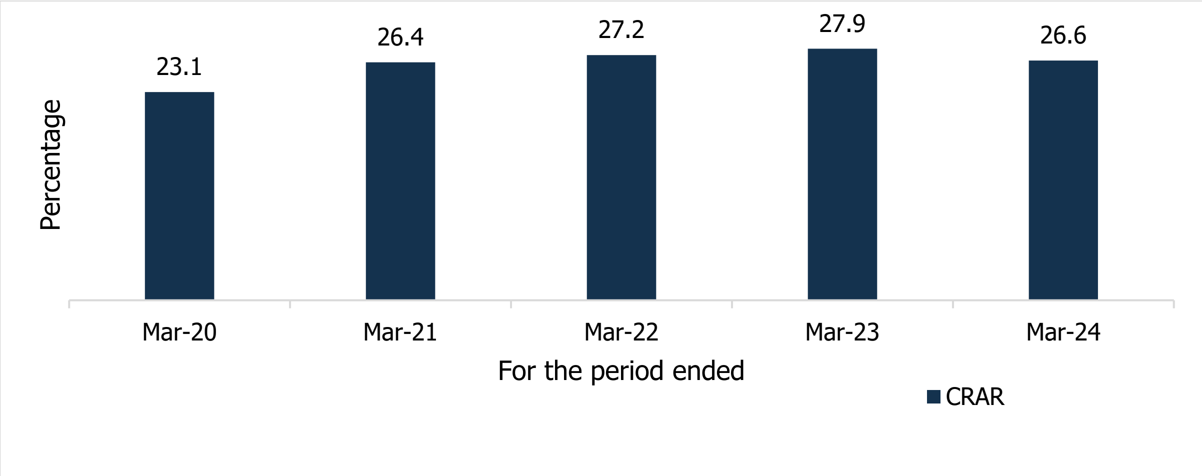
The asset quality of NBFCs has seen continued improvement on account of strong balance sheets, an increase in provisions and improved collection efficiency. Additionally, restructuring of their loan book and NPA write-offs have also aided the improvement in the asset quality of NBFCs. As of Mar-24, the GNPA of NBFCs has improved to 4% from an earlier 5% in Mar-23. NBFCs net non-performing assets is also expected to have improved to 1.1% as of Mar-24 over 1.6% as of Mar-23.

Going forward asset quality is expected to remain in check owing to increased provisions, the decline in fresh slippages and restructuring of the loan book.

Capital Adequacy

Over the years, NBFCs' CRARs have improved on account of the increasing level of Tier-I capital, retained earnings, and moderation in NPA. NBFCs are well capitalised, with their capital-to-risk-weighted asset ratio (CRAR) well above the regulatory requirement (not less than 15% of aggregate risk-weighted assets, including both on and off-balance sheet items).

Capital to Risk Weighted Assets Ratio (CRAR)



Source: RBI, CareEdge Research

Outlook

CareEdge Research expects NBFCs credit to grow between 12%-15% y-o-y in FY25. This growth is expected to be driven by continued demand for retail loans, particularly vehicle loans, home loans, credit towards MSMEs, and microfinance loans.

In the near term, while NBFCs can draw comfort from strong balance sheet, improved provisioning and asset quality in the coming year. FY25 is likely to bode-well for NBFCs as credit off-take is expected to remain healthy owing to strong public capex as well as anticipated revival of private expenditure, on-set of festive season and robust demand from retail and MSME segments.

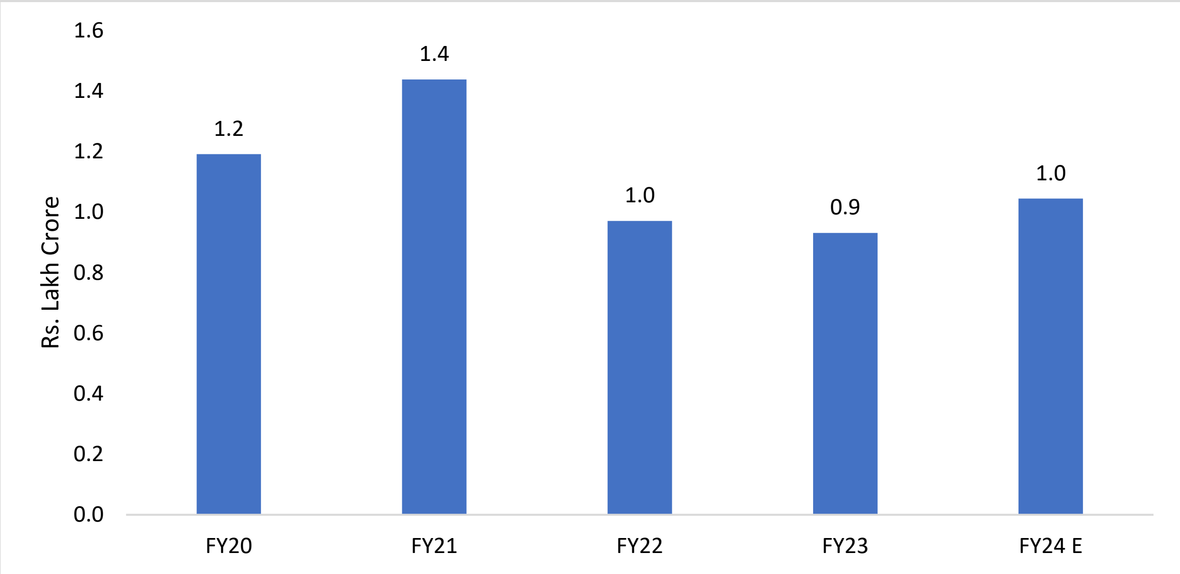
As per the guidelines, the consumer credit exposure of NBFCs (outstanding as well as new) categorised as retail loans, excluding housing loans, educational loans, vehicle loans, loans against gold and microfinance/SHG loans will attract risk weight of 125% from an earlier 100%. While NBFCs are well capitalized, the risk weights are also applicable to banks and this can impact NBFCs. As NBFCs rely on banks for funds and borrowing from banks will become costly with banks charging high interest rate to meet the rise in risk weights.

Overview on Construction Finance Portfolio of NBFCs

Construction finance is funding provided for various stages of planning, designing, and executing construction projects. These funds are used by borrowers to cover costs of land acquisition, permits obtaining expense, purchasing raw materials, hiring labor, and managing other project-related costs. Construction finance plays a pivotal role in the development of India's infrastructure and real-estate projects. India is an emerging economy and demand for robust infrastructure is increasing, leading to significant surge in construction activities.

A variety of entities ranging from banks, NBFCs to other financial institutions that provide construction finance by offering financial products tailored to the specific requirements of the construction projects, this includes term-loans, working capital loans and project finance.

Aggregate Construction Finance Portfolio of HFCs and NBFCs



Source: CareEdge Estimates

The construction finance portfolio of HFCs and NBFCs saw significant decline in FY22. This decline was majorly on account of decline in infrastructure activity, migration of labour following the Covid-19 pandemic. However, construction activity started to pick up slowly and this led to increase in need for funding of such projects. As of FY24, NBFCs and HFCs are estimated to have contributed Rs. 1 Lakh crore credit towards construction finance, indicating 11% growth as of Mar'24 over Mar'23.

Furthermore, the Government of India has taken initiatives to facilitate the growth of the construction sector by implementing policies that encourage foreign investment, streamline approval processes, and promote sustainable development practices. The emergence of innovative financial instruments, like Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs), has also contributed to diversifying the financing options available for construction projects. The significant need for improved infrastructure is aiding ramp-up of construction activity in India thereby creating continuous opportunities for financial institutions to provide funding for construction projects.

Way Forward

The construction finance portfolio is expected to witness resilient growth in the coming years on account of rising urbanization, need for affordable housing and increased disposable income. Furthermore, the growth is likely to be majorly supported by Government's increased push towards infrastructure development. Government initiatives like the National Infrastructure Pipeline (NIP) and the Pradhan Mantri Awas Yojana for affordable housing are fueling infrastructure and residential construction. This in turn can translate into increased demand for construction finance.

Auto Financing

Introduction to Auto Financing

The automotive industry is considered to be one of the major drivers of economic growth due to its linkages with multiple industries. Its contribution to the GDP of India stands at around 7%. The growth of this sector benefits the commodity sector as vehicle manufacturing requires steel, aluminum, plastic, etc. It also holds importance for the Banks, NBFCs and other financial institutions in the form of automobile financing. Moreover, it is a crucial source of demand for the oil & gas industry.

India is the largest manufacturer of two-wheelers, three-wheelers, and tractors. With a vibrant supply chain ecosystem, favorable policies, close proximity to port and other factors, India's southern states continue to be the front runners in EV manufacturing and consumption. Hosur is actually one of the major manufacturing hotspots of Tamil Nadu, with many automobile OEMs having their factories there. It has emerged as a key industrial hub covering electronics, automobiles & auto components, light-machinery, engineering, specialty chemicals, etc. This region is being preferred by several automobile manufacturers and its strong and vibrant presence of MSMEs in Hosur also make it attractive for investors.

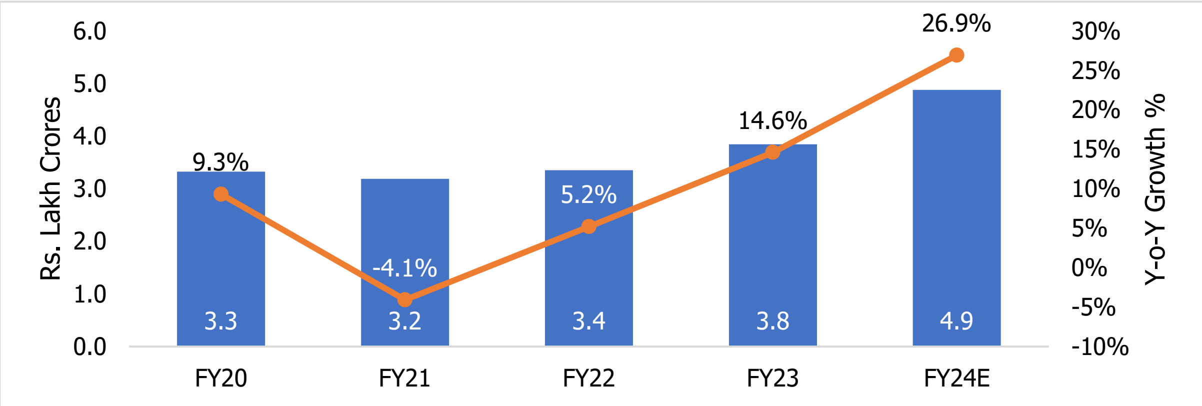
And auto financing has emerged as a pivotal component in India's rapidly growing automotive industry. As the demand for vehicles continues to rise, auto financing plays a crucial role in bridging the gap between a savings of the borrower and the cost of their desired vehicle, making vehicle ownership more accessible for a wider segment of the population.

Non-Banking Finance Company (NBFCs) has been a pillar of strength for the automobile industry, primarily lending to customers in semi-urban and rural areas where credit availability from the banking sector is generally difficult. Continuous access to easy and secure credit to consumers has facilitated sales of vehicles over the years.

The retail loan book exposure of the NBFCs consist of vehicle financing, housing loans and microfinance. More than 50% of the total vehicle financing exposure of NBFCs is from commercial vehicles (CVs) and passenger car/utility Vehicles (UVs) financing. Balance includes tractor/two/three-wheeler financing.

Trends in Auto Financing (AUM, Asset Quality and Profitability)

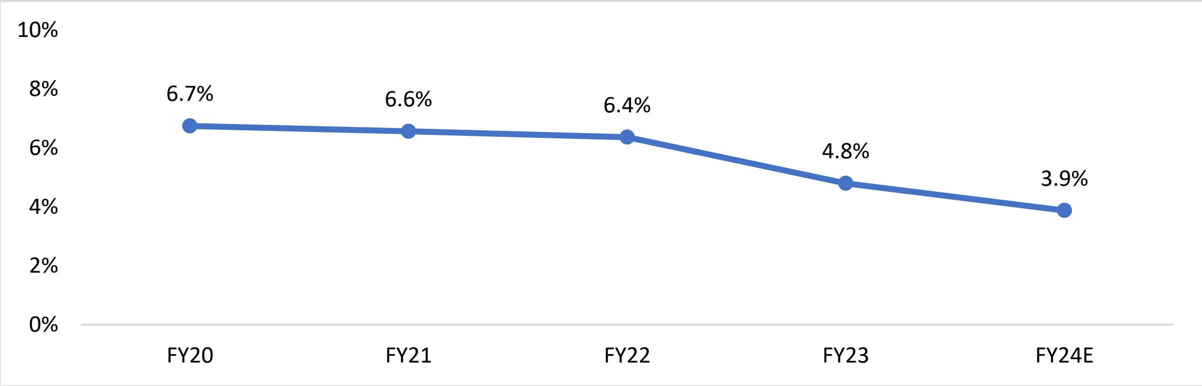
Trend in NBFCs Credit towards Auto Financing



Source: RBI, CareEdgeResearch

In FY21, the retail auto financing book witnessed a marginal dip of 4.1% y-o-y amid significant decline in automobile sales. During the Covid-19 pandemic the demand for automobiles was impacted on account of shutting down of manufacturing firms, auto dealer showrooms, halt in movement of goods and services. However, in the post-Covid era there has been significant growth in automobile sales especially in the passenger and commercial vehicles segment. This led to increase in demand for auto loans from NBFCs and other financial institutions. The retail auto financing book of NBFCs forms a significant chunk of NBFCs retail credit. This segment has seen continued improvement and is expected to reach Rs. 4.9 lakh crores as of Mar'24, indicating 26.9% y-o-y growth over Mar'23.

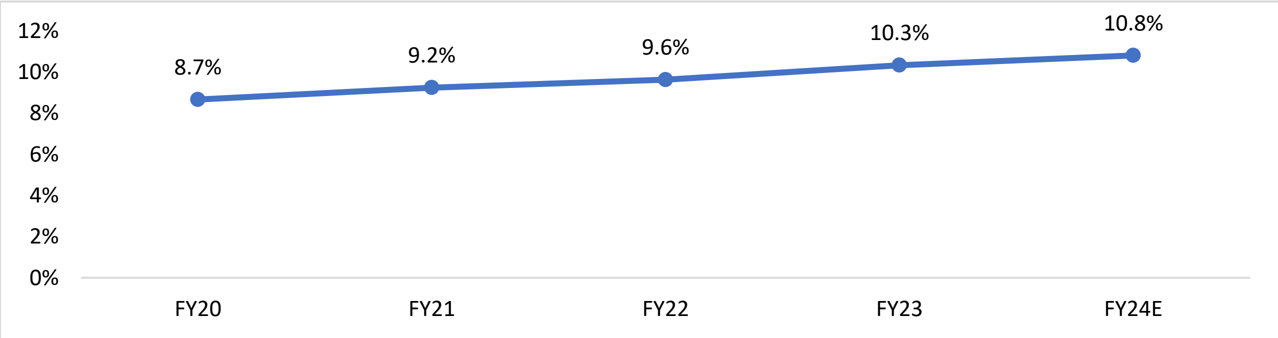
Gross Non-Performing Assets of NBFCs Auto Finance Portfolio



Source: RBI, CareEdge Research

Post Covid-19, NBFCs have witnessed significant improvement in asset quality of their auto loans portfolio. The GNPA of auto loan segment of NBFCs improved from 6.6% in FY21 to a staggering 3.9% in FY24. This improvement in asset quality comes on the back of improved customer sentiments, resumption in movement of goods and services and overall sustained macroeconomic activity.

Net Interest Margin of Auto Finance NBFCs



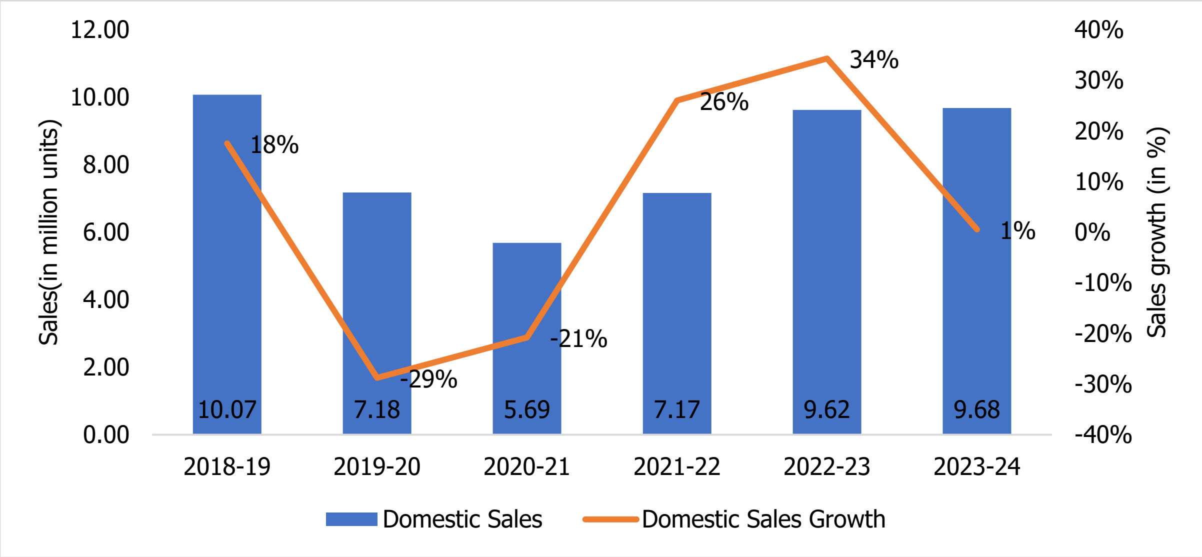
Source: CareEdge Estimates

The profitability of auto financing NBFCs is in line with the rise in demand for auto loans. The NIMs of auto finance NBFCs seems to have been on a continued growth trajectory. The improved asset quality is expected to have controlled credit costs to a certain extent thereby supporting profitability.

Trends in Commercial Vehicle Financing

The Indian Commercial Vehicle (CV) industry is the lifeline of the economy. About two-thirds of goods and 87% of the passenger traffic in the country moves via road. Past trends have shown that CV demand is closely correlated with the GDP growth rate (more strongly with the Index of Industrial Production, IIP) of the country. Therefore, it is believed that a phase of growth or slowdown in CV demand is a harbinger of a simultaneous upturn or downturn in the economy, respectively. The growth in Medium & Heavy Commercial Vehicles (M&HCV) is considered to be a crucial indicator for pickup in investment activities while growth in Light Commercial Vehicles (LCV) is considered an indicator of consumption demand.

Domestic sales of Commercial Vehicles in India

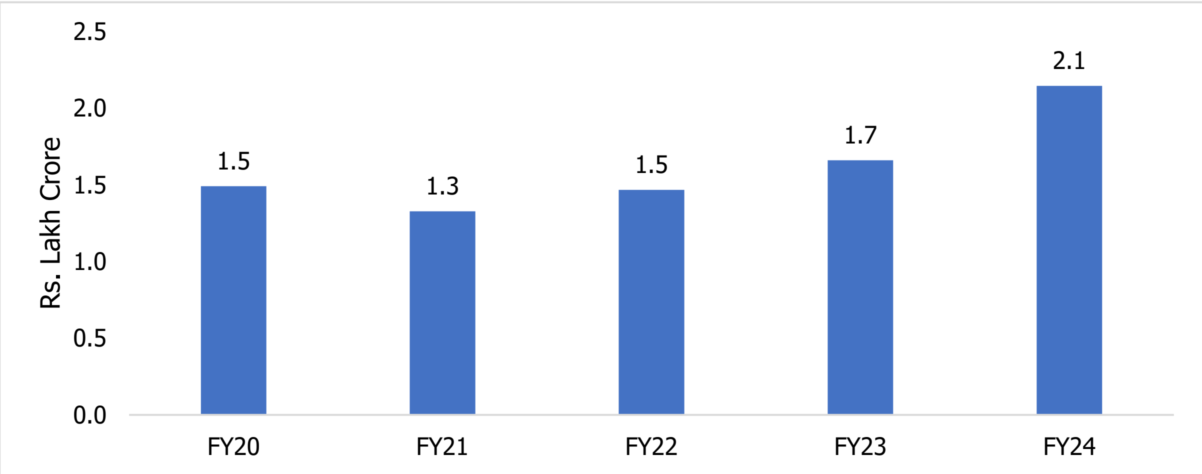


Source: Society of India Automobile Manufacturers (SIAM), CareDege Research

The commercial vehicle (CV) industry grew marginally by 1% in FY24. The slow growth can be attributed to the cyclical demand, and the demand is expected to be soft in Q1FY25 on account of general elections. However the demand can uptick subject to adequate deployment of funds from the Central Government towards Infrastructure development, which fostered an environment for bulk deals, especially in Tippers and government sectors. Furthermore, there was a discernible improvement in market sentiment, supporting a healthy traction in HCVs, Buses and LCVs and signaling a revitalized tourism market.

The commercial vehicle segment posted sales volume growth of 34% y-o-y in FY23, the second-highest domestic sales, and is close to the previous peak of FY19. The industry has showcased excellent performance growth due to structural upcycle over the past few years. In FY23, the demand sentiments across the segment showed healthy growth led by a strong infrastructure push by the Central Government, improved freight availability, and pre-buying ahead of the implementation of phase II of the BS-VI emission norms.

Trend in NBFCs Credit towards Commercial Vehicle Financing



Source: CareEdge Estimates

In FY21, commercial vehicle financing declined on account of decline in sale of commercial vehicles amid halt in logistics and transport operations, economic standstill, shutting of manufacturing operations and dealership showrooms. Post Covid-19, the commercial vehicle finance segment has seen good growth in like with the industry. This growth is attributed to increased demand for commercial vehicles amid improvement in economic activity, revival of construction

/ mining activities. As of FY24, the commercial vehicle finance segment is expected to have witnessed nearly 23.5% y-o-y growth reaching Rs. 2.1 lakh crore.
Rural borrowers form a major part of the total borrowers of CV financing NBFCs. These were affected dur to Covid-19 due to increased infections in rural areas. Also, the lockdowns had cash flows to a prolonged period of restricted economic activity which has affected their repayment capacity. Health and income stresses during the Covid-19 period of FY21 and FY22 to a certain extent had been more pronounced in the rural and semi-urban areas, which formed a large part of the borrower base. This, along with persistent stress in urban markets lead to higher non-performing loans and impairment costs.

The asset quality of commercial vehicle loans of auto finance NBFCs is expected to have improved in FY24, on account of low delinquencies, sustained economic activity and boost in logistics and transportation sectors. Commercial vehicle loans are susceptible to a variety of external factors such as changes in fuel prices, regulatory shifts affecting the transport industry, and economic downturns, all of which can impact the repayment capacity of borrowers. Therefore, NBFCs place a strong emphasis on rigorous risk assessment and ongoing monitoring to ensure the asset quality of their commercial vehicle loan portfolios remains robust.

Used Commercial Vehicle Financing

The Covid-19 pandemic had a profound impact on the commercial vehicles (CVs) market, particularly in terms of new vehicle production. Manufacturing operations came to a standstill, resulting in a significant decline in the production of new commercial vehicles. However, this downturn in new vehicle production had an unexpected consequence - a surge in demand for used commercial vehicles.

Over the past few years the demand for used commercial vehicles has seen good growth, as businesses are becoming aware of cost-effectiveness and operational advantages of acquiring pre-owned vehicles. As compared to brand-new vehicles, used commercial vehicles come at a considerably lower price point, making them an attractive option for small and medium-sized enterprises (SMEs) looking to expand their fleets or individuals seeking affordable transportation solutions. This cost-effectiveness allows businesses to optimize their operational expenses and enhance their overall profitability. The rise in demand for used commercial vehicle can also be attributed to of expanding logistics and transportation requirement, leading to rising need for financial options for used commercial vehicles.

Non-banking financers in the used commercial vehicle financing landscape are well positioned. Their quick turnaround times, flexible loan structures, and focus on smaller ticket sizes cater perfectly to the needs of used CV buyers. Also, NBFCs are actively developing innovative financing models, such as lease-to-own schemes, further propelling the sector's growth. Despite the positive strides, challenges such as the concerns over vehicle quality, lack of standardized valuation mechanisms, potential volatility in the resale value of used vehicles and regulatory changes pose considerations for both lenders and borrowers.

Furthermore, the increased demand for used vehicles has also prompted a need to review the Loan-to-Value ratios (LTVs) of auto loan financers. Lenders are likely to adjust their lending practices to manage the risks associated with financing used cars. Striking the right balance in LTVs is crucial to prevent overexposure and mitigate potential depreciation risks. Auto loan financers in India are likely to adopt measures to ensure responsible lending practices and maintain a sustainable used vehicle market.

The sector has also been impacted by the regulatory environment and advancements in technology that have played a significant role in shaping the used commercial vehicle sector in India. Regulatory frameworks governing emissions standards, safety regulations, and other compliance factors have evolved, ensuring that pre-owned vehicles meet certain standards before being sold in the market.

The Supreme Court of India banned the sale and registration of Bharat Stage 4 (BS4) compliant motor vehicles in India from 1st April 2020 signifying the shift from BS4 emission norms to BS6. On 1st April 2020, India implemented Bharat Stage 6 (BS6) norms that are emission standards mandated by Government of India for vehicles sold in India.

The BS6 norms aim to regulate the amount of pollutants that are being emitted by petrol and diesel engine powered vehicles. Unlike the previous BS4 norms, the level of pollutants such as carbon monoxide, hydrocarbons, nitrogen oxides permissible under the BS6 norms are much lower. The introduction of BS6 norms led to the development of new engine technologies and exhaust systems that are more efficient and cleaner.

The immediate consequence of BS6 norms was the rise in price of vehicles, as manufacturing of new engine per the strict regulations was expensive. This made used BS4 compliant vehicles, particularly in the budget segment, significantly more attractive to cost-conscious buyers. The used vehicle segment saw a significant surge in demand, this created opportunity for financers to provide credit towards used vehicle financing.

Also, advancements in vehicle diagnostics and maintenance technologies have enhanced the overall reliability and performance of pre-owned commercial vehicles, instilling confidence among buyers about the longevity and efficiency of these vehicles.

The used commercial vehicle has been gaining significant traction in recent times and established financial institutions, including banks and non-banking financial companies (NBFCs), are recognizing the potential of the used commercial vehicle financing segment and are actively expanding their portfolios to cater to the growing demand. With the realization that businesses, especially small and medium enterprises (SMEs), often prefer the cost-effectiveness of acquiring used commercial vehicles, financers are offering tailored loan products to meet these specific needs.

However, this continued growth in used vehicles market raises concern about the potential creation of a bubble. The increased demand for used cars, driven by factors such as rising new car prices and a preference for more budget-friendly options, has led to a surge in prices for certain used models. This price inflation can impact the sustainability of the current market dynamics. Regulatory bodies and market participants are expected to closely monitor this trend to prevent speculative practices and ensure the stability of the used vehicle market in India.

Growth Drivers

Infrastructure Development and Industrialization

The growth of commercial vehicle industry is directly correlated with the industrial and infrastructure growth in the economy. With the government's increased spending in the infrastructure projects such as roads, irrigation, affordable housing, etc. and its ambitious Make in India programme supported by favorable schemes such as Production Linked Incentive scheme, the industrial and infrastructure growth of India is expected to pick-up. This can increase opportunities for financers to provide funding for commercial vehicles required for the development of infrastructure and the expansion of industrial sector.

Growing Logistics and Transportation Needs:

The demand for commercial vehicles is on an upward trajectory owing to the growth of e-commerce, increased manufacturing activities, and a booming retail sector. Businesses are expanding their fleet to meet the growing logistics and transportation needs, creating a demand for financers such as Banks, NBFCs and FIs to facilitate vehicle acquisitions.

Urbanization

Urbanization is a key driver of India's overall growth. Urbanization of India's population is growing on a larger population base, warranting a need for more vehicles. This would create opportunity for sales of vehicles. Delhi, Mumbai, and Kolkata will be among the world's largest cities and cumulatively become home to ~100 million people. This rapid urbanization would increase the demand for vehicles across the country.

Hub and Spoke model

The transportation of goods follows a hub and spoke model wherein goods arrive at certain key hubs through trucks, and are transported in Light commercial vehicles (LCVs). Increased manufacturing and infrastructure activity have spurred the sales of medium and heavy commercial vehicle. The growing demand of freight transport is further aiding the demand for LCVs, which will create opportunities for financers to provide funding for acquisition of LCVs.

Outlook

The domestic commercial vehicle sales volume grew by 1% y-o-y in FY24, after witnessing double-digit growth of 34% y-o-y in FY23, as FY23 was the first full year without any impact of the pandemic after a gap of two years. The growth in sales volume across segments was supported by healthy demand in the urban areas, increasing replacement demand, growing demand for utility vehicles in the passenger vehicle segment, vehicle scrappage policy, and higher infrastructure spending.

The commercial vehicle segment is expected to decline by 5%-8% in FY25 due to a correction following the structural upcycle in the previous fiscals after steep growth in FY22 & FY23. Overall, the domestic automobile industry sales are expected to grow with a CAGR of around 4%-6% over the period of 2024-2028. Although consistently high inflationary and interest rate environment could dampen consumer sentiment, monsoons remain a key monitorable for rural demand growth going forward.

Despite inflationary pressure throughout the year, preponing purchases before the implementation of new fuel emission norms (BS-VI Phase -II), easing of semiconductor chip supply, and pent-up demand supported the sales growth.

NBFCs credit towards the auto loans segment is expected to continue to witness healthy growth in FY25 on account of continued traction in PV segment coupled with revival in 2wheeler segment.

Overview of Housing Finance Companies

Housing Finance Companies (HFCs) serve as an alternative financing channel to the real estate and housing sector and are a part of the non-banking financial companies (NBFC) sector. HFCs play an important role in the Indian financial system by complementing and competing with banks, specializing in credit delivery to home buyers, providing an opportunity to those businesses which want to monetize their real estate assets and developers. They develop strong niches with their specialized credit delivery models that even larger players including banks have found hard to match.

Housing development and democratized homeownership are important economic and social policy objectives in India. Economic development and rising per capita income have created a new aspirational India. Owning a home is an essential part of Indian aspirations.

The real estate industry is one of the most crucial and recognized sectors across the globe. The industry can be further segmented into four sub-sections – housing, commercial, retail, and hospitality. Of these, the residential segment contributes to around 80 percent of the overall sector. The growth of the overall real estate industry also depends on the growth in the corporate environment and the demand for office spaces, urban and semi-urban accommodations. The construction industry is therefore one of the major sectors in terms of its direct, indirect, and induced impacts on all sectors of the economy.

In India, the real estate industry is the second largest employment generator after agriculture. Around three houses are built per 1,000 people per year as against the required construction rate of five houses per 1,000 individuals per year, as per industry estimates. This indicates that there is significant untapped potential for growth in the sector. While the current shortage in housing in urban areas is pegged at around 1 crore units, the shortage in the affordable housing space is expected to be much higher considering the population belonging to that strata. Along with this, increased economic growth and the uptick in India's service sector have created additional demand for office space, which in turn is likely to result in greater demand for housing units in the nearby vicinity.

India is in the top 10 price-appreciating housing markets internationally. Therefore, it is also expected that this sector will incur more non-resident Indian (NRI) investment, both in the short term and the long term. The growing flow of funds through the FDI route in Indian real estate is encouraging increased transparency. Developers, to attract funding, have revamped their accounting and management systems to meet due diligence standards.

The housing finance sector in India comprises financial institutions, scheduled commercial banks, regional rural banks, agriculture, and rural development banks, housing finance companies, state-level apex cooperative housing finance society, NBFCs, Finance institutions ("**MFIs**"), and self-help groups.

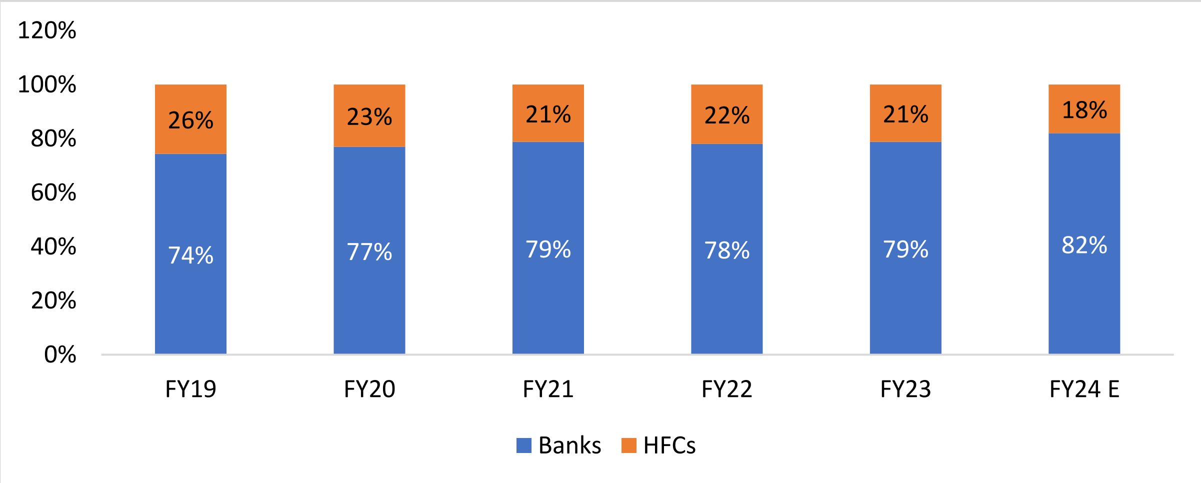
The purpose of a housing finance system is to provide the funds to home aspirational. In many countries, the government has created a complex procedure for availing finance which has complicated the housing finance system. The important feature of any financing scheme is the ability to channel the funds of investors to those purchasing their homes. The role of housing finance is to eliminate these obstacles and contribute to better living standards for a thriving economy. This will directly or indirectly generate demand for supporting industries and lead to the creation of job opportunities.

India has changed socially and there is no stigma attached today to go for borrowed funds. The emergence of housing finance is a major business in the country, the demand for housing loans was rapidly increasing in recent years. The reasons for this were easy affordability of housing, declined property prices, reduced interest rates, attractive tax incentives, supporting government policy (PMAY), and an increase in overall household incomes. Despite policy focus and sustained government efforts, India still suffers from a housing shortage that could increase with a rising population.

HFC's share in Housing Finance

The rapid growth of housing loans in banks' portfolios over the last two decades has resulted in these loans becoming a significant component of the overall loan portfolio of banks. The HFCs have gained market share. Banks also purchase housing loan portfolios from other intermediaries and so the stock of loans outstanding may not reflect the proportion of disbursements.

Share of Bank and HFCs in housing finance portfolio



Source: RBI, CareEdge Research
Note: E indicates estimates

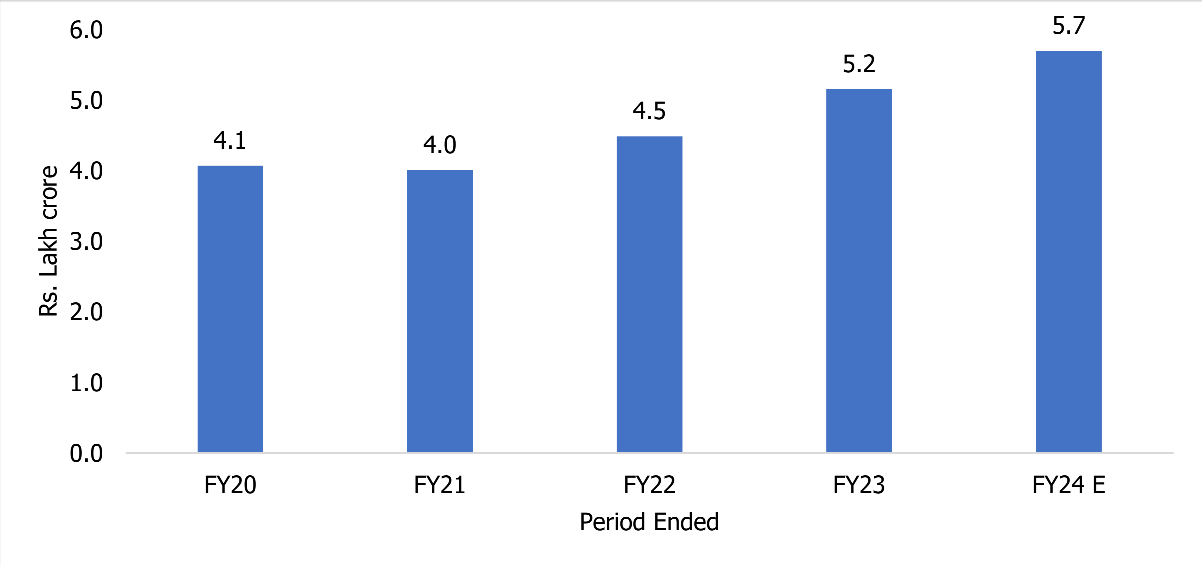
A rapid growth of housing loans in banks' portfolio over the last two decades has resulted in housing loans becoming a significant component of the overall loan portfolio of banks. Similarly, housing loans form a large chunk of HFCs loan portfolio more than half of HFCs loan book comprises of housing loans.

Banks continue to form a major chunk of market share in housing loans disbursed in India. However, banks also purchase housing loan portfolios from other intermediaries and so the stock of loans outstanding may not reflect the proportion of disbursements.

Trend in Housing Loans Outstanding of HFCs

Housing finance accounts for more than 70% of housing finance companies (HFCs') loan book. HFCs' credit towards housing finance gained significant traction post the pandemic. As of FY24, total housing loan portfolio of HFCs is expected to reach Rs. 5.7 lakh crores, the growth is likely to have tapered down on account of estimated high-base of FY23.

Outstanding Housing Finance Portfolio



Source: RBI, CareEdge Research Estimates
Note: Figures are excluding HDFC's loans outstanding

Affordable Housing Finance

The affordable housing finance segment is the largest – and most challenging - within India's housing finance sector. India's typical affordable HFC customer resides in Tier-2 and Tier-3 cities, is unfamiliar with the concept of credit, has a low informal income, does not possess income documents, and is usually self-employed. These realities warrant the use of specialized expertise in addition to what is used in conventional lending.

Over the last decade, several new players have emerged in the housing finance market focusing primarily on the affordable housing segment. During the Covid-19 pandemic, the housing sector was booming on account of high demand of homes coupled with low supply of homes. Additionally, the affordability of the home buyers was high led by low interest rates. However, with the rising inflation and RBIs rate hike, and the housing market being sensitive to fluctuations in rates has been impacted.

As of 16th July 2024, data as per Pradhan Mantri Awas Yojana – Urban (PMAY-U) since inception, the Government sanctioned 118.6 lakh houses under PMAY, of which over 85 lakh houses were completed. In FY25, housing loans are expected to have continued forming a significant chunk of loan, followed by loan against property then construction finance respectively.

In the long term, the affordable housing segment is expected to see significant growth. The growth is likely to be supported by various factors such as increasing urban population with increasing income, Government initiatives such as Housing for all will push demand for affordable housing. Further, the staggering housing shortage, coupled with rising aspirations for homeownership, is likely to create a massive unmet demand for affordable housing units, leading to the push in demand for affordable housing. The surge in demand for affordable housing will create opportunities for HFCs and other financial institutions to prove affordable housing finance to low and middle-income borrowers.

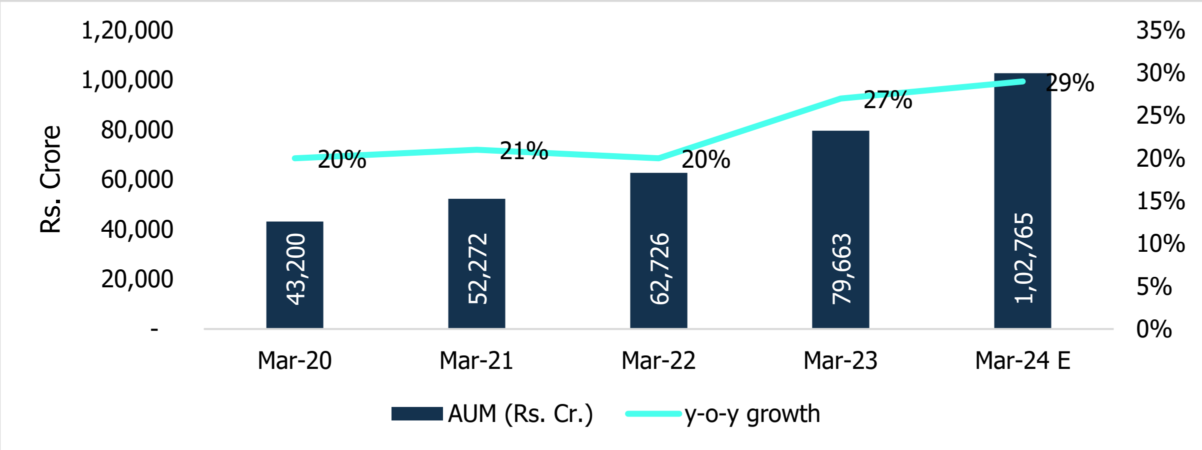
Credit Growth of AHFCs

Within the larger housing finance industry, AHFCs are a specialized but rapidly growing sector, with around 6% of the market share.

AHFCs had a notable recovery in growth post the COVID-19 era in fiscal 2023, with their portfolio growing by 27% year over year, backed by an improving macroeconomic environment.

This upward trend is anticipated to persist, with CareEdge Research estimating a 29% y-o-y growth for AHFC portfolios in FY24. The outlook for AHFCs is supported by several factors, including their relatively smaller base as compared to the traditional banking institutions and prime housing finance entities, their capacity to penetrate unorganized market segments, wider reach and faster transaction processing with technological advancements.

AHFCs Growth Momentum to Continue

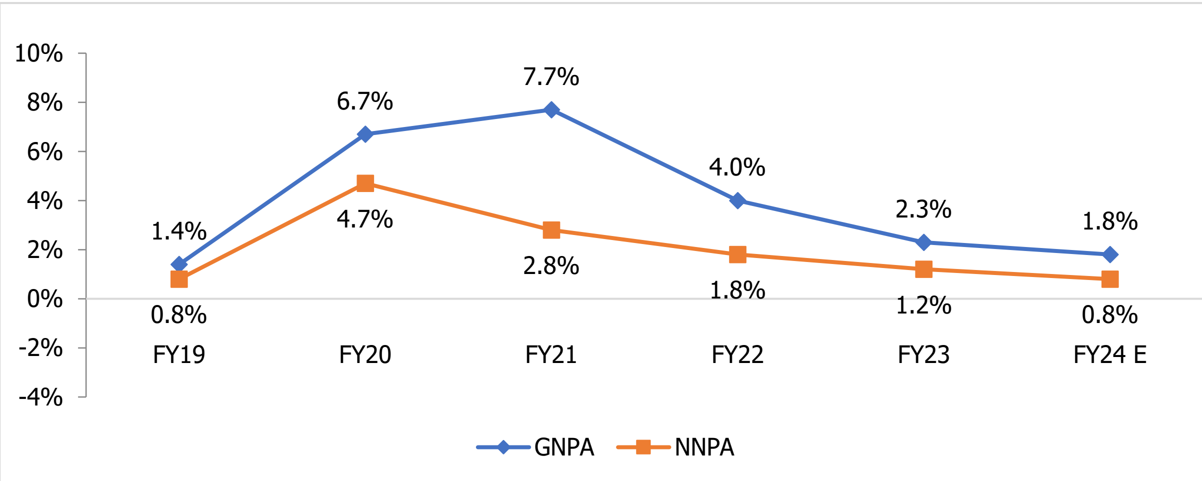


Source: RBI, CareEdge Research

Note: E indicates estimates

Asset quality of HFCs

HFCs Asset quality



Source: RBI, CareEdge Research

Note: E indicates estimates

The asset quality of HFCs is expected to have further improved in FY24 on account of good recoveries, increased provisions, low slippages supported by asset recognition norms. The non-performing assets are expected to have declined on account of restructuring of loan book and write-offs. Additionally, healthy growth in disbursement, improved demand for credit and capital adequacy of HFCs has also aided the improvement in asset quality.

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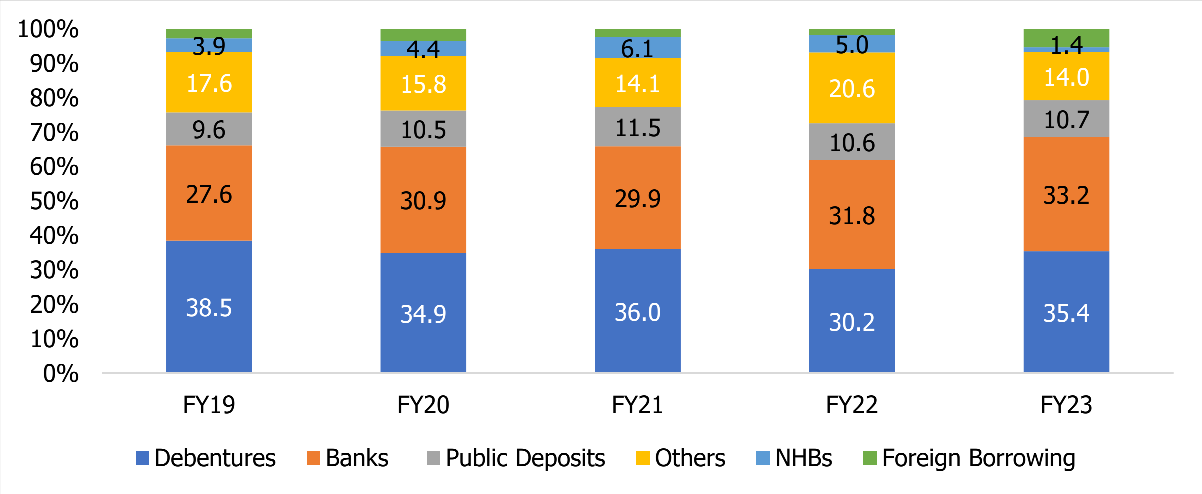
Over the years, the asset quality of HFCs has also improved as they have shifted their focus towards retail loans that have low slippages compared to corporate loans and are low risk in nature.

Resource Profile

Share in Resources Mobilized by HFCs

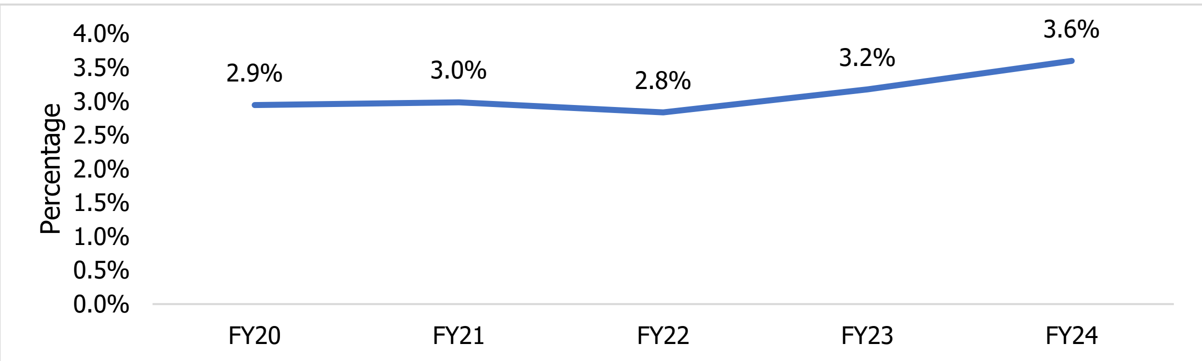


Source: RBI, CareEdge Research

- HFCs predominantly rely on debentures and bank borrowings for funds, constituting around two-thirds of the total resource profile. However, over the years the mix between debentures and bank debt has significantly altered.
- HFCs had a high reliance on Debentures to the extent of 39% in FY19. Over the last few years, the proportion of Debentures in HFCs resource profile has significantly declined to around 35% of the total resources raised by HFCs as of FY23.
- Debentures: Over the period debentures have continued to remain the preferred source of borrowing for HFCs.
- Similarly, in the evolving risk-averse market conditions, the reliance on bank debt for resource raising has increased and constitutes to 1/3rd of the total resources.
- Public deposits: The share of public deposits has remained around 10% to 12% between FY19- FY23.
- NHB: HFCs have reduced their dependency on NHB for borrowing funds during FY22 and FY23.
- Foreign borrowings: The dependency of HFCs on Foreign funds has reduced in the recent past.

Profitability

Net Interest Margin of HFCs



Source: Industry Reports

Note: Figures is calculated on the basis of NIMs of 5 major players excluding HDFC's NIM

Over the years, HFCs have continued to increase their focus towards home loans which are secured and are high margin loans in nature. In FY24, the net interest margin of HFCs improved to 3.6% from 3.2% during a year ago period. The profitability of housing finance companies improved on account of improvement in collection efficiency, and improvement in asset quality, increase in interest rate spreads, uptick in assets under management.

Major Challenges
Asset-Liability Mismatch

HFCs provide construction loans that are typically long-term loans ranging anywhere between 15-30 years. However, for their funding they rely on short-term borrowings. This mismatch can cause problems if lenders become unwilling to renew short-term loans. HFCs need to manage their asset-liability maturity mismatch effectively to minimize interest rate risk. Mismatched durations between assets and liabilities can expose them to volatility in interest rates.

Interest Rate Fluctuations

HFCs are highly sensitive to changes in interest rates. It stems from the inherent mismatch between the long-term nature of their assets (housing loans) and the usual short-term nature of their liabilities (funding sources). Rise in interest rates can affect the cost of funds of HFCs. As they end up paying higher interest rates on their short-term borrowings, but their fixed-rate housing loans won't generate higher income. The fluctuations in interest rate can lead to profit margin erosion of HFCs.

Liquidity Risk

Access to liquidity is essential for the smooth functioning of HFCs. Market conditions and changes in investor sentiment can impact their ability to raise funds at favorable rates. HFCs might struggle to renew their matured short-term borrowings, in case there's a liquidity crunch in the market. This could force HFCs to sell assets at a loss or borrow at even higher rates, further impacting their financial health. Ensuring adequate liquidity to meet their financial obligations is a constant challenge for HFCs.

Affordability and Economic Conditions

The demand for housing loans is closely tied to the economic conditions and the affordability of housing. Economic uncertainties, inflation, and job market fluctuations can influence the purchasing power of potential homebuyers, affecting the demand for housing finance. Further, the affordability of housing could also be impacted in case of high cost of land acquired by builder/ developers, as it impacts the developers ability to build affordable housing, thereby limiting the pool of potential borrowers for HFCs.

Growth Drivers

The non-banking housing finance market in India is fragmented with over 85 HFCs. However, the top four players constitute over 70% of the market share. The top two players Housing Development Finance Corporation (HDFC) and LIC Housing Finance Limited each have assets over Rs. 7 lakh crore and Rs. 2.5 lakh crore respectively. In addition, unlike banks, the HFCs are governed by the National Housing Bank, a subsidiary of the RBI. As HFCs were not able to accept deposits from consumers in normal circumstances earlier, they have less stringent regulations vis-à-vis banks.

The HFCs gained prominence when the retail housing segment was neglected by banks, with many small consumers unable to fulfill the stringent documentation requirements of banks. Although the interest rates charged were higher than that of banks (due to a higher cost of funding), this did not deter small consumers from pursuing HFCs because of a clear lack of alternatives. Thus, in the last few years, there has been a large influx of new players, taking the number of non-deposit-taking HFCs from 55 in FY14 to more than 80 in FY24, according to the National Housing Bank.

In cases where the home value does not exceed Rs. 10 lakh, HFCs may add stamp duty, registration costs and other documentation charges to the home value to increase the maximum allowable loan on a property. This in turn, allows these HFCs to lend more to home buyers as compared to banks. Further, with banks having switched to marginal-cost-based lending rates (changing from base rate regime) in 2016, interest rates may increase with funding costs, thereby, reducing the gap in rates offered by banks and HFCs. Despite the banks’ larger scale and funding advantages, they have been losing out to the HFCs.

Population Demography

As per United Nations – Population Division - Department of Economic and Social Affairs, the Indian age demographic has two-thirds of our population below 35 years of age, and the share of people in the age group of 0-14 is 26.16%. The share of the working-age population (15-65 years) is 67.27%, which indicates a very positive future outlook for the Indian housing sector.

The demand for new houses is steadily increasing as the pace of urbanization is expected to increase with the Government's focus on building new smart cities as well as a focus on Tier 2 cities, which have a population of around 10 lakh, and Tier 3 cities, which have a population of less than 10 lakh. Thus, CareEdge Research expects that surging growth and employment in these cities will prove to be a significant driver for people in the rural and semi-urban areas to shift to Tier 2 and Tier 3 cities.

The Indian economy has experienced steady growth in the past decade and is expected to be one of the fastest growing economies in the post-pandemic era. India's urban population is expected to reach over half a billion by 2025 from an estimated 46.1 crore in 2018. Rising income and employment opportunities have led to migration to urban areas thereby creating greater need for real estate in major Indian cities. The growth in economy coupled with increased urbanization to expected to boost the demand for housing industry.

Recent Regulatory Framework of HFCs

The regulatory framework for Housing Finance Companies (HFCs) has undergone a shift in recent years. Earlier the National Housing Bank (NHB) was responsible for overseeing the activities of HFCs. However, in November 2019, the RBI assumed this role. This change necessitated certain adjustments as to how HFCs operate, various regulations have been issued to HFCs treating them as a category of NBFCs and the regulatory framework for HFCs was aligned with that for NBFCs to the extent possible.

Currently, HFCs accepting public deposits are subject to less stringent prudential parameters on deposit acceptance as compared to NBFCs. Since the regulatory concerns associated with deposit acceptance is same across all categories of NBFCs, RBI has decided to move HFCs towards the regulatory regime on deposit acceptance as applicable to deposit-taking NBFCs.

Maintenance of a minimum percentage of liquid assets

RBI has decided that all deposit taking HFCs shall maintain, on an ongoing basis, liquid assets to the extent of 15 per cent of the public deposits held by them, in a phased manner as specified below:

Timeline	Unencumbered approved securities, to be held as a per cent of public deposits	Total liquid assets along with unencumbered approved securities to be held as a per cent of public deposits
As of January 15, 2024	6.5%	13%
September 30, 2024	8.0%	14%
March 31, 2025	10.0%	15%

Safe Custody of Liquid Assets

Every housing finance company shall entrust to one of the scheduled commercial banks designated by it on that behalf, in the place where the registered office of the housing finance company is situated, the unencumbered approved securities required to be maintained by it in pursuance of Section 29B of the National Housing Bank Act, 1987.

Full cover for public deposits

HFCs are required to ensure that full asset cover is available for public deposits accepted by them at all times. HFCs are required to create floating charge on the assets invested by them, in favour of their depositors through the mechanism of a "Trust Deed". The charge so created shall also be registered with the Registrar of Companies and the information in this regard shall be furnished to the Trustees and to NHB.

Further, it would be incumbent upon the HFC concerned to inform NHB in case the above asset cover falls short of the liability on account of public deposits.

Other instructions for HFCs

RBI has decided that HFCs should also be allowed to hedge the risks arising out of their operations similar to NBFCs. Further, like NBFCs, HFCs will be allowed to diversify their activities into certain fee-based activities without risk participation, duly ensuring compliance to statutory provisions/ regulations prescribed for such activities.

Outlook

CareEdge Research expects housing finance companies to grow between 10%-12% in FY25 on the back of sustained demand from the affordable housing segment and increase in need of house ownership. However, the rising borrowing costs, stiff competition from banks, hike in interest rates, high property prices and moderation in home affordability will continue to be key challenges for the overall housing finance segment. The asset quality of housing finance companies is likely to be impacted by the inability of the borrower to repay amid interest rate hikes and rise in inflationary pressures.

The growth of housing industry will be supported by continuous efforts of the Government towards affordable housing finance, such as the Pradhan Mantri Awas Yojana ("PMAY"), which was launched in June 2015 to provide affordable housing to the urban poor. This scheme aims to resolve the urban housing shortage among the low and middle-income groups, it also aims to promote homeownership among women. As on 1st February 2024, during the union budget announcement the Government has extended the PMAY scheme to December 31, 2024, in order to complete the houses sanctioned till March 31, 2022.

The Government has allocated an outlay Rs. 80,671 crores under PMAY towards the completion of existing projects. While CareEdge expects this to facilitate the affordable housing segment, it is unlikely that significant benefits will be witnessed in coming years. CareEdge expects the outcome of this additional outlay under PMAY in the medium term to remain contingent upon the efficient construction and timely delivery of houses.

Data as per PMAY, since inception, the Government has sanctioned 118.6 lakh houses under PMAY, of which over 85 lakh houses were completed as of July 16, 2024. CareEdge expects the demand for affordable housing segment to increase supported by the increased Government incentives CareEdge expects the overall boost in demand in the residential segment to aid the need for housing finance.

Overview Loan Against Property Portfolio of NBFCs

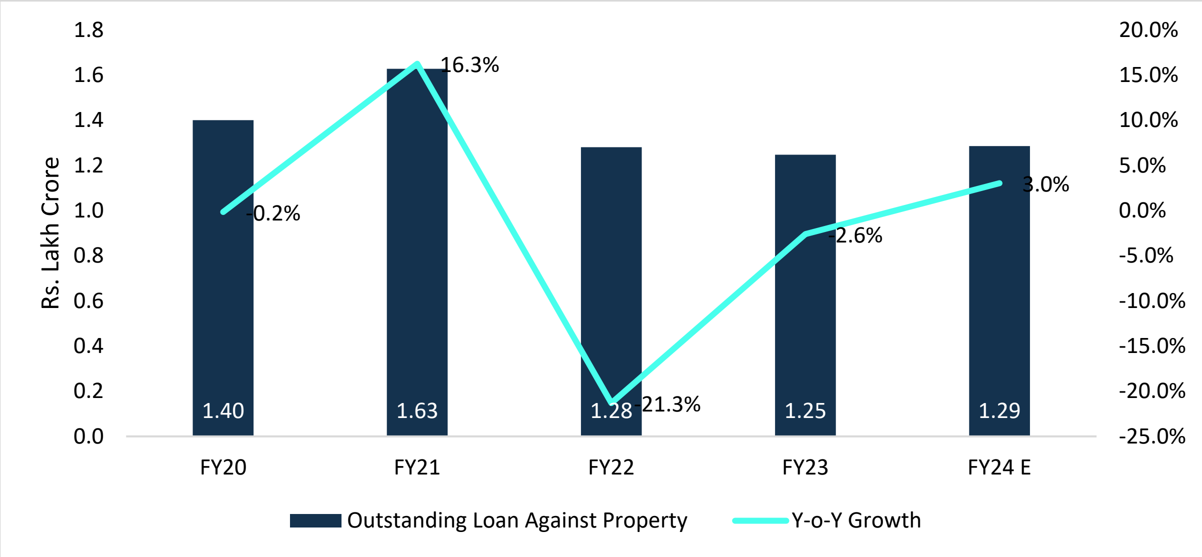
The housing finance sector in India comprises financial institutions, scheduled commercial banks, regional rural banks, agriculture, and rural development banks, housing finance companies, state-level apex cooperative housing finance society, Non-banking financial companies (NBFCs), Finance institutions (MFIs), and self-help groups. Under the housing finance segment these institutions provide home loans, loan against properties and construction after evaluating the borrower's credit history, income and property's current value.

The loan against property (LAP) is one of the feasible lending avenues for lenders as it offers benefits like- managing big ticket expenses, longer repayment term and augmentation of business. LAPs fall under the secured loan category in which the borrower pledges his commercial, industrial or residential property as collateral and uses the loan amount for various purposes such as- education, medical expenses, marriage and personal needs.

In terms of Non-banking financial institutions, housing finance companies' main business is to lend credit towards housing finance. Healthy growth of LAP portfolio in HFCs over the last few years has resulted in LAP segment becoming a significant contributor to the overall loan portfolio of HFCs. While HFCs significantly contribute towards housing sector, NBFCs housing finance portfolio is significantly smaller in comparison to HFCs.

HFCs Credit towards Loans against property

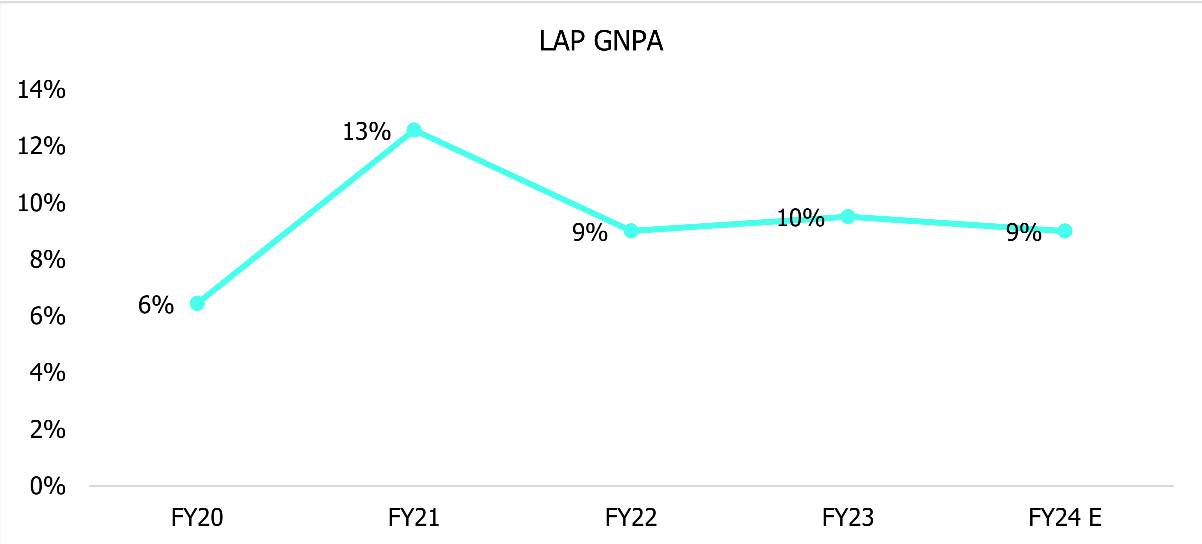
Aggregate Loan Against Property Portfolio of HFCs and NBFCs



Source: CareEdge Estimates

The loan against property portfolio of HFCs and NBFCs has seen continued decline over the years. As of FY24, the LAP portfolio is estimated to have reached Rs. 1.3 lakh crore indicating stable growth over Mar'23. This can be attributed towards NBFCs and HFCs shift towards individual housing loans. This trend in the outstanding credit towards LAP can also be on account of change in value of the property that is used as collateral for the loan. If the value of the property has increased, the lender may be willing to release some of the collateral, which would reduce the outstanding credit. The growth in LAP portfolio is expected to be driven by improved business climate, and favorable property prices. Further, increased affordability is also driving the growth of the LAP loans.

Asset quality of HFC's LAP portfolio



Source: CareEdge Estimates

*Note – LIC HFC and PNB HFL considered for LAP NPA calculations

Due to Covid-19 pandemic, the asset quality had deteriorated in FY21 and was recorded at 12.6% however, it improved in the following year supported by write-offs, improved collection efficiency and overall resumption in economic activity.

The asset quality (gross non-performing assets) of HFCs LAP portfolio has been range bound in the post Covid-19 era. GNPA's have been between 9%-9.5% during FY22 and FY24. The asset quality of HFCs LAP portfolio is yet to reach pre – Covid 19 levels. In FY24, the GNPA's are estimated to be at 9%.

Way Forward

The demand for loan against property loans is likely to sustain in FY25. The growth can be impacted by Gross Domestic Product (GDP) growth. GDP growth directly impacts borrower income and risk appetite and strong GDP indicates a more favorable environment for LAP growth.

Furthermore, the growth momentum in the LAP portfolio is expected to continue as financial institutions aim to maintain healthy balance sheet by tapping the untouched market of tier- 3 and tier-4 areas. Other factors driving up the LAP loan portfolio includes- decrease in the average age of home loan borrowers, controlled credit cost and expansion in scale of operations.

Government has taken various steps to promote real estate industry growth, such as smart city project that aims to build 100 smart cities and the Pradhan Mantri Awas Yojana (PMAY) that will accelerate the process of loan approvals. Thus, massive amount of government spending, easing of FDI regulations, mega infrastructure projects will bolster the growth of loan against property segment in the medium term.

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward Looking Statements" on page 16 for a discussion of the risks and uncertainties related to those statements and also "Risk Factors" on page 18 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, and references to a particular fiscal for the twelve months ended March 31 of that year.

We publish our financial statements in Indian Rupees. Our fiscal year commences on April 1 and ends on March 31 of the subsequent year, and references to a particular Fiscal are for the 12 months ended March 31 of that year. Unless otherwise indicated or context requires otherwise, the financial information included herein is based on our Audited Financial Statements included in this Draft Prospectus. For further information, see "Annexure C - Financial Statements" on page 397.

Unless the context otherwise requires, in this section, reference to "we", "us" or "our" refers to Indostar Capital Finance Limited together with its Subsidiaries, Indostar Asset Advisory Private Limited and Indostar Home Finance Private Limited, on a consolidated basis and reference to "Company" or "our Company" refers to Indostar Capital Finance Limited on a standalone basis.

Overview

We are a non-banking finance company ("**NBFC**") registered with the Reserve Bank of India as a NBFC-ML. We are a professionally managed and institutionally owned company which is primarily engaged in providing secured financing solutions to borrowers across categories: used and new vehicle financing for transporters, affordable home finance solutions to home loan borrowers, loans to SME borrowers and structured term financing solutions to corporates.

Our Company started its operations in 2011 as an NBFC focused on corporate financing. However, since our incorporation, we have refocused our strategy to become a retail focused NBFC, with 95.28% of our AUM as of March 31, 2024 being in form of retail financing. Our Company currently has two wholly owned subsidiaries: Indostar Home Finance Private Limited ("**IHFPL**") which provides affordable housing finance loans to salaried individuals, self-employed professionals, individuals belonging to the middle and low-income groups who reside in the outskirts of tier-II and below cities and Indostar Asset Advisory Private Limited ("**IAAPL**") which acts as an investment manager, registered with SEBI. For further details on the product-wise AUM, see "Our *Business – Our Products*" on page 149.

We operate four lines of business, namely commercial vehicle financing, housing finance, SME lending and corporate lending with a focus on commercial vehicle financing and housing finance businesses. In addition, we have also operated in SME finance and corporate lending and have been actively reducing our exposure to these segments over the past two years.

- ***Commercial Vehicle financing***. Our vehicle finance business primarily involves providing financing for purchases of used or new commercial vehicles, passenger vehicles and two-wheelers. Our Company is amongst the well - established player in the vehicle financing segment in India, and we have created a sustainable competitive advantage through our deep understanding of the borrower profile and their credit behavior. As of March 31, 2024, our gross AUM from commercial vehicles segment amounted to ₹ 5,59,404.20 lakh or 63.84% of the consolidated gross AUM.

- ***Housing finance***. Our housing finance business, carried out through our wholly owned subsidiary, Indostar Home Finance Private Limited ("**IHFPL**") focuses on providing affordable housing finance. Our affordable housing finance business line primarily involves loans to the salaried and self-employed customers for housing purposes with an average ticket size of ₹ 9.00 lakh. As of March 31, 2024, our gross AUM from Housing Finance segment amounted to ₹ 2,26,989.65 lakh or 25.90% of the consolidated gross AUM.

- ***SME lending***. Our SME lending business, primarily involves us extending secured/unsecured loans for business purposes to small and medium size enterprises, including businessmen, traders, manufacturers and self-employed professionals. The property securing these loans are typically completed and largely self-occupied residential and commercial property. As of March 31, 2024, our gross AUM from SME lending segment amounted to ₹ 48,529.71 lakhs or 5.54% of the consolidated gross AUM.

- ***Corporate lending***. Our corporate lending business primarily consists of lending to real estate developers, mainly for financing project level construction of residential and commercial building projects and take-out of early-stage equity investors. As of March 31, 2024, our gross AUM from Corporate lending segment amounted to ₹ 38,846.41 lakh or 4.72% of the consolidated gross AUM.

We have an extensive network of 515 branches, as of March 31, 2024. Our branches are spread across 23 states, as of March 31, 2024**.** Our branches are widely dispersed with no state accounting for more than 20.00% in terms of Gross AUM as of March 31, 2024. We believe that our diversified reach is well positioned to meet the specific needs of our target customers across geographies for all segments and in urban, semi-urban and rural areas for our home finance business.

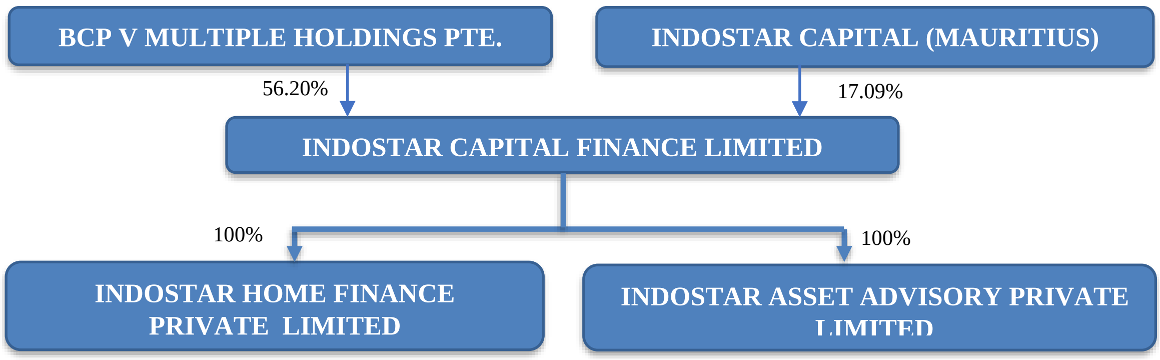
We have a strong, experienced and dedicated management team, with our senior management having an average of 21 years' experience in the financial services industry in India. Further, our board of directors is comprised of a balanced team of independent directors, qualified and experienced personnel, who have extensive knowledge and understanding of the vehicle finance, housing finance and banking industries.

We secure financing from a variety of sources including term loans and working capital facilities, proceeds from the issuance of NCDs, from banks, mutual funds, insurance companies and other domestic, development financial institutions to meet our capital requirements, on a standalone basis. The diversification of the sources of funds has allowed us to strengthen our liquidity position.

Our consolidated total revenues from operations is ₹ 1,39,297.64 lakh for the Fiscal 2024 as compared with ₹ 1,17,433.80 lakh for the Fiscal 2023 and our profit for Fiscal 2024 was ₹ 11,583.01 lakh as compared with ₹ 22,514.66 lakh for the Fiscal 2023.

Group Structure

The Group Structure of our Company as of the date of this Draft Prospectus is as below:



Our Strengths

We believe the following are our principal strengths:

Highly motivated, professional and experienced management team

We have a highly motivated, professional and experienced management team which has led us through a changing regulatory and economic environment and consistently contributed in the growth of our business. Our management team has extensive experience in the financial services and banking industries in India and possess an in-depth understanding of the specific industry, products and geographic regions they cover, which we believe enables them to support and provide guidance to our employees and grow our business. We believe that our strong and experienced leadership has further enabled us to attract strong and experienced mid-level management employees as well as talented pool at the front level, who have aspirations to thrive and contribute to the growth of our business. We have endeavored to motivate our senior and mid-level management team through long-term incentives, thereby enabling a strong alignment of their interests with our performance. In addition, some of our directors and key management personnel also own shares in our Company. For details, see "*Capital Structure*" and "*Our Management*" on pages 65 and 161, respectively.

Robust capital base for growth

We conduct our operations as a middle layer non-banking finance company and are subject to the capital to risk assets ratio requirements prescribed by the RBI. We maintain a healthy capitalisation, which has enabled us to drive sustainable growth. As of March 31, 2024 and March 31, 2023, our Tier I CRAR was 28.87% and 31.55%, respectively, as against the statutory minimum capital adequacy of 15.00% currently prescribed by RBI. We are focused on maintaining a balanced CRAR. We have a raised capital through various sources, including issuance of equity shares to Everstone Capital Partners II LLC, issuance of equity shares aggregating to ₹ 1,14.400 lakh through our initial public offer and by way of issuance of warrants aggregating to ₹ 2,56,675.43 lakh by way of preferential issue to BCP V Multiple Holdings Pte Ltd.

Diversified sources of funding for our own deployment and proactive liquidity management

We maintain a well-diversified funding profile that is underpinned by our established relationships with our lenders and investors. We have historically and seek to continue to secure funding through a variety of sources. In past we have executed equity fund raises from marquee investors such as BCP V Multiple Holdings Pte Ltd and Everstone Capital Partners II LLC. We have also raised funds through an initial public offer of equity shares in 2018. These fund raises have allowed us to benefit from the capital sponsorship of a marquee set of equity investors.

We also have a diversified base of lenders (including public sector banks, private sector banks, and other financial institutions) which provides us a strong base for increased funding. As of March 31, 2024, our lenders included, among others, 10 public sector banks, 12 private sector banks and 1 NBFC.

Ownership by institutional investors

We have and expect to continue to benefit from strong capital sponsorship and professional expertise of our Promoter and other institutional shareholders. Our Promoters include BCP V Multiple Holdings Pte Ltd and Indostar Capital (Mauritius). In addition to assisting us with capital raising and obtaining strong credit ratings.

Our board of directors consists of nine directors, of which three are independent directors. Our board of directors conducts our operations through committees designed to manage and oversee key aspects of our business. We have a credit committee, audit committee, asset-liability management committee and risk management committee that are dedicated to addressing and managing the various risks we face. We also have a management committee, corporate lending committee, retail lending committee and banking committee to oversee our day- to-day business operations. Our allotment and share transfer committee and borrowing committee is responsible for maintaining our capital structure. Such committees composed of a combination of independent directors, non-independent directors and/or employees, with distinct and delineated responsibilities, are critical to the efficient organization of our business and lends to good corporate governance.

Our Strategies

We intend to continue to expand our scale of operations and increase our profitability through the following key strategies:

Expansion of retail lending business

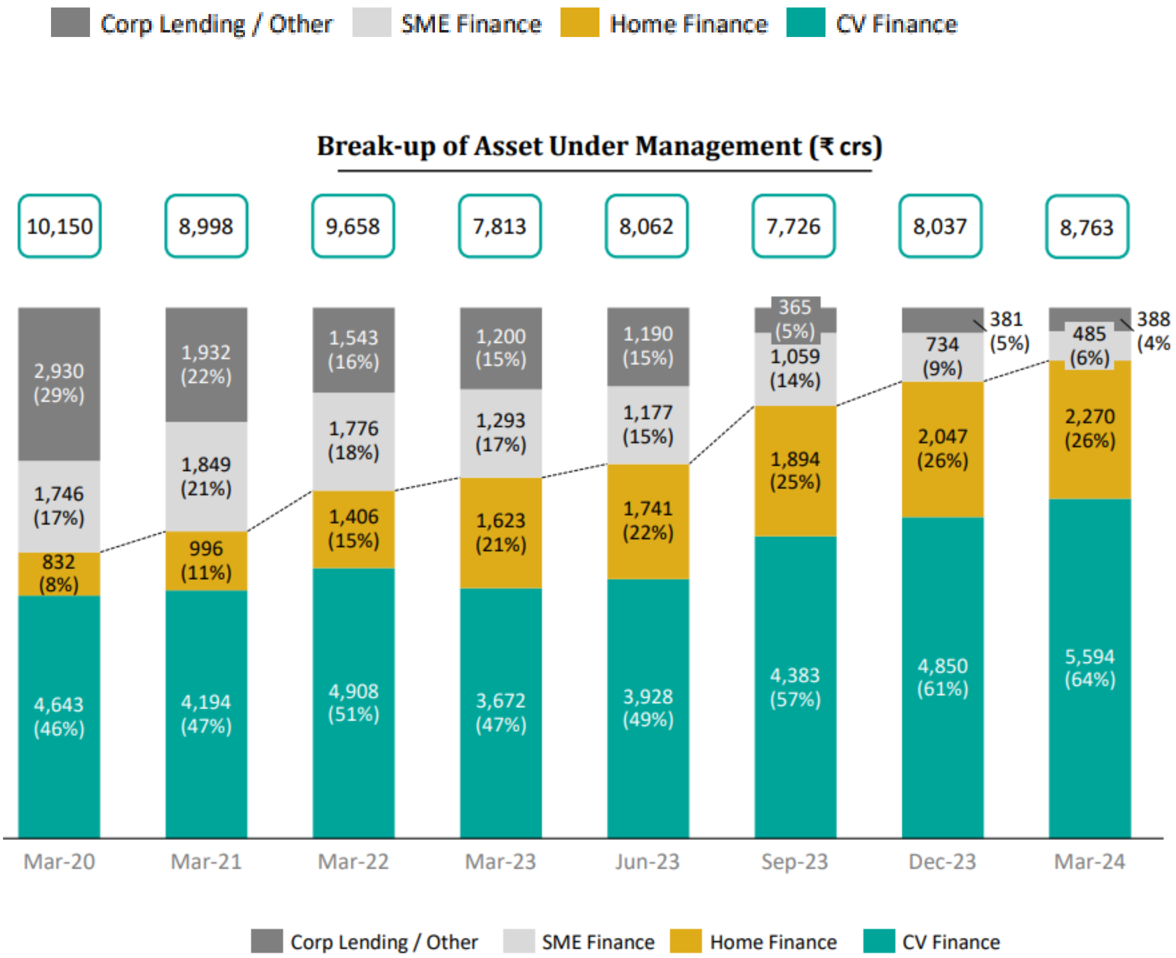
The Company aims to become a go-to NBFC in retail lending, currently focused on commercial vehicle financing. It is engaged in providing used and new commercial vehicle financing; affordable home finance through its wholly-owned subsidiary Indostar Home Finance Private Limited; and loans to small and medium enterprise (SME) borrowers.

The Company has also recently launched a small business loans product through which it offers secured loans for personal or business needs, against collateral offered by the customer. The process is simple and quick, allowing easy customer onboarding and online access to account details. The company provides these small business loans to nano enterprises, shopkeepers and other business entities, with ticket size ranging from INR 2 lakh to INR 15 lakh.

Having started operations as an NBFC focused on corporate financing in 2011, the Company changed course into becoming a retail focused NBFC. As on March 31, 2024, our Assets Under Management (AUM) stood at ₹ 8,76,269.97 lakh, of which ₹ 8,34,923.56 lakh was in the form of retail financing. We maintain a continued focus on enhancing our asset quality and improving the collections.

Our consolidated AUM was ₹ 8,76,269.97 lakh as on March 31, 2024, ₹ 7,81,318.58lakh as on March 31, 2023, compared to ₹ 9,65,764.86 lakh as on March 31, 2022. Out of this, retail book accounted for ₹ 8,34,923.56 lakh (95.28% of total AUM) as on March 31, 2024, ₹ 6,58,805.18 lakh (84.32% of total AUM) as on March 31, 2023, compared to ₹ 8,09,008.93 lakh (83.77% of total AUM) as on March 31, 2022. Our corporate loan book came down from ₹ 1,54,255.93 lakh as on March 31, 2022, to ₹ 1,20,013.40 lakh as on March 31, 2023, and ₹ 38,846.41 lakh as on March 31, 2024.

The below figure depicts a growth of our retail loan book from March 31, 2022 to March 31, 2024:



Expand our geographical footprint and sourcing platform for our products across India

We plan to expand our business operations, including sourcing and sale of our products, into regions where we expect increasing urbanization, commercial activity and household incomes to result in demand for our various loan products. We are committed to disciplined branch expansion and most of the new branches will be opened for vehicle finance business with a potential for small business loans to use these branches, where practicable.

We also plan to utilize the hub-and-spoke model as part of our expansion plans in an effort to leverage common infrastructure and optimize operational efficiency. Our branches will report to the regional teams which will in turn report to the corporate office which is manned by sales and credit teams for each retail business. Our business will continue to be managed in a centralized way and our corporate headquarter will exercise overall control and supervision. We believe that this model would allow us to expand with lower marginal costs and increase our profitability.

We have made and intend to continue making significant investments in infrastructure. As of March 31, 2024, we have incurred ₹ 15,910.76. lakh on capital expenditure to expand and develop our Infrastructure.

Details of branches or units where the issuer carries on its business activities:

We have followed a strategy of contiguous branch expansion across regions. As of March 31, 2024, we have presence in 515 branches in the 23 states in India through 3999 employees (including trainees), serving an active customer base of 2,33,098, as of March 31, 2024.

The following table sets forth the number of our branches in each state/ union territory as of the dates indicated:

State/ Union Territory	Number of branches as of		
	March 31, 2024	March 31, 2023	March 31, 2022
Andhra Pradesh	45	35	26
Assam	9	9	9
Bihar	14	11	11
Chhattisgarh	9	6	7
Goa	1	-	-
Gujarat	36	28	26
Haryana	12	11	10
Himachal Pradesh	2	2	3
Jharkhand	12	11	11
Karnataka	25	14	10
Kerala	20	20	20
Madhya Pradesh	32	30	32
Maharashtra	53	43	41
Meghalaya	1	1	1
New Delhi	2	2	3
Odisha	6	5	6
Punjab	9	9	10
Rajasthan	34	29	29
Tamil Nadu	94	75	67
Telangana	31	26	19
Uttar Pradesh	33	31	31
Uttarakhand	9	9	12
West Bengal	26	20	20
Grand Total	**515**	**427**	**404**

Continue to create brand awareness to become the preferred NBFC for borrowers in our target customer segments

We plan to invest in enhancing our brand to become the preferred NBFC for borrowers in our target customer segments. We seek to build our brand by continuing to engage with existing and potential customers through sales campaigns like loan melas, dealer engagements in locations across India, in which we operate and place advertisements in newspapers, on the radio and in other advertising media. We also intend to enhance our brand through (i) our increased focus on new retail-lending products, and (ii) increase in the number of our branches and regions in which we operate, from which we believe our brand would gain greater visibility and awareness among our existing and prospective customers.

Statement of Key Operational and Financial Parameters

Statement of key operational and financial parameters of the Company for the last three financial years (based on Audited Standalone Financial Statements) are as follows:

(₹ in lakh, except percentages)

Particulars	As at and for the year ended March 31		
	2024	2023	2022
BALANCE SHEET			
Assets			
Property, Plant and Equipment	5,567.39	4,788.71	6,938.06
Financial Assets	8,57,530.54	7,35,531.02	8,01,814.71
Non-financial Assets excluding property, plant and equipment	75,915.60	73,607.57	73,674.12
Total Assets	**9,39,013.53**	**8,13,927.30**	**8,82,426.89**
Liabilities			
Financial Liabilities			
- Derivative financial instruments	-	-	-
- Trade Payables	130.32	735.25	269.03
- Debt Securities	3,28,775.09	1,10,886.95	1,97,793.62
- Borrowings (other than Debt Securities)	2,76,167.94	3,70,421.44	3,50,504.82
- Subordinated liabilities	-	-	-
- Other financial liabilities	22,481.59	28,211.11	44,874.67
Non-Financial Liabilities			
- Current tax liabilities (net)	-	-	-
- Provisions	529.50	465.66	612.03
- Deferred tax liabilities (net)	-	-	-
- Other non-financial liabilities	724.63	951.60	571.06
Equity (Equity Share Capital and Other Equity)	3,10,204.46	3,02,255.29	2,87,801.66
Total Liabilities and Equity	**9,39,013.53**	**8,13,927.30**	**8,82,426.89**
PROFIT AND LOSS			
Revenue from operations	1,10,417.61	96,887.95	1,04,218.40
Other Income	2,105.06	2,420.15	1,135.87
Total Income	**1,12,522.67**	**99,308.10**	**1,05,354.27**
Total Expense	1,05,361.30	80,581.05	1,99,439.96
Profit after tax for the year	7,161.37	18,727.05	(76,919.79)
Other Comprehensive income	(23.52)	76.66	46.69
Total Comprehensive Income	7,137.85	18,803.71	(76,873.10)
Earnings per equity share (Basic) (₹)	5.26	13.76	(62.06)
Earnings per equity share (Diluted) (₹)	5.26	13.76	(62.06)
CASH FLOW			
Net cash from / used in (-) operating activities	(1,71,904.88)	96,222.14	(1,10,044.88)
Net cash from / used in (-) investing activities	67,439.12	(23,307.62)	1,19,651.57)
Net cash from / used in (-) financing activities	1,26,738.45	(63,594.05)	(29,288.51)
Net increase / decrease (-) in cash and cash equivalents	22,272.69	9,320.47	(19,681.82)

(₹ in lakh, except percentages)

Particulars	As at and for the year ended March 31		
	2024	2023	2022
Cash and cash equivalents as per Cash Flow Statement as at end of period/ year	38,773.39	16,500.70	7,180.23
ADDITIONAL INFORMATION			
Net worth	3,08,971.01	3,00,985.64	2,86,679.95
Cash and cash equivalents	38,773.39	16,500.70	7,180.23
Loans (Gross)	6,29,801.39	5,73,729.42	7,60,755.41
Loans (Principal Amount)	6,14,526.08	5,59,956.76	7,48,549.43
Total Debts to Total Assets	0.64	0.59	0.62
Interest Income	91,478.94	88,947.05	95,574.81
Interest Expense	58,114.60	51,801.92	51,430.77
Impairment on Financial Instruments	8,306.69	(4,013.46)	1,15,076.93
Debts written off to Loans	3.25%	8.37%	7.59%
% Stage 3 Loans on Loans (Principal Amount)	4.97%	8.06%	15.52%
% Net Stage 3 Loans on Loans (Principal Amount)	2.09%	3.78%	7.29%
Tier I Capital Adequacy Ratio (%)	28.87%	31.55%	25.79%
Tier II Capital Adequacy Ratio (%)	0.0%	0.0%	0.0%

Statement of key operational and financial parameters of the Company for the last three financial years (based on Audited Consolidated Financial Statements) are as follows:

(₹ in lakh, except percentages)

Particulars	As at and for the year ended March 31		
	2024	2023	2022
BALANCE SHEET			
Assets			
Property, Plant and Equipment	6,800.67	5,353.44	7,271.54
Financial Assets	10,27,421.74	8,32,235.74	8,84,524.71
Non-financial Assets excluding property, plant and equipment	77,847.47	74,629.58	74,351.24
Total Assets	**11,12,069.88**	**9,12,218.76**	**9,66,147.49**
Liabilities			
Financial Liabilities			
- Derivative financial instruments	-	-	-
- Trade Payables	143.67	794.21	271.32
- Debt Securities	3,34,103.91	1,10,886.95	1,97,793.62
- Borrowings (other than Debt Securities)	4,23,061.12	4,53,918.00	4,24,550.02
- Subordinated liabilities	-	-	-
- Other financial liabilities	28,242.96	33,215.07	49,135.97
Non-Financial Liabilities			
- Current tax liabilities (net)	-	-	0.57
- Provisions	670.75	555.93	701.89
- Deferred tax liabilities (net)	1,360.32	579.54	80.75
- Other non-financial liabilities	965.35	1,110.35	705.28
Equity (Equity Share Capital and Other Equity)	3,23,521.80	3,11,158.71	2,92,908.07
Total Liabilities and Equity	**11,12,069.88**	**9,12,218.76**	**9,66,147.49**
PROFIT AND LOSS			
Revenue from operations	1,39,297.64	1,17,433.80	1,16,269.24

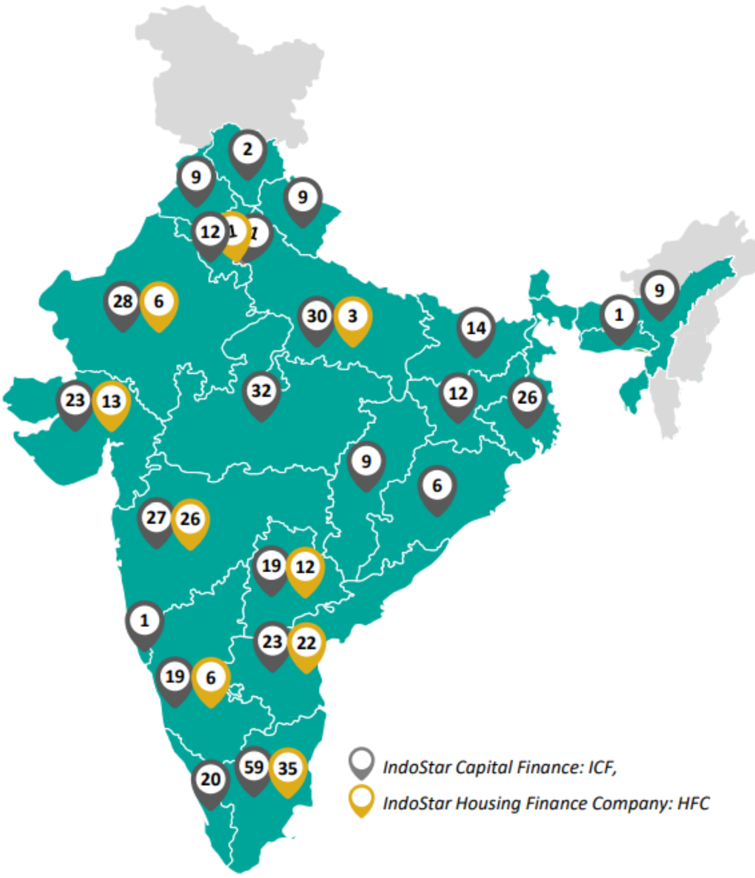
(₹ in lakh, except percentages)

Particulars	As at and for the year ended March 31		
	2024	**2023**	**2022**
Other Income	456.37	531.54	1,159.79
Total Income	**1,39,754.01**	**1,17,965.34**	**1,17,429.03**
Total Expense	1,26,790.02	94,102.32	2,07,065.18
Profit after tax for the year	11,583.01	22,514.66	(73,651.23)
Other Comprehensive income	(31.24)	86.06	53.12
Total Comprehensive Income	11,551.77	22,600.72	(73,598.11)
Earnings per equity share (Basic) (₹)	8.51	16.55	(59.51)
Earnings per equity share (Diluted) (₹)	8.51	16.55	(59.51)
CASH FLOW			
Net cash from / used in (-) operating activities	(2,20,773.29)	89,858.15	(1,56,378.58)
Net cash from / used in (-) investing activities	68,303.38	(25,937.95)	1,16,503.52
Net cash from / used in (-) financing activities	1,95,886.21	(53,973.28)	19,984.69
Net increase / decrease (-) in cash and cash equivalents	43,416.30	9,946.92	(19,890.37)
Cash and cash equivalents as per Cash Flow Statement as at end of period/ year	61,390.42	17,974.12	8,027.20
ADDITIONAL INFORMATION			
Net worth	322,022.33	3,09,764.73	2,91,718.51
Cash and cash equivalents	61,390.42	17,974.12	8,027.20
Loans (Gross)	8,13,488.15	7,06,981.60	8,84,332.94
Total Debts to Total Assets	0.68	0.62	0.64
Interest Income	114,529.68	1,05,840.89	1,06,716.39
Interest Expense	68,734.22	58,025.73	53,953.96
Impairment on Financial Instruments	8,837.05	(4,036.08)	1,15,847.44
Debts written off to Loans	2.55%	6.88%	6.55%

GEOGRAPHICAL PRESENCE

As of March 31, 2024, we had 515 branches and 3,999 employees (3,067 employees of our Company and 932 employees of our subsidiary IHFPL), spread across 23 states in India. Below map indicates the list of our branches across different states as on March 31, 2024.

No	States
1	HIMACHAL PRADESH – 2
2	PUNJAB – 9
3	UTTARAKHAND – 9
4	HARYANA – 12
5	NEW DELHI – 2
6	UTTAR PRADESH- 33
7	RAJASTHAN – 34
8	GUJARAT – 36
9	MADHYA PRADESH – 32
10	CHATTISGARH – 9
11	BIHAR – 14
12	JHARKHAND – 12
13	WEST BENGAL – 26
14	ASSAM – 9
15	MEGHALAYA – 1
16	ODISHA – 6
17	TELANGANA – 31
18	MAHARASHTRA – 53
19	KARNATAKA – 25
20	ANDHRA PRADESH – 45
21	TAMIL NADU – 94
22	KERALA – 20
23	GOA - 1



** Map only for presentation purpose as on March 31, 2024*

Our Products

We operate two principal lines of business, namely Vehicle Finance and Home Finance. In addition, we have also operated in SME finance and corporate lending and have been actively reducing our exposure to these segments over the past two years.

The table below sets forth details in relation to our assets under management and disbursements as of the dates indicated:

(₹ in lakhs , except percentages)

Type of Product	As of March 31,					
	2024		2023		2022	
	AUM	%	AUM	%	AUM	%
Vehicle Finance	5,59,404.20	63.84%	3,67,226.79	47.00%	4,90,824.73	50.82%
Home Finance	2,26,989.65	25.90%	1,62,255.76	20.77%	1,40,576.94	14.56%
SME Finance	48,529.71	5.54%	1,29,322.63	16.55%	1,77,607.27	18.39%
Corporate Lending/Others	41,346.41	4.72%	1,22,513.40	15.68%	1,56,755.92	16.23%
Total	**8,76,269.97**	**100.00%**	**7,81,318.58**	**100.00%**	**9,65,764.86**	**100.00%**

- Apart from the above businesses mentioned above, our Company is also involved in the business of inter-alia advising, managing, providing investment advisory services, financial advisory services, management and facilitation services, though our subsidiary, Indostar Asset Advisory Private Limited. However, pursuant to the application dated July 21, 2021, IAAPL has applied to SEBI for surrendering registration of its fund, Indostar Credit Fund. The same is under process.

Commercial Vehicle Financing

Introduction

Our commercial vehicle finance business primarily involves providing financing for purchases of used or new commercial vehicles and passenger vehicles. Our customers are predominantly transport operators, small businesses and self-employed and salaried individuals. We secure our loans through the hypothecation of each asset financed.

- *Used or new commercial vehicles.* We finance the purchase of used or new commercial vehicles, including light commercial vehicles ("**LCVs**"), which carry goods and passengers, and heavy commercial vehicles ("HCVs"), which carry goods. For LCVs, our customers are typically medium and small fleet operators. For HCVs, our customers are typically transport operators and small businesses.

- *Passenger vehicles.* We finance the purchase of new utility vehicles, which are typically used to transport passengers and goods.

Our Company mainly focuses on transport entrepreneurs, mainly Small Road Transport Operators (SRTOs), providing financing for various products including commercial vehicles, farm equipment, four wheelers and construction vehicles and desires to be a lender of choice for them. Over the past few years, the demand for used commercial vehicles has seen good growth as businesses are becoming aware of cost-effectiveness and operational advantages of acquiring pre-owned vehicles. As compared to brand-new vehicles, used commercial vehicles come at a considerably lower price point, making them an attractive option for small and medium-sized enterprises (SMEs) looking to expand their fleets or individuals seeking affordable transportation solutions. Our Company aims to continue to enhance its market presence in this segment and provide relatively affordable credit to customers, garnering healthy demand and also factoring in the risks.

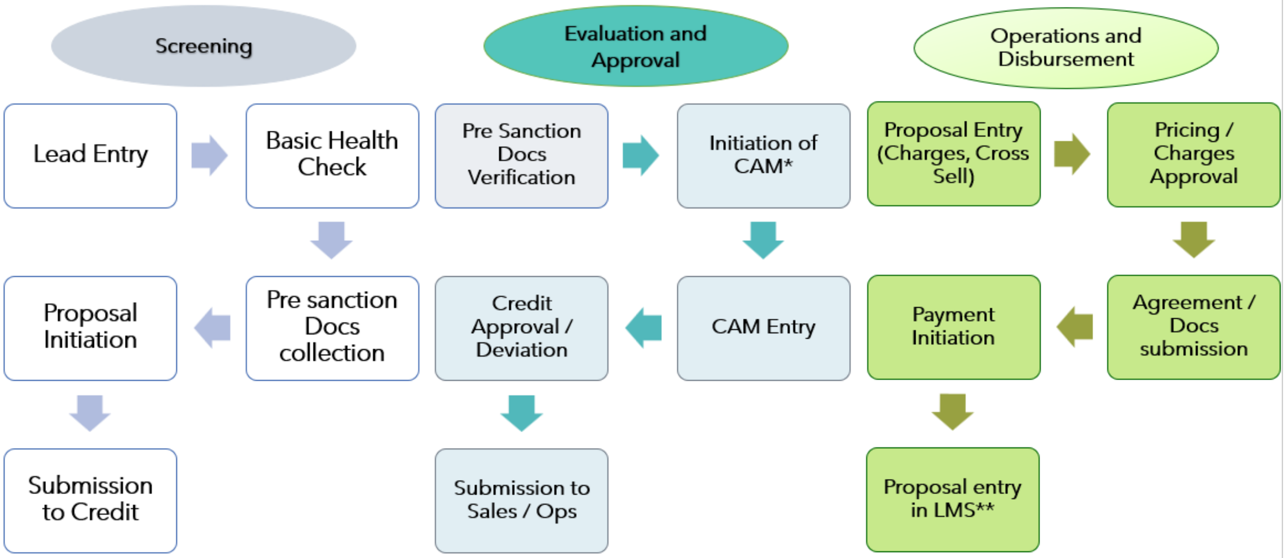
CV financing lending process

Our Company offers quick turnaround times, digital journey, flexible loan structures, and focuses on smaller ticket sizes to cater to the needs of used commercial vehicle buyers.

After a loan application has been originated by a sales employee, direct selling agent or other third-party intermediary, an initial screening of the prospective customer is conducted by our sales team by way of an in-person interview and discussion. Following such interview and discussion, the prospective customer's financial information, required loan documentation and other know-your-customer information is inputted into our enterprise-wide loan management system, for processing. Our credit team then conducts customer credit checks through third-party credit information companies, such as CIBIL, and we engage in legal and technical valuations, mainly through third-party professionals, of the collateral proposed to be used for the loan. After all our internal and external credit and loan collateral criteria are satisfied, our sales team would engage with the prospective customer for a discussion of the financial details and proposed terms of the loan, which would allow for an initial credit approval memorandum to be prepared, for presentation to an authorized credit approver in our credit team for final approval. These credit approval steps are "rule engine based', which we believe streamlines our credit assessment and risk management process, contributing to our turn-around-time for processing loan applications and our ability to take prudent credit decisions.

Once approval from our authorized credit approver is obtained, our operations team would prepare relevant loan documentation, including a loan agreement. Our sales team will work with the customer to complete pre- disbursement documentation and to fulfil the covenants of the relevant loan agreement and other documentation. Once the pre-disbursement covenants and conditions are performed, the relevant funds would be disbursed to the customer.

The figure below, depicts our lending process for our CV financing business.



Notes:
**CAM – Credit Appraisal Memo*
***LMS – Loan Management System*

Corporate lending

Our Corporate lending business primarily consists of advancing loans to segment provides loans to medium and large-sized corporates, institutional customers and real estate developers. As of March 31, 2024, March 31, 2023 and March 31, 2022, our Corporate Lending business that was attributable to loans to companies amounted to ₹ 38,846.41 lakh, ₹1,20,013.40 lakh and ₹ 1,54,255.93 lakh, respectively of our aggregate AUM respectively. We have been reducing our exposure to this segment consistently.

SME lending

Through our SME lending business, we provide lending to small and medium enterprises for business financing needs including working capital, business expansion or other requirements. Our Company has decided to discontinue the SME lending business and are in the process of running down the SME book. As of March 31, 2024, March 31, 2023 and March 31, 2022, our SME Lending business amounted to ₹ 48,529.71 lakh, ₹1,29,322.63 lakh and ₹ 1,77,607.27 lakh, of our aggregate AUM respectively.

A brief summary of the business activities of the subsidiaries of the Issuer.

Housing finance

Our housing finance business comprises of two business lines, namely affordable housing finance and loans against property. We operate our housing finance business through our wholly-owned subsidiary Indostar Home Finance Private Limited ("**IHFPL**"). Our housing finance business is primarily concentrated in south and west India with Tamil Nadu, Andhra Pradesh, Telangana and Maharashtra being focus markets having more than 80% share in our AUM. Apart from these states, we are now looking to expand our footprint in Gujarat, Rajasthan, Karnataka and Uttar Pradesh.

Affordable housing finance. We cater to both salaried and self-employed customer segments, and provide loans for financing the purchase of completed house, loans for financing the construction of a residential property on a plot of land already owned or to be acquired, and loans for financing the extension of an existing residential property, such as adding new floors or rooms.. Loans to self-employed segment require field based credit assessment.

Loan against Property We offer loans against property primarily to self-employed segment towards their business requirements. These loans have an average ticket size in the range of ₹7.00 lakhs to ₹7.50 lakhs with LTV capped up to 50%. Maximum tenure of loan against property is generally up to 15 years.

We focus on customers in Tier 2 & Tier 3 cities and those on the outskirts of urban markets. Our Company serves customers who are seeking loans for purchase and self-construction of residential properties. Around 30-35% of our newly originated loans are towards new to credit category of customers.

One of the key eligibility criteria for approving a loan is the customer's repayment capacity, which is determined by factors such as the customer's age, bureau score wherever applicable, number of dependents and the stability and continuity of the customer's income, and, if applicable, the co-applicant's income, assets and liabilities. Subject to the regulatory limits, the amount of the loan is determined on the basis of our evaluation of the repayment capacity of the customer and the value of the relevant property. Loans are generally required to be repaid in equated monthly installments ("**EMI**") over an agreed period.

Collateral The security for all housing loans and loans against property is created as per the applicable laws of different states such as registered mortgage, mortgage by way of deposit of title deeds, notice of intimation, etc.

Our Operations

We conduct our retail lending (i.e. commercial vehicle finance, SME finance and housing finance) and corporate lending on the basis of a comprehensive credit assessment and risk management framework to identify, monitor and manage risks inherent in our corporate and retail lending operations.

Our Commercial Vehicle Finance, SME lending, and housing finance operations operate through our well-defined credit policy, which 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.

Insurance

We ensure wellness of our employees and their family members by covering them through comprehensive insurance policies. Our principal types of coverage includes group health insurance policy, group term life insurance policy, group personal accident policy and directors and officers liability insurance policy and our office package related policies. For details, see "*Risk Factors –Our insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flows*"

Customers

As on March 31, 2024, we assist 2,33,098 customers through our diversified portfolios and lending products.

Detailed breakup of our customers for each our lending portfolios is provided below:

Live Customers Count	As of		
Portfolio	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**
Commercial Vehicle Financing	2,01,934	1,38,608	1,42,832
SME lending	2,236	5,237	6,765
Housing finance	28,923	20,409	16,340
Corporate lending	5	10	15
Total	**2,33,098**	**1,64,264**	**1,65,952**

% wise breakup of our customers for each our lending portfolios is provided below:

Live Customers Count	As of		
%Portfolio	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**
Commercial Vehicle Financing	86.63%	84.38%	86.07%
SME lending	0.96%	3.19%	4.08%
Housing finance	12.41%	12.42%	9.85%
Corporate lending	0.00%	0.01%	0.01%
Total	**100.00%**	**100.00%**	**100.00%**

Our customers for our corporate lending business comprise well-established and reputable corporates and real estate developers.

Employees

As of March 31, 2024, we had 3,999 employees (3,067 employees of our Company and 932 employees of our subsidiary IHFPL). As part of our customer-centric approach, we recruit employees locally, which assists us in gaining a better understanding of customers in that region and their requirements. We train our employees on a regular basis, and focus primarily on three areas through our training programs: process & execution excellence, behavioural & functional development and leadership development programs. We have also implemented ESOP Schemes for our employees to create a sense of belongingness, along with a range of incentives and employee engagement programs.

Competition

The NBFC sector in India are characterized by high levels of competition. The main competitive factors are product range, ability to customize products, speed of loan approvals, price, reputation and customer relationships. We face our most significant organized competition from banks and other NBFCs in India.

In the organized sector, many of the institutions with which we compete have innovative financing models, such as lease-to-own schemes, further propelling the sector's growth. Further, certain established financial institutions and NBFCs, with a realization that businesses, especially small and medium enterprises (SMEs), often prefer the cost-effectiveness of acquiring used commercial vehicles, are offering tailored loan products to meet these specific needs (Source: Care Edge Report). In certain areas, they may also have better brand recognition and larger customer bases than us.

Further, competition in the affordable housing finance industry in India, in particular, is also increasing as a result of track record of this sector to maintain good asset quality and the higher yields as compared to prime housing finance. In addition, there has been increased demand for housing finance as a result of the increased affordability of interest rates, higher incomes and increased financial incentives for customers. Customers also have increased accessibility to housing finance products and services due to technological advances, which has also facilitated increases in demand for housing loans and competition to meet that demand. With relatively lower barriers to entry in the housing finance sector, competition is likely to intensify further.

Property

Our registered office and corporate office is located on the Unit No 301-A, 3rd Floor, Silver Utopia, Opposite P & G Plaza, Cardinal Gracious Road, Chakala, Andheri East, Mumbai - 400099, India

All of our branches, registered and corporate office are located on leased premises.

Our Credit Ratings

The table below sets forth our Company's credit ratings for the past three years.

Instrument	Rating as of		
	March 31, 2024	March 31, 2023	March 31, 2022
Long-term debt programme	CARE AA- / Stable CRISIL AA- / Negative	CARE A+/ Stable CRISIL AA-/ Watch Negative	CARE AA-/ Stable CRISIL AA-/ Stable
Market Linked Debentures	CARE PP-MLD AA-/ Stable	CARE PP-MLD A+/ Stable	CARE PP-MLD AA- / Stable
Short term debt programme /Commercial paper	CRISIL A1+ CARE A1+	CRISIL A1+ CARE A1+ [ICRA] A1+	CRISIL A1+ CARE A1+ [ICRA] A1+

Intellectual Property

Our word mark 'Indostar Capital Finance' and our logo INDOSTAR is registered with the Trademarks Registry under class 16 and class 36.

In addition, our Company has also registered below logos associated with its brands and operations:

Sr. No	Trade Mark	Application No.	Date of Registration/ Application	Class
1.	INDOSTAR CAPITAL FINANCE	2233374	November 14, 2011	16
2.	INDOSTAR CAPITAL FINANCE	2233375	November 14, 2011	16
3.	INDOSTAR CAPITAL FINANCE	2233376	November 14, 2011	35
4.	INDOSTAR CAPITAL FINANCE	2233377	November 14, 2011	35
5.	INDOSTAR CAPITAL FINANCE	2233378	November 14, 2011	36
6.	INDOSTAR CAPITAL FINANCE	2233379	November 14, 2011	36
7.	INDOSTAR	3308914	July 14, 2016	35
8.	INDOSTAR	3308915	July 14, 2016	36
9.	INDOSTAR	3308917	July 14, 2016	35
10.	INDOSTAR CAPITAL FINANCE	3729175	January 17, 2018	36
11.	INDOSTAR HOME FINANCE	3729176	January 17, 2018	36
12.	INDOSTAR LIFE KA TAKE-OFF	3729177	January 17, 2018	36
13.	INDOSTAR	3729178	January 17, 2018	36
14.	INDOSTAR CAPITAL FINANCE	3729179	January 17, 2018	36

Sr. No	Trade Mark	Application No.	Date of Registration/ Application	Class
15.	INDOSTAR HOME FINANCE	3729180	January 17, 2018	36
16.	INDOSTAR LIFE KA TAKE-OFF	3729181	January 17, 2018	36
17.	INDOSTAR	3729182	January 17, 2018	36
18.	INDOSTAR CAPITAL FINANCE	3728645	January 16, 2018	16
19.	INDOSTAR HOME FINANCE	3728646	January 16, 2018	16
20.	INDOSTAR LIFE KA TAKE-OFF	3728647	January 16, 2018	16
21.	INDOSTAR	3728648	January 16, 2018	16
22.	INDOSTAR CAPITAL FINANCE	3728649	January 16, 2018	16
23.	INDOSTAR HOME FINANCE	3728650	January 16, 2018	16
24.	INDOSTAR LIFE KA TAKE-OFF	3728651	January 16, 2018	16

Sr. No	Trade Mark	Application No.	Date of Registration/ Application	Class
25.	INDOSTAR	3728652	January 16, 2018	16
26.	INDOSTAR	4454425	February 26, 2020	16
27.	INDOSTAR HOME FINANCE	3728661	January 16, 2018	35
28.	INDOSTAR LIFE KA TAKE-OFF	3728662	January 16, 2018	35
29.	INDOSTAR	3728663	January 16, 2018	35
30.	INDOSTAR CAPITAL FINANCE	3728664	January 16, 2018	35
31.	INDOSTAR HOME FINANCE	3728665	January 16, 2018	35
32.	INDOSTAR LIFE KA TAKE-OFF	3728666	January 16, 2018	35
33.	INDOSTAR	3728667	January 16, 2018	35
34.	INDOSTAR YOUR PATH TO A BETTER LIFE	6189053	November 17, 2023	36
35.	INDOSTAR YOUR PATH TO A BETTER LIFE	6189051 (in process)	November 17, 2023	16
36.	INDOSTAR YOUR PATH TO A BETTER LIFE	6189052 (in process)	November 17, 2023	35

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 Fiscal 2024, the Company was not required to spend any amount towards CSR activities as required under Section 135 of the Act.

HISTORY AND MAIN OBJECTS

Corporate Profile

Our Company was incorporated on July 21, 2009, as a private limited company under the provisions of the Companies Act, 1956 as R V Vyapaar Private Limited and received a certificate of incorporation dated July 21, 2009. The Corporate Identification Number of our Company is L65100MH2009PLC268160.

The name of our Company was changed to '*Indostar Capital Finance Private Limited*' pursuant to a fresh certificate of incorporation dated November 15, 2010, issued by the RoC. Thereafter, our Company was converted into a public limited company under the Companies Act, 2013. Consequently, the name of our Company was changed to 'IndoStar Capital Finance Limited' and a fresh certificate of incorporation was issued by the RoC on May 28, 2014.

Our Company was registered as a non-public deposit taking NBFC 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.

Change in Registered Office of our Company

Changes to the registered office of our Company are as follows-

Original Address	Updated Address	Date of Change in Registered Office
12/2, Old Post Office Street, 3rd Floor, Kolkata – 700 001	4th Floor, Commerce House, 2A Ganesh Chandra Avenue, Kolkata – 700 013.	November 10, 2010
4th Floor, Commerce House, 2A Ganesh Chandra Avenue, Kolkata – 700 013.	One World Centre, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013	August 14, 2015
One World Centre, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013	One World Centre, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013	January 1, 2018
One World Centre, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013	Unit No. 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri- Ghatkopar Link Road, Chakala, Andheri (East), Mumbai – 400093	December 30, 2022
Unit No. 505, 5th Floor, Wing 2/E, Corporate Avenue, Andheri- Ghatkopar Link Road, Chakala, Andheri (East), Mumbai – 400 093	Off No - 301, Wing A, CTS NO 477, Silver Utopia, Chakala Road, Opp Proctor And Gamble, Andheri (E) Sahargaon, Mumbai – 400 099,	December 5, 2023

Main Objects of our Company

The main objects of our Company as contained in our Memorandum of Association are:

1. To lend and advance money with or without security to such person, firms or companies and upon such terms and subject to conditions as may seem expedient and particularly to carry on the business as financiers and investors and to acquire by purchase or otherwise, buy, underwrite, subscribe for tender, exchange, hold, invest, sell, transfer, hypothecate, deal in, dispose of any share, bonds, stocks, obligations, securities, debentures, debenture stocks, properties, unique bonds, mutual fund unit, commercial papers, certificates issued or guaranteed by any company constituted and carrying on business in India or elsewhere, any Government, state, sovereign, central or dominions, state commissioners, port trust, public body or other authority, supreme, municipal, local or otherwise whether in India or elsewhere, financial institutions, banks, insurance companies, corporation, public sector undertaking and trust whether in India or elsewhere provided that the company shall not carry on the business of banking as defined in the Banking Companies Act, 1949.

2. Subject to any regulatory / statutory approvals as may be required, to carry on the business of distributing financial products including mutual fund and insurance products, and to act as insurance brokers and / or insurance agent as per the provisions of the Insurance Regulatory and Development Authority Act, 1999 (IRDA Act) and the rules and regulations thereunder, as amended from time to time.

Key Events, Milestones and Achievements of our Company

Calendar Year	Details
2019	Initial Public Offering and listing on BSE and NSE
2024	Received investment from Florintree Tecserv LLP in form of convertible warrants
2024	Launch of new product viz. providing small business loans.

For details on Certifications and Awards, please see "*Our Business*" on page 141.

Details of any acquisition or amalgamation in the last one year

Our Company has not made any Acquisition/Amalgamation in the last one year prior to the date of this Draft Prospectus.

Details of any reorganization or reconstruction undertaken by our Company in the last one year

Our Company has not undertaken any reorganization or reconstruction in the last one year prior to the date of this Draft Prospectus.

Holding Company

As on date of this Draft Prospectus, BCP V Multiple Holdings Pte Ltd. holds 7,64,82,638 Equity Shares equivalent to 56.20% of the Equity Share capital of our Company.

Subsidiary Companies

Our Company has two wholly owned subsidiary companies as on the date of this Draft Prospectus.

- Our wholly owned subsidiary Company, Indostar Home Finance Private Limited ("**IHFPL**") was incorporated on January 1, 2016 and has obtained a Certificate of Registration dated August 26, 2016, bearing registration no. 08.141.16 issued by the RBI, to commence/carry on the business of a housing finance institution without accepting public deposits subject to the conditions mentioned in the certificate of registration under Section 29A of the National Housing Bank Act, 1987.

- Our wholly owned subsidiary Company, Indostar Asset Advisory Private Limited ("**IAAPL**") was incorporated on February 21, 2013 acted as an investment manager to Indostar Credit Fund and Indostar Recurring Return Credit Fund, both, Category II Alternative Investment Fund registered with SEBI.

Associates

As on the date of this Draft Prospectus, our Company has no associates.

Joint Venture

As on the date of this Draft Prospectus, our Company has no joint ventures.

Enterprises over which control is exercised by the Company

As on the date of this Draft Prospectus, our Company does not exercise control over any of the enterprise, except our wholly owned subsidiaries.

Key terms of Material Agreements and Material Contracts

Other than as disclosed below our Company has not entered into any agreements and contracts which are not in the ordinary course of business, in the last two fiscals.

1. ***Shareholders' Agreement, dated January 31, 2020 executed between our Company, Indostar Capital and BCP V Multiple Holdings Pte Limited (the "Shareholders' Agreement")***

   Indostar Capital and BCP V Multiple Holdings Pte Limited ("**SHA Parties**") have entered into Shareholders' Agreement in order to define their mutual rights and obligations and set out the terms and conditions governing their relationship as the SHA Parties, inter-se as well as with the Company on and from the effective date, as defined in the Shareholders' Agreement. The Shareholders' Agreement emphasizes compliance, governance, and dispute resolution mechanisms, detailing the composition and governance structure of the Board, including powers, appointment, and removal of directors, indemnification, and payment procedures. Additionally, it outlines decision-making processes, establishment of committees, reserved matters, deadlock resolution, business plan requirements, dividend policy, information rights, business ethics commitments, sanctions compliance, and transfer restrictions between major shareholders.

2. ***Warrant Subscription Agreement dated February 27, 2024 executed among the Company and Florintree Tecserv LLP ("Investor") (the "Warrant Subscription Agreement 1")***

   Indostar Capital and the Investor have entered into Warrant Subscription Agreement 1 in order to record the terms and conditions on which the Investor shall subscribe to, and the Company shall issue and allot to the Investor, 10,869,565 (Ten Million Eight Hundred and Sixty Nine Thousand Five Hundred and Sixty Five) warrants on a private placement and preferential allotment basis, in accordance with the terms of Warrant Subscription Agreement 1, and the rights and obligations of the Parties in relation thereto and other matters incidental thereto.

3. ***Warrant Subscription Agreement dated February 27, 2024 executed among the Company and BCP V Multiple Holdings PTE LTD and BCP V Multiple FVCI Holdings PTE LTD ("Brookfield") (the "Warrant Subscription Agreement 2")***

   Indostar Capital and the Brookfield have entered into Warrant Subscription Agreement 2 in order to record the terms and conditions on which the Brookfield shall subscribe to, and the Company shall issue and allot to the Brookfield, 13,949,323 (Thirteen Million Nine Hundred and Forty Nine Three Hundred and Twenty Three) warrants on a private placement and preferential allotment basis, in accordance with the terms of Warrant Subscription Agreement 2, and the rights and obligations of the Parties in relation thereto and other matters incidental thereto.

OUR MANAGEMENT

Board of Directors

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. The Articles of Association sets out that the number of Directors in our Company shall not be more than fifteen.

As of the date of this Draft Prospectus, we have nine Directors on the Board, out of which two Director are Whole-time Director designated as Chief Executive Officer ("**CEO**") and Executive Vice Chairman, seven Directors are Non-Executive Director and three Directors are Independent Directors. Our Company has one woman director on the Board.

Details of Board of Directors as on the date of this Draft Prospectus:

Name, designation, and DIN	Age (in years)	Address	Date of Appointment / Reappointment	Other directorships
Bobby Kanubhai Parikh *Designation*: Chairman and Non-Executive and Independent Director *DIN*: 00019437	59	4th Floor, Seven on the Hill, Pali Hill, Auxilium Convent Road, Bandra (West), Mumbai – 400 050 Maharashtra India	March 5, 2015	*Indian Companies:* • K Raheja Corp Investment Managers Private Limited • Biocon Limited • Infosys Limited • Biocon Biologics Limited • BMR Business Solutions Private Limited *Foreign Companies:* *Biocon SDN BHD*
Karthikeyan Srinivasan *Designation*: Chief Executive Officer and Whole time Director *DIN*: 10056556	51	9A 901/2, Whispering Palm Exclusive, Lokhandwala Township, Kandivali East, Mumbai 400101 Maharashtra India	March 30, 2023	*Indian Companies*: Nil *Foreign Companies*: Nil
Randhir Singh Whole-time Director & Executive Vice Chairman DIN: 05353131	51	Flat No. B 1701, Vivarea, Sane Guruji Marg, Saat Rasta, Mahalakshmi, Mumbai – 400011, Maharashtra, India	July 22, 2024	*Indian Companies:* Nil *Foreign Companies*: Nil
Aditya Hemant Joshi *Designation*: Non–Executive and Non-Independent Director *DIN*: 08684627	42	Apartment 1801, Tower 4, Planet Godrej, Mahalaxmi East, Mumbai – 400 011	July 10, 2020	*Indian Companies*: Nil *Foreign Companies*: BCP V Everise TopCo Inc
Dhanpal Arvind Jhaveri *Designation*: Non–Executive and Non-Independent Director *DIN*: 02018124	55	2 Sumangal, 13 Ridge Road, Malabar Hill, Mumbai – 400006, Maharashtra, India	September 2, 2010	*Indian Companies*: • Onward Technologies Limited • IMC Chamber of Commerce and Industry • Eversource Capital Private Limited • IndoStar Asset Advisory Private Limited • Everock Realty Private Limited • Everock Real Estate Private

Name, designation, and DIN	Age (in years)	Address	Date of Appointment / Reappointment	Other directorships
				Limited • Avasara Leadership Institute • Interarch Building Products Limited • Amulya Corporation Private Limited • JSW MG Motor India Private Limited *Foreign Companies*: • Asian Genco Pte. Ltd (Alternate Director)
Vibhor Kumar Talreja *Designation*: Non-Executive and Non-Independent Director *DIN*: 08768297	44	13th Floor, Flat 1301, Tower A, 25 South, Yadav Patil Marg, Off. Veer Savarkar Marg, Prabhadevi, Mumbai 400025	July 10, 2020	*Indian Companies*: • Calibre Chemicals Private Limited • Indostar Asset Advisory Private Limited • Indostar Home Finance Private Limited • Greencell Mobility Private Limited *Foreign Companies*: Nil
Devdutt Vinayak Marathe *Designation*: Non-Executive and Non-Independent Director *DIN*: 10294876	40	B604, Rustomjee Seasons, N Dharmadhikari Road, Bandra East, Mumbai Suburban, Maharashtra 400051	September 8, 2023	*Indian Companies:* Nil *Foreign Companies*: Nil
Naina Krishna Murthy *Designation*: Non-Executive and Independent Director *DIN*: 01216114	52	4th floor, No. 23, Prestige Takt, Kasturabha Road, Bengaluru, Karnataka 560001	February 5, 2018	*Indian companies*: • Den Networks Limited • Bandhan Mutual Fund Trustee Limited • Sterling and Wilson Renewable Energy Limited • Epiccentre Research Technologies Bangalore Private Limited *Foreign Companies*: Nil
Hemant Kaul *Designation*: Non-Executive and Independent Director *DIN*: 00551588	68	A-105, Atrey Path, Near Classic Hotel, Shyam Nagar, Jaipur – 302019	February 5, 2018	*Indian companies*: • Transcorp International Limited • Ola Financial Services Private Limited • Namdev Finvest Private Limited • Egis Healthcare Services Private Limited • Indiafirst Life Insurance Company Limited • Social Worth Technologies Private Limited • Jaipur Advisory Group Private

Name, designation, and DIN	Age (in years)	Address	Date of Appointment / Reappointment	Other directorships
				Limited • Goddard Technical Solutions Private Limited • Ola Capital Services Private Limited *Foreign Companies*: Nil

Brief profile of the Directors of our Company

Bobby Kanubhai Parikh

Mr. Bobby Parikh presently holds directorships on the board of multiple companies. Mr. Parikh is a qualified Chartered Accountant, and was admitted by the Institute of Chartered Accountants of India. He also holds a Bachelor of Commerce degree from the University of Mumbai.

Karthikeyan Srinivasan

Mr. Karthikeyan Srinivasan is a qualified Cost Accountant from the Institute of Cost Accountants of India and holds a Master of Business Administration degree from Alagappa Institute of Management. Prior to joining the Company, he worked at ICICI Bank Ltd as Regional Head – Large Clients Group, Chennai.

Randhir Singh

Mr. Randhir Singh is a whole-time Director designated as Executive Vice Chairman of the Company. Prior to joining the Company, Mr. Singh has worked with various banks and financial institutions including Citibank N.A., Deutsche Bank AG, ECL Finance Limited, APAC Financial Services Private Limited, handling various departments and functions.

Aditya Hemant Joshi

Mr. Aditya Hemant Joshi is presently a Managing Partner at Brookfield Advisors India Pvt Ltd. Mr. Josh joined Brookfield in March 2019. Prior to Brookfield, he worked at Apax Partners, the Blackstone Group and JM Morgan Stanley Private Limited in India. Mr. Joshi holds a Master of Business Administration degree from The Wharton School, University of Pennsylvania, and is a Chartered Accountant and member of The Institute of Chartered Accountants of India.

Dhanpal Arvind Jhaveri

Mr. Dhanpal Jhaveri is a Non–Executive Non-Independent Director of IndoStar. He has over two decades of experience in investments, strategy, M&A and investment banking. Currently, he is a Managing Partner and Chief Executive Officer at Eversource Capital Private Limited. He previously held positions at ICICI Securities and KPMG. Mr. Jhaveri holds a degree in Bachelor of Commerce from the University of Mumbai and an MBA from Babson College, USA.

Vibhor Kumar Talreja

Mr. Vibhor Kumar Talreja joined our Company on July 10, 2020. He joined Everstone in 2019 as a Managing Director. Mr Talreja serves as a director in various other companies in India.

Devdutt Marathe

Mr. Devdutt Marathe is currently a Senior Vice President at Brookfield Advisors India Pvt Ltd. Previously, he was a Principal at Apax Partners India Advisers Pvt Ltd for more than 12 years. Mr. Devdutt Marathe holds B.Tech. and MS degrees in Electrical Engineering from IIT Madras and California Institute of Technology respectively, and a PGDM from IIM Ahmedabad.

Naina Krishna Murthy

Ms. Naina Krishna Murthy has more than two decades of experience in the legal sector. She is the founder and Managing Partner of Krishnamurthy & Company. 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 holds a degree in Law, with a B.A. and LLB (Hons) from National Law School, Bangalore.

Hemant Kaul

Mr. Hemant Kaul has previously served as the Managing Director and 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.

Relationship between Directors

As on the date of this Draft Prospectus, none of our directors are related to each other.

Remuneration of Directors

The terms of remuneration of the Whole-time Director and CEO are as below:

Karthikeyan Srinivasan

The following table sets forth terms of remuneration to Mr. Karthikeyan Srinivasan, a Whole-time Director designated as Chief Executive Officer ("**CEO**"), with effect from February 14, 2023, as provided in the management agreement dated 30 March 2023 executed between the Company and Mr. Karthikeyan Srinivasan.

For appointment as CEO

Particulars	Remuneration
Salary	Not exceeding ₹ 180 lakhs per annum for financial year 2023-24
Bonus	In addition to the salary, performance bonus, of minimum of ₹ 70 lakhs per annum for financial year 2023-24
Perquisites	As per the Company's policy

Details of remuneration paid to the Whole-time Director and CEO for current financial year and last three financial years by our Company:

(₹ in lakhs)

Name of Director	Current Year (as on June 30, 2024)	Fiscal 2024	Fiscal 2023	Fiscal 2022
Karthikeyan Srinivasan	136.67 (including bonus for FY 2023-24)	196.44	19.47*	NA

**Karthikeyan Srinivasan has been appointed as a director of the Company on March 30, 2023. Remuneration details reflect his remuneration as a chief executive officer from February 14, 2023 till March 30, 2023, and as a director from March 30, 2023 till March 31, 2023.*

Remuneration of Independent Directors

The Independent Directors are paid remuneration by way of sitting fees and other expenses (travelling, boarding and lodging incurred for attending the Board/Committee meetings). The Non-Executive Directors are not paid any sitting fees.

Our Company pays the following sitting fees per meeting attended to the Independent Directors for attending the meetings of the Board and Committees thereof:

Particulars	Sitting Fees per Meeting (₹)
Board Meeting	75,000
Audit Committee Meeting	40,000
Other Committee(s) Meeting	25,000
Independent Directors' Meeting	25,000

The following table sets forth all compensation recorded by our Company to the Independent Directors during the current financial year and the last three financial years:

(₹ in lakhs)

Name of Director	Current Year (as on June 30, 2024)		For Fiscal 2024		For Fiscal 2023		For Fiscal 2022	
	Commission	Sitting Fees	Commission	Sitting Fees	Commission	Sitting Fees	Commission	Sitting Fees
Bobby Parikh	Nil	3.73	Nil	15.35	Nil	15.26	Nil	20.17
Hemant Kaul	Nil	2.41	Nil	11.81	Nil	14.01	Nil	21.26
Naina Krishna Murthy	Nil	2.63	Nil	7.79	Nil	11.27	Nil	17.54
Total	**Nil**	**8.77**	**Nil**	**34.95**	**Nil**	**40.54**	**Nil**	**58.97**

Other understandings and confirmations

No Director of our Company is a director or is otherwise associated in any manner with, any company that appears in the list of the vanishing companies as maintained by the Ministry of Corporate Affairs, the wilful defaulter list as categorized by the RBI or Export Credit Guarantee Corporation of India Limited or any other regulatory or governmental authority and/or bank or financial institutions.

None of our Directors is or was a director or person in control of any company which was compulsorily delisted within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the SEBI (Delisting of Equity Shares) Regulations, 2021.

None of our Directors have been categorised as a wilful defaulter by the RBI, any government/regulatory authority and/or by any bank or financial institution. None of our Directors are in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six-months.

We also confirm that none of our Directors is restrained or prohibited or debarred from accessing the securities market or dealing in securities by SEBI. Further, none of our Directors is a promoters or director of another company which is debarred from accessing the securities market or dealing in securities by SEBI.

None of our Directors have committed any violation of securities laws in the past and no proceedings in such regard by SEBI or RBI are pending against any of our Directors.

No Director of our Company is a fugitive economic offender, as defined in the SEBI NCS Regulations.

We confirm that the PAN of the Directors of the Company has been submitted to the Stock Exchanges at the time of filing this Draft Prospectus.

Borrowing Powers of the Board:

Pursuant to resolution passed by the shareholders of our Company on January 24, 2024 in accordance with provisions of Section 180(1)(c) and all other applicable provisions of the Companies Act and Articles of Association, the Board has been authorised to borrow sums of money as they may deem necessary for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), may exceed at any time, the aggregate of the paid-up capital of our Company and its free reserves (that is to say, reserves, not set apart for any specific purposes) by a sum not exceeding ₹ 25,00,000 lakh.

Interest of the Directors:

None of the Directors are interested in the promotion of the Company.

All the Directors of our Company, including our Independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them. All the Independent Directors of our Company are entitled to sitting fees for attending every meeting of the Board or a committee thereof. The Whole-time Director & CEO are interested to the extent of remuneration paid for services rendered, if any, as an officer or employee of our Company.

All the directors of our Company, including independent directors, may also be deemed to be interested to the extent of Equity Shares, if any, held by them or by companies, firms and trusts in which they are interested as directors, partners, members or trustees and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

All our directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as otherwise stated in this Draft Prospectus and statutory registers maintained by our Company in this regard, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made with them. Our Company's directors have not taken any loan from our Company.

As of the date of this Draft Prospectus, our directors have not taken any loan from our Company. Except as disclosed in the Section "*Related Party Transactions*" on page 180 none of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to anybody corporate, including companies, firms, and trusts, in which they are interested as directors, members, partners or trustees.

None of our Directors are interested in their capacity as a member of any firm or company and no sums have been paid or are proposed to be paid to any Director or to such firm of company in which he is interested, by any person, in cash or shares or otherwise, either to induce them to become, or to help them qualify as a director, or otherwise for services rendered by him or by such firm or company, in connection with the promotion or formation of our Company.

No contribution has been made by the directors as part of the Issue or separately.

None of our Directors' relatives have been appointed to an office or place of profit of our Company, its subsidiaries and Associates.

Except as disclosed hereinabove and the section titled *"Risk Factors"* on page 18, the Directors do not have an interest in any venture that is involved in any activities similar to those conducted by our Company.

Except as stated in the sections titled "*Related Party Transactions*" on page 180 and to the extent of compensation and commission if any, and their shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any immovable property acquired or proposed to be acquired by our Company in the preceding two years of filing this Draft Prospectus nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company. No benefit/interest will accrue to our Promoters/Directors out of the objects of the issue.

Our Directors have no financial or other material interest in the Issue and no benefit / interest will accrue to our Directors out of the objects of the Issue.

Debenture holding of Directors:

As on date of this Draft Prospectus, none of the Directors of our Company hold debentures issued by our Company.

Details of change in Directors of our Company during last three financial years and current financial year:

Name of Director, Designation and DIN	Date of Appointment/ Resignation	Director of our Company since (in case of resignation)	Remarks
R Sridhar Designation: Whole-time Director DIN: 00136697	April 17, 2022	April 18, 2017	Cessation pursuant to expiry of tenure as Whole-time Director
Deep Kumar Jaggi Designation: Whole-time Director	February 10, 2022	--	Appointment

Name of Director, Designation and DIN	Date of Appointment/ Resignation	Director of our Company since (in case of resignation)	Remarks
DIN: 09412860			
Hemant Kaul Designation: Non-Executive and Independent Director DIN: 00551588	February 5, 2023	--	Re-appointment
Naina Krishna Murthy Designation: Non-Executive and Independent Director DIN: 01216114	February 5, 2023	-	Re-appointment
Deep Kumar Jaggi Designation: Whole-time Director DIN : 09412860	February 14, 2023	February 10, 2022	Resignation
Karthikeyan Srinivasan Designation: Whole-time Director DIN: 10056556	March 30, 2023	-	Appointment
Munish Dayal Designation: Non-Executive and Non-Independent Director DIN: 01683836	September 8, 2023	February 4, 2021	Resignation
Devdutt Marathe Designation: Non-Executive and Non-Independent Director DIN: 10294876	September 8, 2023	-	Appointment
Randhir Singh Designation: Whole-time Director & Executive Vice Chairman DIN: 05353131	July 22, 2024	-	Appointment

Shareholding of Directors, including details of qualification shares held by Directors as on the date of this Draft Prospectus:

As on date of the Draft Prospectus, the shareholding of our Directors in our Company is as follows:

Sr. No.	Name of Directors	Number of Shares	Percentage of Shareholding (in %) (on fully diluted basis)	Number of Stock Options Outstanding
1.	Karthikeyan Srinivasan	100	0.00	10,20,000
2.	Neeru Jhaveri jointly with Dhanpal Jhaveri	1000	0.00	--

***Shareholding of Directors in Subsidiaries and Associate companies, including details of qualification shares held by Directors as on the date of this Draft Prospectus*:**

Name of the Director	Name of the Company	Nature of the Company (subsidiary, associates or joint ventures)	No. of Shares held	% of holding (on fully diluted basis)	No. of Stock Options
Nil					

Remuneration payable to the Directors by the Subsidiary or Associate Company:

(₹ in lakhs)

Name of Director	Current Year (as on June 30, 2024)	Fiscal 2024	Fiscal 2023	Fiscal 2022
Nil				

Key Managerial Personnel of our Company:

Provided below are the details of the Key Managerial Personnel of our Company, other than our Chairman & Managing Director and our Executive Directors, as of the date of this Draft Prospectus.

Chief Financial Officer

Vinod Kumar Panicker

Vinodkumar Panicker is the Chief Financial Officer of our Company. He is a qualified Chartered Accountant from the Institute of Chartered Accountants of India He has held senior positions with various companies including Senior Accountant at Coco Cola India, and Chief Financial Officer at Outlook Publishing (India) Pvt Ltd and Muthoot Capital Services Ltd.

Company Secretary

Shikha Jain

Shikha Jain is a Commerce Graduate and a qualified Company Secretary from the Institute of Company Secretaries of India. She has experience training in the secretarial department of IIFL Wealth Finance Limited and working as Assistant Manager in Finance & Accounts at Anand Rathi Advisors Limited prior to joining IndoStar Capital Finance Ltd.

As on the date of this Draft Prospectus, all of the Key Managerial Personnel of our Company are the permanent employees of our Company

Interest of Key Managerial Personnel

Except as stated below, none of our Key Managerial Personnel has been paid any consideration of any nature from our Company:

- Remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business;

- Extent of shareholding in the company or firms and trusts in which I am interested as director, member, partner and/or trustee, and to the extent of benefits arising out of such shareholding.

Except as stated below, Key Managerial Personnel are not interested in the Company**:**

- To the extent of the shareholding in the Company, if any held by them or their relatives or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding and/ or the stock options granted to some of our key managerial personnel.

- To the extent of to the extent of debentures our Company held by them or to be subscribed by them in this Issue and to the extent of any interest/redemption procees paid/payable to him and other distributions in respect of the said debentures.

Except for the letter of appointment issued to our Key Managerial Personnel as an employee of the Company**,** our Company has not entered into any contracts or arrangement with the Key Managerial Personnel relating to appointment and remuneration or providing for benefits upon termination of employment.

Compensation to Key Managerial Personnel

In addition to Mr. Karthikeyan Srinivasan who is also designated as a Whole-time Director and CEO of our Company, the details of the Key Management Personnel, as on the date of this Draft Prospectus, are set out below:

(₹ in lakhs)

Name of KMP	Current Year (As on June 30, 2024)	For Fiscal		
		2024	2023	2022
Vinodkumar Panicker,	79.08 (including bonus for Fiscal 2024)	134.53	30.53	NA

(₹ in lakhs)

Name of KMP	Current Year (As on June 30, 2024)	For Fiscal		
		2024	2023	2022
Chief Financial Officer (w.e.f. December 26, 2022)				
Shikha Jain, Company Secretary and Compliance Officer (w.e.f. April 18, 2023)	6.82 (including bonus for Fiscal 2024)	12.05	7.18	NA
Total	85.90	146.58	37.71	NA

Equity Shares held by Key Managerial Personnel

Except as disclosed below as on date of this Draft Prospectus, none of the Key Managerial Personnel have the shareholding in our Company.

Sr. No.	Name of Key Managerial Personnel	Number of Shares	Percentage of Shareholding (in %)	Number of Stock Options
1.	Shikha Jain	1	0.00	Nil
2.	Vinodkumar Panicker	100	0.00	3,50,000

Relationship with other Key Managerial Personnel

None of our Key Managerial Personnel are related to each other.

Senior Management Personnel of our Company

In addition to Shikha Jain and Vinod Kumar Panicker who are also designated as our Company's Key Managerial Personnel, the details of the Senior Management Personnel, as on the date of this Draft Prospectus, are set out below:

Sr. No.	Name of SMPs	Designation
1.	Rashmita Prajapati	Chief Compliance Officer
2.	Kashinath Palekar	Head – Internal Audit
3.	Nitin Gyanchandani	Chief Risk Officer
4.	Dipesh Mehta	Chief Product Officer
5.	Priya Prasad	Chief Human Resource Officer
6.	Amit Kothari	Chief Technology Officer
7.	K V Bharadwaj	Chief Credit Officer
8.	Arvind Uppal	Head – Collections
9.	Devaraj C	Chief Business Officer
10.	Krishnamurthy Swaminathan	Head – Operations
11.	P Krishnan	Principal Officer- Corporate Functions-Insurance
12.	Kekin Savla	Head – Finance
13.	Kaushal Mithani	Head – Treasury
14.	Mihir Bhavsar	Chief Information Security Officer

Interest of Senior Management Personnel

Except as stated below, none of our Senior Management Personnel has been paid any consideration of any nature from our Company:

- Remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business;

- Extent of shareholding in the company or firms and trusts in which I am interested as director, member, partner and/or trustee, and to the extent of benefits arising out of such shareholding.

Except as stated below, Senior Management Personnel are not interested in the Company**:**

- To the extent of the shareholding in the Company, if any held by them or their relatives or held by the companies, firms and trusts in which they are interested as director, member, partner, and/or trustee, and to the extent of benefits arising out of such shareholding and/ or the stock options granted to some of our key managerial personnel.

- To the extent of debentures of our Company held by them or to be subscribed by them in this Issue and to the extent of any interest/redemption procees paid/payable to him and other distributions in respect of the said debentures.

Except for the letter of appointment issued to our Senior Management Personnel as an employee of the Company**,** our Company has not entered into any contracts or arrangement with the Senior Management Personnel relating to appointment and remuneration or providing for benefits upon termination of employment.

Relationship with other Senior Management Personnel

None of our Senior Management Personnel are related to each other.

Shareholding of our Company's Senior Management Personnel

Except as stated below, as on the date of this Draft Prospectus, none of the SMPs of the Company have a shareholding in our Company.

Sr. No.	Name of Key Managerial Personnel	Number of Shares	Percentage of Shareholding (in %)
1.	Kashinath Palekar	10	0.00
2.	Nitin Gyanchandani	50	0.00
3.	Priya Prasad	102	0.00
4.	Amit Kothari	5	0.00
5.	Kekin Savla	10	0.00

Corporate Governance

We are in compliance with the requirements in relation to the composition of the Board of Directors and constitution of Committees such as Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders' Relationship Committee and Risk Management Committee as mandated under the Companies Act, 2013 and the SEBI Listing Regulations.

Details of various Committees of the Board:

Audit Committee:

The Audit Committee was last reconstituted vide a resolution passed by the Board on June 17, 2021. As on the date of this Draft Prospectus, it comprises of:

Name	Designation on Committee	Designation on Board
Bobby Parikh	Chairman	Non-Executive Independent Director
Hemant Kaul	Member	Non-Executive Independent Director
Naina Krishna Murthy	Member	Non-Executive Independent Director
Aditya Joshi	Member	Non-Executive Non- Independent Director

The scope of the Audit Committee includes the references made under Regulation 18 read with part C of Schedule II of SEBI Listing Regulations as well as Section 177 and other applicable provisions of the Companies Act, 2013 besides the other terms that may be referred by the Board of Directors. The broad terms of reference of the Audit Committee *inter-alia* includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and internal auditor, remuneration and terms of appointment of statutory auditor and internal

auditor.

3. Approve payment to statutory auditors for any other services rendered by them.
4. Discussion with statutory auditors and internal auditors before the audit commences, about the nature and scope of audit as well as internal control systems and post-audit discussion to ascertain any area of concern.
5. To formulate in consultation with the internal auditors, the scope, functioning, periodicity and methodology for conducting an internal audit.
6. Reviewing and examination, with the management, of the annual financial statements and the auditors' report thereon before submission to the board for approval, with particular reference to:
7. Matters required to be included in the Director's Responsibility Statement and other disclosure(s) to be included in the Board's Report in terms of the Companies Act, 2013;
8. Changes, if any, in accounting policies and practices and reasons for the same;
9. Major accounting entries involving estimates based on the exercise of judgment by management, if not in accordance with agreed accounting policies;
10. Significant adjustments made in the financial statements arising out of audit findings;
11. Compliance with listing, legal, regulatory and other requirements relating to financial statements;
12. Disclosure of any related party transactions;
13. Modified opinion(s) in the draft audit report;
14. Observations of the auditors and qualifications in the draft audit report.
15. Scrutiny of inter-corporate loans and investments.
16. Valuation of undertakings or assets of the company, wherever it is necessary.
17. Evaluation of internal financial controls and risk management systems.
18. Reviewing with the management, the quarterly, half-yearly and annual financial statements / financial results before submission to the Board for approval.
19. To review the utilisation of loans/advances/investments to subsidiary company(s) exceeding 100 crore or 10% asset size of subsidiary, whichever is lower, including existing loans/advances/investments.
20. Review the financial statements of the unlisted subsidiary in particular the investments made by the unlisted subsidiary.
21. Reviewing and monitoring with the management the auditor's independence, performance and effectiveness of audit process.
22. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.
23. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
24. Discussion with internal auditors on any significant findings and follow up there on.
25. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
26. Review and oversee the functioning of the whistle blower / vigil mechanism of the company.
27. Implement, review and monitor, with the management, the functioning and compliance of relevant policies of the company as authorised by the Board.
28. Look into the reasons for substantial defaults in the payment to the debenture holders, borrowers, shareholders (in case of non-payment of declared dividends) and creditors.
29. Approval, ratify or any subsequent modification of transactions of the company with related parties. The Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed under Companies Act, 2013 and rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
30. Carrying out any other function or matters incidental to the terms of reference of the Audit Committee.
31. The Audit Committee shall have authority to investigate into any matters in relation to the items specified herein or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company, seek information from any employee, obtain external legal or professional advice and secure attendance of outsiders with relevant expertise, if necessary.
32. Review with the management on quarterly basis (i) the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.); (ii) the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice (as certified by the statutory auditors) and (iii) the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter, till such time that the full money raised through the issue has not been fully utilised.
33. To do all such acts as required under Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank), Directions 2016 and under the Policy adopted by the Board in this regards.
34. To ensure that Information System Audit of the internal systems and processes is conducted at least once in two

years to assess operational risks faced by the Company.
35. Approve the appointment of chief financial officer after assessing the qualifications, experience and background.
36. Audit Committee shall mandatorily review the following information:
37. management discussion and analysis of financial condition and results of operations;
38. statement of significant related party transactions (as defined by the audit committee), submitted by management;
39. internal audit reports relating to internal control weaknesses.
40. the appointment, removal and terms of remuneration of the chief internal auditor.
41. Statement of deviations:
    i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
42. Approve the appointment of Registered Valuers in terms of Section 247 of the Companies Act, 2013.
43. To review the reconciliation of transactions between the Company and the service provider and / or its sub-contractor and an ageing analysis of entries pending reconciliation with outsourced vendors in terms of Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs issued by the Reserve Bank of India.
44. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations prescribed by the competent authorities or authorized by the Board of Directors and to delegate any of the powers / authority to such persons as the Committee may deem necessary.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last reconstituted vide a resolution passed by the Board on April 29, 2024. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Hemant Kaul	Chairman	Non-Executive Independent Director
Bobby Parikh	Member	Non-Executive Independent Director
Aditya Joshi	Member	Non-Executive Non- Independent Director

The scope of activities of the Nomination and Remuneration Committee is as set out in Regulation 19 of SEBI Listing Regulations and as amended read with Section 178 of the Companies Act, 2013. The terms of reference of the Nomination and Remuneration Committee inter-alia includes:

1. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
2. To formulate and implement the criteria for determining qualification, positive attributes and independence of director(s) and criteria for the persons that can be appointment in senior management.
3. Evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director and recommend to the Board such a person for appointment as an independent director who shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    a. use the services of an external agencies, if required;
    b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
    c. consider the time commitments of the candidates.
4. To formulate the criteria / manner for carrying out effective evaluation of the performance of Director, Board and its Committee and to review its implementation and compliance.
5. To determine whether to extend or continue the term of appointment of independent directors, on the basis of the report of performance evaluation of independent directors.
6. To devise a policy on Diversity of Board of Directors.
7. To recommend to the Board Remuneration Policy, relating to the remuneration for the directors, key managerial personnel, Senior Management and other employees.
8. Decide on specific remuneration packages (including pension rights and compensation payments) of the executive directors, the whole time directors and senior level employees of the Company.
9. Determine, alter and vary the terms and conditions of remuneration of the managerial personnel of the Company.
10. Consider and decide on all the matters relating to the remuneration of non-executive directors (including independent directors) and recommend the same to the Board of Directors.
11. Formulation of Succession policy and Succession plan for Executive Vice Chairman, Managing Director and CEO,

Key Managerial personnel and Senior Management Personnel.

12. To work in close coordination with Risk Management Committee of the Company to achieve effective alignment between compensation and risks to ensure that the compensation outcomes are symmetric with risk outcomes.
13. To ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on Internal Capital Adequacy Assessment Process (ICAAP).
14. To approve allocation of a bonus pool, payment of bonus (variable pay) to employees, revision / increment in salaries of employees and promotion of employees.
15. To administer, supervise, decide on the grant, issue, price, vesting of stock options, stock purchase or any similar scheme and the benefits to be given to beneficiaries by the Company or under the employee trust formulated or to be formulated.
16. Framing suitable policies and procedures to ensure that there is no violation, by an employee, or the Company or the Trust, if any, of securities laws (as amended from time to time), including but not limited to:

    i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (including any amendments thereto or re-enactments thereof); or
    ii. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (including any amendments thereto or re-enactments thereof).

17. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("ESOP Regulations"), in particular, those stated in Clause 5 of the ESOP Regulations:

    i. Formulation of the schemes including determining the detailed terms and conditions of the schemes in accordance with ESOP Regulations (as amended from time to time);
    ii. Determine the number of shares to be offered and/ or allotted, to each Employee and in the aggregate, and the times at which such offer / allotment shall be made;
    iii. Determine the Eligible Employee(s);
    iv. Determine the performance criteria for eligible employees and the price at which the shares to be offered to each Eligible Employee;
    v. Lay down the conditions under which offer and/or allotment of shares to the Employees may lapse in case of termination of employment for misconduct, resignation by the employees etc;
    vi. Determine the Subscription Period within which the Employee should apply for the shares offered and the implications of failure to apply for the same within the subscription Period;
    vii. Specify and modify the conditions including the time period within which the Employee shall apply in the event of termination or resignation of an Employee or under such circumstances as it deems appropriate in the interest of the objectives of the Scheme;
    viii. lay down the procedure for making a fair and reasonable adjustment to the number of shares and to the Subscription Price in case of rights issues, bonus issues and other Corporate Action;
    ix. Lay down the method for satisfaction of any-tax obligation arising in connection with such Shares;
    x. Provide for award and allotment of shares in case of Employees who are on long leave or whose services have been seconded to any other company or who have joined any other Subsidiary or other company at the instance of the Employer Company;
    xi. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee;
    xii. Determine the number of shares to be offered and/ or allotted, to each Employee and in the aggregate, and the times at which such offer / allotment shall be made.

18. Implement, administer, review and superintendent the employee stock option schemes formulated by the Company and to do all other acts, deeds and things as may be required to be undertaken towards giving effect to such schemes including but not limited to:
    i. Construe, clarify and interpret the terms of the scheme and options granted pursuant to the scheme;
    ii. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee;
    iii. To make such modifications / alterations in the scheme which are not detrimental to the options holders;
    iv. Determining the Employee(s) to whom the shares were to be offered under such Schemes;
    v. Determining the mechanism through which such Schemes should be implemented;
    vi. Determining the terms and conditions of the offer to the Employees with a focus on such Schemes being made attractive in terms of the reward together with ensuring that the Employees are retained for a long

tenure;

vii. Determining the nature of activities that are to be considered for the Trust, if any, set up for Welfare of the Employees, including for the implementation of such Schemes;

viii. Determining the terms of the allotment and to allot equity shares of the Company under such Schemes including the amount payable on application and/or on allotment, whether towards the face value and/ or towards the share premium;

19. To undertake a process of due diligence to determine the 'fit and proper' person status of existing / proposed Directors, in accordance with the Policy adopted by the Board in this regard and applicable laws.
20. To obtain a declaration from existing Directors every year as on March 31, that the information already provided by them under Fit & Proper Person Criteria has not undergone any change and where there is any change, requisite details are furnished by the Directors forthwith.
21. To recommend the suitable change(s), if required to the Board of Directors of the Company.
22. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Committee.
23. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company and as may be delegated by the Board from time to time.
24. To delegate to the officials / any Committee such powers of the Committee as may be deemed fit by the Committee.

Corporate Social Responsibility Committee ("CSR Committee")

The Corporate Social Responsibility Committee was re-constituted vide a resolution passed by the Board on September 8, 2023. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Naina Krishna Murthy	Chairman	Non-Executive Independent Director
Bobby Parikh	Member	Non-Executive Independent Director
Dhanpal Jhaveri	Member	Non-Executive Non- Independent Director
Devdutt Marathe	Member	Non-Executive Non- Independent Director
Karthikeyan Srinivasan	Member	Whole-time Director

The terms of reference of the CSR Committee inter-alia includes:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
2. Recommend the amount to be spent on CSR activities;
3. Review and monitor the Company's CSR Policy periodically;
4. To ensure that the activities as are included in CSR Policy are undertaken by the Company;
5. Institution of transparent monitoring mechanism for the implementation of CSR Projects (Rule 5 (2) of the Companies (Corporate Social Responsibility Policy) Rules 2014);
6. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company.

Stakeholders Relationship Committee

The *Stakeholders Relationship Committee* was re-constituted vide a resolution passed by the Board on September 8, 2023. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Dhanpal Jhaveri	Chairman	Non-Executive Non- Independent Director
Bobby Parikh	Member	Non-Executive Independent Director
Naina Krishna Murthy	Member	Non-Executive Independent Director
Devdutt Marathe	Member	Non-Executive Non- Independent Director
Karthikeyan Srinivasan	Member	Whole-time Director

The terms of reference of the Stakeholders' Relationship Committee inter-alia includes:

1. To oversee, review and monitor redressal of the grievances of shareholders, debenture holders, investors and other security holders including credit of securities, non-receipt of allotment advice/ share certificates, refund of application money, transfer of securities, non-receipt of annual report, non-receipt of dividends declared / interests

or any other grievances a shareholder, debenture holder, investor and other security holder may have against the Company.

2. To approve / review / refuse transfer / transmission / dematerialisation / rematerialisation of shares, debentures and other securities, if any, in timely manner.
3. To issue share certificates, duplicate / split / consolidation share certificates and share certificates in replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilized.
4. To oversee the performance of the registrar and transfer agents and to recommend measures for overall improvement in the quality of investor services.
5. Attending / addressing to complaints of security holders routed by SEBI (SCORES) / Stock Exchanges / RBI or any other Regulatory Authorities.
6. To monitor transfer of the amounts transferable to and from Investor Education and Protection Fund.
7. To perform all functions relating to the interests of security holders of the Company and as assigned by the Board, as may be required by the provisions of the Companies Act, 2013 and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and guidelines issued by the SEBI or any other regulatory authority.
8. To review measures taken for effective exercise of voting rights by shareholders.
9. To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
10. To review various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
11. To do all necessary acts, deeds and things as may be required, including authorizing any person(s) to endorse the share certificate(s) after affixing the common seal on share certificates in accordance with the Articles of Association of the Company; and
12. To do all such acts, deeds and things as may be required under any acts, rules, regulations, guidelines, circulars, etc. issued by any authority including SEBI, Stock Exchanges, Depositories in relation to the shareholders, debenture holders, investor or other security holder of the Company and to delegate any of the powers / authority to such persons as the Committee may deem necessary.

Risk Management Committee

The Risk Management Committee was reconstituted vide a resolution passed by the Board on April 29, 2024. As on the date of this Draft Prospectus, it comprises:

Name	Designation on Committee	Designation on Board
Hemant Kaul	Chairman	Non-Executive Independent Director
Vibhor Kumar Talreja	Member	Non-Executive Non- Independent Director
Devdutt Marathe	Member	Non-Executive Non- Independent Director
Karthikeyan Srinivasan	Member	Whole-time Director
Vinodkumar Panicker	Member	Chief Financial Officer
Nitin Gyanchandani	Member	Chief Risk Officer

The terms of reference of the Risk Management Committee inter-alia includes:

1. Identifying, monitoring and managing the credit risk, market risk, operational risk and other risks of the Company including risks associated with Cyber Security.
2. Providing an integrated view of the risks to the Company and issue specific directives to the respective departments or the business groups for necessary action.
3. Designing Risk Management Policies and MIS framework for integrated risk management in the Company, after taking into account the following:

    i. The Company’s overall business strategy, lines and changes in the business and operating environment;
    ii. Appropriateness to the size, nature and complexity of the transactions entered into by the Company;
    iii. Issues relating to safety, liquidity, prudential norms, exposure limits;
    iv. Quality of internal control procedures;
    v. The sophistication of the Company's risk monitoring capability, risk management systems and processes;
    vi. Risk management policy shall, *inter alia*, include the following:

        a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;

b. Measures for risk mitigation including systems and processes for internal control of identified risks;
c. Business continuity plan.

4. Overseeing the execution / implementation of the Risk Management Practices by various executives outlined in the policies approved by the Committee.
5. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
6. Review the minutes or document referred to it by ALCO for opinion/directions for risk management on an integrated basis.
7. The Risk Management Committee shall be the final authority for resolving any transactions that are proposed to be entered into by the Company that have a potential for a conflict-of-interest in the assessment by the members of the Credit Committee.
8. To periodically review Risk Management Framework and Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.
9. To review of appointment, removal and terms of remuneration of the Chief Risk Officer.
10. To review the material outsourcing arrangements and vendor/ service provider performance atleast annually.
11. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken.
12. To do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company.
13. To do all such acts, deeds, things and matters as may be delegated, from time to time, by the Board of Directors of the Company.

OUR PROMOTERS

The Promoters of our Company are:

1. **BCP V Multiple Holdings Pte Ltd**
Registered Office: 16 Collyer Quay, #19-00, Collyer Quay Centre, Singapore (049318)
Date of Incorporation: November 27, 2018
PAN: AAICB1835H
Unique Entity Number: 201840080G

2. **Indostar Capital (Mauritius)**
Registered Office: 3rd Floor, Standard Chartered Tower, Bank Street, 19 Cybercity, Ebene 72201, Mauritius
Date of Incorporation: October 25, 2010
PAN: AACCI5675C
Unique Entity Number: 098649 C1/GBL

As on June 30, 2024, our Promoters collectively hold 10,01,48,307 Equity Shares equivalent to 73.60% of the Equity Share capital of our Company.

Profile of our Promoters

1. BCP V Multiple Holdings Pte Ltd

BCP V Multiple Holdings Pte Ltd ("**Brookfield**"), was incorporated on November 27, 2018, as a private company limited by shares, under the provisions of the Companies Act 1967 in Singapore.

Board of Directors of Brookfield

Sr. No.	Name of Director	Designation
1.	Tan Aik Thye, Derek	Director
2.	Tay Zhi Yun	Director
3.	Ho Yeh Hwa	Director
4.	Talisa Poh Pei Lynn	Director
5.	Liew Yee Foong	Director

2. ***Indostar Capital***

Indostar Capital **(Mauritius)** ("**Indostar**") was incorporated on October 25, 2010 as a private company limited by shares under the laws of Mauritius. Indostar is registered with the Financial Services Commission of Mauritius and has been granted a Category I – Global Business Licence under Licence No. C110009102.

Board of Directors of Indostar

Sr. No.	Name of Directors	Designation
1.	Sanjoy Chatterjee	Director
2.	Atul Kapur	Director
3.	Alok Oberoi	Director
4.	Amit Manocha	Director
5.	Louise Michael Kirsley Calisse	Director
6.	Hema Pydegadu	Director
7.	Francoise Krin Chin Chung Kee Mew	Director
8.	Marie Francoise Krin Chin Chung Kee Mew (Permanent Alternate Director to Mr. Sanjoy Chatterjee)	Alternate Director
9.	Damela Goundan (Permanent Alternate Director to Mr. Alok Oberoi)	Alternate Director

Other understanding and confirmations

Our Company confirms that the Permanent Account Number and Bank account number of the Promoter and Permanent Account Number of Directors will be submitted to the Stock Exchange at the time of filing the Draft Prospectus.

Our Promoters have confirmed that neither of them, have been identified as Wilful Defaulters by the RBI or any other governmental authority and are not a promoter of any such company which has been identified as a Wilful Defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months. Further, no members of our Promoter Group have been identified as Wilful Defaulters.

No benefit or interest will accrue to our Promoters out of the objects of the Issue.

No violation of securities laws has been committed by our Promoters in the past or is currently pending against them.

None of our Promoters, was a promoter or person in control of any company which was delisted within a period of ten years preceding the date of this Draft Prospectus, in accordance with Chapter V of the SEBI Delisting Regulations.

As on the date of this Draft Prospectus, neither our Promoters nor any of our Promoter Group entities have been restrained or debarred or prohibited from accessing the capital markets or restrained or debarred or prohibited from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad:

However, there have been certain instances of freezing of our equity shares held by Promoter and Promoter Group in terms of SEBI Circular No. CFD/CMD/CIR/P/2017/115 dated October 10, 2017 in the past. Below are the details pertaining to the same:

Name	Fiscal	Number of Shares	Amount Involved (₹ in lakh)	Present Status
BCP V Multiple Holdings Pte Ltd	2023	764,82,638	7,64,826	The accounts of Promoters and Promoter Group were defrozen w.e.f May 12, 2023 pursuant to Indostar Capital Finance Limited complying with the MPS requirement on May 5, 2023.
Indostar Capital	2023	232,62,583	23,26,25,830	The accounts of Promoters and Promoter Group were defrozen w.e.f May 12, 2023 pursuant to Indostar Capital Finance Limited complying with the MPS requirement on May 5, 2023.
ECP III FVCI Pte Ltd	2023	414,67,583	41,46,75,830	The accounts of Promoters and Promoter Group were defrozen w.e.f May 12, 2023 pursuant to Indostar Capital Finance Limited complying with the MPS requirement on May 5, 2023.
Everstone Capital Partners II LLC	2023	11,35,000	1,13,50,000	The accounts of Promoters and Promoter Group were defrozen w.e.f May 12, 2023 pursuant to Indostar Capital Finance Limited complying with the MPS requirement on May 5, 2023.

Common pursuits of our Promoters

None of our Promoters are engaged in businesses similar to ours.

Interest of our Promoters in our Company

Except as stated under the chapter titled "*Financial Information*" beginning on page 197, and to the extent of their shareholding in our Company, our Promoters do not have any other interest in our Company's business.

Further as on March 31, 2024, our Company, has not sanctioned any outstanding bank facilities which have been guaranteed by our Promoters.

Our Promoters do not intend to subscribe to this Issue.

Our Promoters have no financial or other material interest in the Issue and no benefit / interest will accrue to our Promoters or Promoter Group out of the objects of the Issue.

Payment of benefit to our Promoter in last three fiscal years

Other than as disclosed under the *"Related Party Transactions"*, available at page 180 and other than the dividend that may be declared and paid by our Company, our Company has not made payments of any benefits to the Promoter during the last three fiscals preceding the date of this Draft Prospectus.

Interest of our Promoters in property, land and construction

Our Promoter does not have any interest in any property acquired by our Company within two years preceding the date of filing of this Draft Prospectus or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery.

Promoter Group

Other than our Promoters, following entities form part of our Promoter Group:

1. Ecp III Fvci Pte Ltd
2. Everstone Capital Partners II LLC
3. ACP LIBRA Limited
4. Everstar Holdings Pte. Ltd.

RELATED PARTY TRANSACTIONS

For details of the related party transactions for the Fiscals 2024, 2023 and 2022 in accordance with the requirements under Ind AS 24 "Related Party Disclosures" notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, see "*Financial Information*" on page 197, for Audited Standalone Financial Statements for Fiscal 2024, Audited Consolidated Financial Statements for Fiscal 2024, Audited Standalone Financial Statements for Fiscal 2023, Audited Consolidated Financial Statements for Fiscal 2023, Audited Standalone Financial Statements for Fiscal 2022 and Audited Consolidated Financial Statements for Fiscal 2022, notes no. 32, 33, 32, 33, 32 and 33 respectively.

Further, please see below the details of loans made or, guarantees given or securities provided by the Company for the current financial year i.e. up to July 26, 2024, and during the last three financial years ended March 31, 2024, March 31, 2023 and March 31, 2022:

Related party transactions entered during the Fiscal 2024, Fiscal 2023 and Fiscal 2022 with regard to loans made or, guarantees given or securities provided:

(₹ in lakh)

Name of Related Party	Fiscal	Loans Given**	Loans Repaid**	Guarantees given	Securities provided
IndoStar Home Finance Private Limited	2022	37,500.00	(75,500.00)	NIL	NIL
IndoStar Home Finance Private Limited	2023	9,000.00	(9,000.00)	NIL	NIL
IndoStar Home Finance Private Limited	2024	6,500.00	6,500.00	NIL	NIL

*** Conversion of loan into Equity shares of subsidiary*

Related party transactions entered during the current financial year for the period up to April 1, 2024 till as on July 26, 2024, with regard to loans made or, guarantees given or securities provided:

(₹ in lakh)

Name of Related Party	Loans Made	Guarantees given	Securities provided
NIL	NIL	NIL	NIL

REGULATIONS AND POLICIES

The regulations summarized below are not exhaustive and are only intended to provide general information to Investors and are neither designed nor intended to be a substitute for any professional legal advice. Taxation statutes such as the IT Act, GST laws (including CGST, SGST and IGST) and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Provisions, Act, 1952, and other miscellaneous regulations such as the Trade Marks Act, 1999 and applicable Shops and Establishments statutes apply to us as they do to any other Indian company and therefore have not been detailed below.

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Our Company is a non-banking financial company (NBFC) – Middle Layer which does not accept public deposits. As such, our business activities are *inter-alia* regulated by RBI regulations applicable to a Non-Deposit taking Non-Banking Financial Company – Middle Layer.

Principal business criteria and NBFC classification

As per the RBI Act, a non-banking financial company means (i) a financial institution which is a company, (ii) a non-banking institution which is a company and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner, (iii) such other non-banking institution or class of such institutions, as the RBI may, with the previous approval of the Central Government and by notification in the Official Gazette, specify.

The RBI Act further defines a 'financial institution' to mean a non-banking institution which, among other things, includes carrying on the business or as part of its business, financing activities, whether by way of making loans or advances or otherwise, of any activity, other than its own or the acquisition of shares/stock/bonds/debentures/securities issued by the Government of India or other local authorities or other marketable securities of like nature.

RBI has clarified through a press release (*Ref. No. 1998-99/1269*) issued in 1999, that in order to identify a particular company as an NBFC, it will consider both the assets and the income pattern as evidenced from the last audited balance sheet of the company to decide a company's principal business. The company will be treated as an NBFC if its financial assets are more than 50 per cent of its total assets (netted off by intangible assets) and income from financial assets should be more than 50 per cent of the gross income. Both these tests are required to be satisfied in order to determine the principal business of a company.

In accordance with Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, as amended, modified and supplemented from time to time, every NBFC is required to submit to the RBI a certificate, from its statutory auditor within one month from the date of finalisation of the balance sheet and in any case, not later than December 30 of that year, inter-alia stating that it is engaged in the business of non-banking financial institution requiring it to hold a certificate of registration.

Being an NBFC, our Company is inter-alia governed by the RBI Act, the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("**The RBI SBR Framework Master Directions**") and the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016. In addition to these regulations, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

The major regulations governing our Company are detailed below:

On October 22, 2021 RBI issued a Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs ("SBR Framework"), whereby NBFCs have been categorized into following four layers based on their size, activity, and perceived riskiness by the RBI

i) NBFC- Base Layer ("**NBFC-BL**");
ii) NBFC- Middle Layer ("**NBFC-ML**");
iii) NBFC- Upper layer ("**NBFC-UL**"); and
iv) NBFC- Top Layer ("**NBFC-TL**")

The NBFC- BL comprise of (a) non-deposit taking NBFCs below the asset size of ₹ 1,00,000 lakhs and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

The NBFC- ML consist of (a) all deposit taking NBFCs ("NBFC-Ds"), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹ 1,00,000 lakhs and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs)– (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

The NBFC-UL comprise of those NBFCs which are specifically identified by RBI as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in appendix to RBI SBR Framework Master Directions. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

The NBFC-TL will ideally remain empty. This layer can get populated if RBI is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFC-Upper Layer. Such NBFC shall move to the NBFC-Top Layer.

As on date of filing of this Draft Prospectus the Company falls under the category of NBFC-ML, as its assets size is above ₹ 1,00,000 lakhs, as per the last audited balance sheet.

Rating of NBFCs

Pursuant to the RBI SBR Framework Master Directions, NBFCs with asset size of ₹10,000 lakh and above are required to furnish information about downgrading / upgrading of assigned rating of any financial product issued by them, within fifteen days of such a change in rating, to the regional office of the RBI under whose jurisdiction their registered office is functioning.

Prudential Norms

The RBI SBR Framework Master Directions amongst other requirements prescribe guidelines regarding capital requirement, income recognition, asset classification, provisioning requirements, capital adequacy requirements, concentration of credit/ investment etc. The RBI SBR Framework Master Directions state that the credit/ investment norms shall not apply to a NBFCs not accessing public funds in India, either directly or indirectly, and not issuing guarantees.

Corporate Governance Guidelines

The RBI SBR Framework Master Directions prescribed certain corporate governance norms required to be adhered to by NBFCs. The RBI SBR Framework Master Directions, inter alia, provide for constitution of an audit committee, a nomination committee, an asset liability, management committee and risk management committee and certain other norms in connection with disclosure, transparency and connected lending. Further, NBFCs with asset size of more than ₹5,000,000 lakh in categories – investment and credit companies, infrastructure finance companies, micro finance institutions, factors and infrastructure debt funds are required to appoint a chief risk officer ("**CRO**") with clearly specified role and responsibilities. The CRO is required to function independently so as to ensure highest standards of risk management.

Provisioning Requirements

Every applicable NBFC after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and erosion overtime in the value of the security charged, shall make provisions against sub-standard assets, doubtful assets and loss assets in the manner provided for in the RBI SBR Framework Master Directions.

In the interests of counter cyclicality and so as to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns, RBI *vide* its circular no. DNBS.PD.CC. No.207/ 03.02.002 /2010-11 dated January 17, 2011, introduced provisioning for standard assets by all NBFCs at the rate of 0.25 per cent of the outstanding standard assets. Subsequently, RBI vide its circular no. DNBR (PD) CC No. 037/03.01.001/2014-15 dated June 03, 2015 raised the provision for standard assets to 0.40 per cent to be met by March 2018. The general provisions on standard assets are not reckoned for arriving at Net NPAs. However, the general provisions towards standard assets are not needed to be netted from gross advances but shall be shown separately as 'Contingent Provisions against Standard Assets in the balance sheet. NBFCs are allowed to include the '*General Provisions on Standard Assets*' in Tier 2 Capital which together with other 'general provisions/ loss reserves' will be admitted as Tier 2 Capital only up to a maximum of 1.25 per cent of the total risk-weighted assets.

Capital Adequacy Norms

In terms of the RBI SBR Framework Master Directions, NBFCs – Middle Layer are required to maintain, a minimum capital ratio consisting of Tier 1 and Tier 2 capital which shall not be less than 15% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items. The Tier 1 capital in respect of NBFCs – Middle Layer (except NBFC-MFI and NBFC primarily engaged in lending against gold jewellery), at any point of time, shall not be less than 10 per cent.

"Tier 1 Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15 per cent of the aggregate Tier 1 Capital of such company as on March 31 of the previous accounting year.

Owned Funds are defined as paid-up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account; capital reserve representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of assets; less accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

Tier 2 Capital includes the following (a) preference shares other than those which are compulsorily convertible into equity; (b) revaluation reserves at discounted rate of 55%; (c) general provisions (including that for standard assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one-and-one-fourth percent of risk weighted assets; (d) hybrid debt capital instruments; and (e) subordinated debt; and (f) perpetual debt instrument issued by non-deposit taking non-banking financial company, which is in excess of what qualifies for Tier 1 Capital, to the extent that the aggregate does not exceed Tier 1 Capital.

Hybrid debt means, capital instrument, which possess certain characteristics of equity as well as debt.

Subordinated debt means an instrument, which is fully paid up, is unsecured and is subordinated to the claims of other creditors and is free from restrictive clauses and is not redeemable at the instance of the holder or without the consent of the supervisory authority of the NBFC. The book value of such instrument is subjected to discounting as prescribed under the RBI SBR Framework Master Directions and to the extent such discounted value does not exceed fifty percent of Tier 1 capital.

Asset Classification

The RBI SBR Framework Master Directions require that every applicable NBFC shall, after taking into account the degree of well-defined credit weaknesses and extent of dependence on collateral security for realisation, classify its lease/hire purchase assets, loans and advances and any other forms of credit into the following classes:

- Standard assets;
- Sub-standard Assets;
- Doubtful Assets; and
- Loss assets

Further, such class of assets would not be entitled to be upgraded merely as a result of rescheduling, unless it satisfies the conditions required for such upgradation. At present every NBFC-ML is required to make a general provision for standard assets at 0.40 per cent.

Other stipulations on policies

Applicable NBFCs are required to frame board approved policies *inter alia* including, (i) a policy for demand and call loan; (ii) liquidity risk management policy; (iii) policy on outsourcing; (iv) fair practice code; (v) policies under the Information Technology Framework for the NBFC Sector; (vi) interest rate model policy; (vii) investment policy; (viii) know you customer/ anti-money laundering policy; (ix) policy for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis.

The prudential norms also specifically prohibit NBFCs from lending against its own shares.

Net Owned Fund

Section 45-IA of the RBI Act provided that to carry on the business of a NBFC, an entity would have to register as an NBFC with the RBI and would be required to have a minimum net owned fund of ₹200 lakh. However, the net owned fund requirement has been incrementally revised by the RBI SBR Framework Master Directions. RBI SBR Framework Master Directions stipulates the glided path to minimum net owned fund requirement of ₹ 500 lakh by March 31, 2025 and ₹ 1,000 lakh by March 31, 2027 by the NBFCs with customer interface or public funds.

Reserve Fund

In addition to the above, Section 45-IC of the RBI Act requires NBFCs (unless specifically exempted by RBI) to create a reserve fund and transfer therein a sum of not less than 20% of its net profits earned annually before declaration of dividend. Such sum cannot be appropriated by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation is required to be reported to the RBI within 21 days from the date of such appropriation.

Information with respect to change of address, directors, auditors, etc. to RBI

Applicable NBFCs are required to inform the RBI (Regional Office of the Department of Supervision of the Bank) of any change in the address, telephone no's, etc. of its registered office, names and addresses of its directors/auditors, names and designations of its principal officers, the specimen signatures of its authorised signatories, within one month from the occurrence of such an event.

*Reserve Bank of India (Know Your Customer (KYC)) Master Directions, 2016 dated February 25, 2016, as amended ("**RBI KYC Directions**") and Prevention of Money-Laundering Act, 2002*

The RBI KYC Directions have been extended inter-alia to all NBFCs, and in terms of the RBI KYC Directions, every entity regulated thereunder is required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated in terms of the RBI KYC Directions is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. It is advised that all NBFC's adopt the same with suitable modifications depending upon the activity undertaken by them and ensure that a proper policy framework of anti-money laundering measures is put in place, to ensure adherence to RBI KYC Directions.

Further, all NBFCs are required to adhere to provisions of Prevention of Money-Laundering Act, 2002, the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, and rules, circulars and regulations issued thereunder, as amended from time to time. The NBFCs are required to introduce a system of maintaining proper record of transactions prescribed under Rule 3 of Prevention of Money Laundering (Maintenance of Records) Rules, 2005

Accounting Standards & Accounting policies

NBFCs that are required to implement Indian Accounting Standards ("**Ind AS**") as per the Companies (Indian Accounting Standards) Rules, 2015 ("**Accounting Standard Rules**") shall prepare their financial statements in accordance with Ind AS notified by the Government of India and shall comply with the regulatory guidance specified in the RBI SBR Framework Master Directions. Disclosure requirements for notes to accounts specified in the RBI SBR Framework Master Directions shall continue to apply. The Ministry of Corporate Affairs ("**MCA**"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS converged with IFRS for non-banking financial companies, scheduled commercial banks, insurers, and insurance companies. RBI vide its circular dated February 11, 2016, inter alia specified that scheduled commercial banks (excluding RRBs) shall follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the Reserve Bank in this regard in the manner provided in the said circular. The Accounting Standard Rules were subsequently amended by MCA Notification dated March 30, 2016. . Ind AS is applicable to our Company with date of transition from April 1, 2017.

Implementation of Indian Accounting Standards: RBI Notification

The Reserve bank of India vide notification number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/ 2019-20 dated March 13, 2020 framed regulatory guidance on Ind AS which is applicable on Ind AS implementing NBFCs and Asset Reconstruction Companies (ARCs) for preparation of their financial statements from financial year 2019-20 onwards. These guidelines focus on the need to ensure consistency in the application of the accounting standards in specific areas, including asset classification and provisioning, and provide clarifications on regulatory capital in the light of Ind AS implementation.

Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016

The directions lists down detailed instructions in relation to submission of returns, including their periodicity, reporting time, due date, purpose and the requirement of filing such returns by various categories of NBFCs.

Implementation of Green Initiative of the Government

All applicable NBFCs are required take proactive steps for increasing the use of electronic payment systems, elimination of post-dated cheques and gradual phase-out of cheques in their day to day business transactions which would result in more cost-effective transactions and faster and accurate settlements.

Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021

The circular puts in place regulations for ensuring independence of auditors, avoiding conflict of interest in auditor's appointments and to improve the quality and standards of audit in RBI Regulated Entities.

Master Direction – Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016

In addition to the report made by the auditor under Section 143 of the Companies Act, 2013 on the accounts of an NBFC , the auditor shall make a separate report to the Board of Directors of the company on *inter alia* examination of validity of certificate of registration obtained from the RBI, whether the NBFC is entitled to continue to hold such certificate of registration in terms of its Principal Business Criteria (financial asset / income pattern) as on March 31, of the applicable year, whether the NBFC is meeting the required net owned fund requirement, whether the board of directors has passed a resolution for non-acceptance of public deposits, whether the company has accepted any public deposits during the applicable year, whether the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it, whether the capital adequacy ratio as disclosed in the return submitted to the RBI in NBS-7 (DNBS03), has been correctly arrived at and whether such ratio is in compliance with the minimum CRAR prescribed by RBI, whether the company has furnished to RBI the annual statement of capital funds, risk assets/exposures and risk asset ratio within the stipulated period.

Where the statement regarding any of the items referred in the auditor certificate above, is unfavorable or qualified, or in the opinion of the auditor the company has not complied with the regulations issued by RBI, it shall be the obligation of the auditor to make a report containing the details of such unfavourable or qualified statements and/or about the non-compliance, as the case may be, in respect of the company to the concerned Regional Office of the Department of Non-Banking Supervision of the RBI under whose jurisdiction the registered office of the company is located.

Risk-Based Internal Audit (RBIA)

An independent and effective internal audit function in a financial entity provides vital assurance to the board of directors and its senior management of NBFC regarding the quality and effectiveness of the entity's internal control, risk management and governance framework. The essential requirements for a robust internal audit function include, inter alia, sufficient authority, proper stature, independence, adequate resources and professional competence. RBI *vide* its circular dated February 03, 2021, *inter-alia* mandated all non-deposit taking NBFCs (including Core Investment Companies) with asset size of ₹ 500,000 lakh and above to implement the RBIA framework by March 31, 2022.

Master Direction on Information Technology Framework for the NBFC Sector, 2017

All NBFCs shall have a board approved Information Technology policy/Information system policy. This policy may be designed considering the basic standards stipulated in the said directions.

In November 2023, the RBI issued the Reserve Bank of India (Information Technology Governance, Risk, Controls and Assurance Practices) Directions, 2023 which will come into effect from April 01, 2024. These directions incorporate, consolidate and update the guidelines, instructions and circulars on IT Governance, Risk, Controls, Assurance Practices and Business Continuity/ Disaster Recovery Management. Accordingly, the Master Direction on Information Technology Framework for the NBFC Sector, 2017 will stand repealed with effect from April 01, 2024 for NBFC – Middle Layer, NBFC – Upper Layer and NBFC – Top Layer.

Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

RBI has issued Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 ("Fraud Directions, 2016"). As per Fraud Directions, 2016, NBFCs are required to put in place a reporting system for recording frauds without any delay. NBFCs are required to fix staff accountability in respect of delays in reporting of fraud cases to the RBI. In order to maintain uniformity in reporting frauds, the Fraud Directions, 2016, prescribe the manner of classification of frauds.

Such NBFCs are required to report frauds committed to various bodies like the board, the audit committee, the RBI and the police authorities, depending on the amount involved in the fraud. In terms of the Fraud Directions, 2016 such NBFCs shall disclose the amount related to fraud reported by the NBFC for the year in their balance sheet.

Directions on Managing Risks and Code of Conduct in Outsourcing of Financial Services by NBFCs

With a view to put in place necessary safeguards applicable to outsourcing of activities by NBFCs, the RBI has issued directions on managing risks and code of conduct in outsourcing of financial services by NBFCs ("Outsourcing Directions"). The Outsourcing Directions specify that core management functions including internal audit, strategic and compliance functions, decision making functions such as determining compliance with KYC norms, according sanction for loans, shall not be outsourced by NBFCs. However, for NBFCs in a group/conglomerate, these functions may be outsourced within the group subject to compliance with instructions in the Outsourcing Directions. Further, while internal audit function itself is a management process, the internal auditors can be on contract. *Fair practice code*

Applicable NBFCs having customer interface should mandatorily adopt the guidelines on fair practices to be adhered to while conducting business. The guidelines require that all communications to the borrower shall be in the vernacular language or a language as understood by the borrower. Also, loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. Such NBFCs should also give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Such NBFCs shall also ensure that changes in interest rates and charges are effected only prospectively.

In order to regulate charging of excessive interest rates, applicable NBFCs are required to adopt an interest rate model. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be explicitly disclosed to the borrower. In the matter of recovery of loans, such NBFCs shall not resort to undue harassment methods which include persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. Such NBFCs shall also ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

Also, NBFC-ML are required to lay down an appropriate grievance redressal mechanism within the organisation.

Ombudsman scheme for customers of NBFCs

The RBI has on November 12, 2021 introduced the Reserve Bank - Integrated Ombudsman Scheme, 2021 (the "**Scheme**"). The Scheme integrates three ombudsman schemes of RBI namely, (i) the Banking Ombudsman Scheme, 2006; (ii) the Ombudsman Scheme for Non-Banking Financial Companies, 2018; and (iii) the Ombudsman Scheme for Digital Transactions, 2019. The Scheme makes 'deficiency in services' as ground for filing complaints with certain exceptions. The responsibility of representing the NBFC and furnishing information in respect of complaints filed by customers against the NBFC would be that of the principal nodal officer in the rank of a general manager or equivalent. The NBFC will not have the right to appeal in cases where an award is issued by the ombudsman against it on account of non-response or non-furnishing of information sought within stipulated time. A complaint may be lodged online through the portal designed for the purpose (https://cms.rbi.org.in). The complaint may also be submitted through electronic or physical mode to the Centralised Receipt and Processing Centre as notified by the RBI. The ombudsman is entitled to call for certified copy of documents from the NBFC and the ombudsman is required to maintain confidentiality in relation to the same. The proceedings before the ombudsman shall be summary in nature. The Ombudsman's award shall contain, inter alia, the direction, if any, to the NBFC for specific performance of its obligations and in addition to or otherwise, the amount, if any, to be paid by the NBFC to the complainant by way of compensation for any loss suffered by the complainant.

Asset Liability Management

Under the terms of the RBI SBR Framework Master Directions, non-deposit accepting NBFCs having an asset base of ₹10,000 lakhs or more are required to comply with the RBI Guidelines on Liquidity Risk Management Framework ("LRM Framework"). The RBI has prescribed the Guidelines for asset liability management ("ALM") system in relation to NBFCs through LRM Framework. The LRM Framework provides that in order to ensure sound and robust liquidity risk management system, the board of directors of the NBFC shall frame a liquidity risk management framework which ensures that it maintains sufficient liquidity, including a cushion of unencumbered, high quality liquid assets to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The liquidity risk management policy should spell out the entity-level liquidity risk tolerance; funding strategies; prudential limits; system for measuring, assessing and reporting/ reviewing liquidity; framework for stress testing; liquidity planning under alternative scenarios/formal contingent funding plan; nature and frequency of management reporting; periodical review of assumptions used in liquidity projection; etc. A desirable organizational set up for liquidity risk management shall include (a) Board of Directors who shall have the overall responsibility for management of liquidity risk, (b) the risk management committee ("**RMC**") consisting of chief executive officer ("**CEO**")/ managing director ("**MD**") and heads of various risk verticals, who shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk, (c) asset liability management committee ("**ALCO**") consisting of the NBFC's top management shall be responsible for ensuring adherence to the risk tolerance/limits set by the board of directors as well as implementing the liquidity risk management strategy of the NBFC. The CEO/ MD or the Executive Director (ED) should head the ALCO. The role of the ALCO with respect to liquidity risk should include, *inter alia*, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of all branches, (d) asset liability management support group ("**ALM Support Group**") consisting of the operating staff responsible for analysing, monitoring and reporting the liquidity risk profile to the ALCO. The maturity profile as prescribed in the directions could be used for measuring the future cash flows of NBFCs in different time buckets. Within each time bucket, there could be mismatches depending on cash inflows and outflows. While the mismatches up to one year would be relevant since these provide early warning signals of impending liquidity problems, the main focus shall be on the short-term mismatches, viz., 1-30/ 31 days. The net cumulative negative mismatches in the statement of structural liquidity in the maturity buckets 1-7 days, 8-14 days, and 15-30 days shall not exceed 10 percent, 10 percent and 20 percent of the cumulative cash outflows in the respective time buckets. NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all other time buckets upto 1 year by establishing internal prudential limits with the approval of the board of directors. NBFCs shall also adopt the above cumulative mismatch limits for their structural liquidity statement for consolidated operations. Other than liquidity risk the applicable NBFC has to manage currency risk and interest rate risk under the terms of LRM Framework.

Guidelines on Digital Lending and Guidelines on Default Loss Guarantee (DLG) in Digital Lending

RBI on September 2, 2022 issued Guidelines on Digital Lending. The Guidelines on Digital Lending are applicable to all Commercial Banks, Primary (Urban) Co-operative Banks, State Co-operative Banks, District Central Co-operative Banks; and NBFCs. The Guidelines on Digital Lending prescribe guidelines w.r.t. Customer Protection and Conduct, Collection of fees, charges, Disclosures to borrowers, Grievance Redressal, Assessing the borrower's creditworthiness, Cooling off/look-up period, Due diligence and other requirements with respect to lending service providers engaged by the regulated entity, Technology and Data Requirement, Storage of Data, Comprehensive privacy policy, Technology standards, Reporting to Credit Information Companies and loss sharing arrangement in case of default. The RBI guidelines on DLG, inter-alia governs arrangements between regulated entities (REs) and lending service providers (LSPs) or between two REs involving DLG.

The Recovery of Debts due to Banks and Financial Institutions Act, 1993

The Recovery of Debts due to Banks and Financial Institutions Act, 1993 (the "DRT Act") provides for establishment of the Debts Recovery Tribunals (the "DRTs") for expeditious adjudication and recovery of debts due to banks and public financial institutions or to a consortium of banks and public financial institutions. Under the DRT Act, the procedures for recovery of debt have been simplified and time frames have been fixed for speedy disposal of cases. The DRT Act lays down the rules for establishment of DRTs, procedure for making application to the DRTs, powers of the DRTs and modes of recovery of debts determined by DRTs. These include attachment and sale of movable and immovable property of the defendant, arrest of the defendant and his detention in prison and appointment of receiver for management of the movable or immovable properties of the defendant.

The DRT Act also provides that a bank or public financial institution having a claim to recover its debt, may join an ongoing proceeding filed by some other bank or public financial institution, against its debtor, at any stage of the proceedings before the final order is passed, by making an application to the DRT.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI Act")

The SARFAESI Act regulates the securitization and reconstruction of financial assets of banks and financial institutions. The RBI has issued guidelines to banks and financial institutions on the process to be followed for sales of financial assets to asset reconstruction companies. These guidelines provide that a bank or a financial institution or an NBFC may sell financial assets to an asset reconstruction company provided the asset is a Non - Performing Asset ("NPA"). Securitisation Companies and Reconstruction Companies ("SCs/RCs") are required to obtain, for the purpose of enforcement of security interest, the consent of secured creditors holding not less than 60 per cent of the amount outstanding to a borrower as against 75 per cent. While taking recourse to the sale of secured assets in terms of Section 13(4) of the SARFAESI Act, a SC/RC may itself acquire the secured assets, either for its own use or for resale, only if the sale is conducted through a public auction.

As per the SARFAESI Amendment Act of 2004, the constitutional validity of which was upheld in a recent Supreme Court ruling, non-performing assets have been defined as an asset or account of a borrower, which has been classified by a bank or financial institution as sub-standard, doubtful or loss asset in accordance with directions or guidelines issued by the RBI. In case the bank or financial institution is regulated by a statutory body/authority, NPAs must be classified by such bank in accordance with guidelines issued by such regulatory authority. The RBI has issued guidelines on classification of assets as NPAs. Further, these assets are to be sold on a "without recourse" basis only.

The SARFAESI Act provides for the acquisition of financial assets by Securitization Company or Reconstruction Company from any bank or financial institution on such terms and conditions as may be agreed upon between them. A securitization company or reconstruction company having regard to the guidelines framed by the RBI may, for the purposes of asset reconstruction, provide for measures such as the proper management of the business of the borrower by change in or takeover of the management of the business of the borrower, the sale or lease of a part or whole of the business of the borrower and certain other measures such as rescheduling of payment of debts payable by the borrower; enforcement of security.

Additionally, under the provisions of the SARFAESI Act, any securitisation company or reconstruction company may act as an agent for any bank or financial institution for the purpose of recovering its dues from the borrower on payment of such fee or charges as may be mutually agreed between the parties.

Various provisions of the SARFAESI Act have been amended by the Enforcement of Security Interest and Recovery of Debt Laws and Miscellaneous Provisions (Amendment) Act, 2016 as also the Insolvency and Bankruptcy Code, 2016 (which amended S.13 of SARFAESI). As per this amendment, the Adjudicating Authority under the Insolvency and Bankruptcy Code, 2016 shall by order declare moratorium for prohibiting inter alia any action to foreclose, recover or enforce any security interest created by the corporate debtor in respect of its property including any action under the SARFAESI Act.

Further, in accordance with Ministry of Finance notification no. S.O. 856(E) dated February 24, 2020, the eligibility limit for to enforcement of security interest with respect to secured debt recovery by NBFCs (having assets worth ₹ 10,000 lakh and above) has been reduced from ₹ 100 lakh to ₹ 50 lakh.

Insolvency and Bankruptcy Code, 2016

The Insolvency and Bankruptcy Code, 2016 (Bankruptcy Code) was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

RBI vide its circular dated June 7, 2019, laid down the Prudential Framework for Resolution of Stressed Assets whereby prescribing the regulatory approach for resolution of stressed assets interalia by: (i) early recognition and reporting of default by banks, financial institutions and NBFCs in respect of large borrowers; (ii) Affording complete discretion to lenders with regard to design and implementation of resolution plans, in supersession of earlier resolution schemes (S4A, SDR, 5/25 etc.), subject to the specified timeline and independent credit evaluation; (iii) Laying down a system of disincentives in the form of additional provisioning for delay in implementation of resolution plan or initiation of insolvency proceedings; (iv) Withdrawal of asset classification dispensations on restructuring. Future upgrades to be contingent on a meaningful demonstration of satisfactory performance for a reasonable period; and (v) Requiring the mandatory signing of an inter-creditor agreement (ICA) by all lenders, which will provide for a majority decision making criteria. MCA vide notification dated November 15, 2019, issued the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019 ("FSP Rules") *inter alia* governing the corporate insolvency resolution process and liquidation process of Financial Service Providers (FSPs) under the Bankruptcy Code. The issuance of the FSP Rules has made viable and unified resolution process accessible for the FSPs and their creditors with some procedural differences.

Companies Act, 2013

The Companies Act, 2013 ("Companies Act") has been notified by the Government of India on August 30, 2013 (the "Notification").

The Companies Act provides for, among other things, changes to the regulatory framework governing the issue of capital by companies, corporate governance, audit procedures, corporate social responsibility, requirements for independent directors, director's liability, class action suits, and the inclusion of women directors on the boards of companies. The Companies Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the Companies Act

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of inter-alia registration, opening and closing hours, daily and weekly working hours, holidays, leave, health, termination of services and safety measures and wages for overtime work.

Labour Laws

India has stringent labour related legislations. The Company is required to comply with certain labour laws, which include the Employees' Provident Funds and Miscellaneous Provisions Act 1952, Employees' State Insurance Act, 1948, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, Workmen Compensation Act, 1923, the Payment of Gratuity Act, 1972, Maternity Benefit Act, 1961 and the Payment of Wages Act, 1936, amongst others.

Intellectual Property

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957 and trademark protection under the Trademarks Act, 1999. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

Other Regulations

Our Company is required to comply with the provisions of the Companies Act, SEBI Listing Regulations, various circulars and notifications issued by SEBI as applicable, labour laws, shops and establishment acts, various tax related legislations and other applicable statutes for its day-to-day operations.

Law applicable to our Subsidiaries

In addition to the above, our wholly owned subsidiaries, are subject to various, laws, regulations and policies. Our wholly owned subsidiary, Indostar Asset Advisory Private Limited had acted as an investment manager to Indostar Credit Fund and Indostar Recurring Return Credit Fund, both, Category II Alternative Investment Funds registered with SEBI.

Our wholly owned subsidiary Indostar Home Finance Private Limited is an HFC, that provides affordable housing finance loans to salaried individuals and self-employed individuals,. Activities of HFCs, are primarily regulated by the RBI and the NHB, including various aspects of business such as definition of housing finance and housing finance company, net owned fund requirement, capital adequacy, sourcing of funds, on-boarding of customers, credit approval and risk management and asset classification and provisioning. Certain other generally applicable legislations as also regulate other aspects of the HFCs business such as recovery of debt and taxation.

Introduction - Registration as an HFC and generally applicable regulations

Indostar Home Finance Private Limited, being an HFC registered with the RBI, is primarily engaged in the business of providing loans and advances for housing activities. The Company was earlier registered with NHB.

The NHB was set up pursuant to the National Housing Bank Act, 1987 ("**NHB Act**"), and as the principal agency to promote housing finance institutions and to provide financial and other support to such institutions. In terms of the NHB Act, the primary objectives of the NHB, *inter alia, include* (i) promotion and establishment, or aiding the promotion and establishment of housing finance institutions; (ii) making of loans and advances or rendering any other form of financial assistance for housing activities; (iii) dealing in bills, promissory notes and other instruments; and (iv) formulating schemes for the mobilisation of resources and extension of credit for housing. In line with these objectives and in terms of the NHB Act, the NHB has issued the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("**NHB Directions**"), which amongst others, set out matters relating to acceptance of deposits by HFCs, prudential norms for income recognition, accounting standards, provision for bad and doubtful assets, capital adequacy and concentration of credit and investments to be observed by the HFCs and matters ancillary and incidental thereto.

Pursuant to the Finance (No. 2) Act, 2019, the NHB Act has been amended consequent to the NHB Act Amendments, to transfer the regulating authority for the housing finance sector from NHB to RBI. Accordingly, amongst others, (i) HFCs are now required to apply to the RBI for registration under the NHB Act, in place of the NHB; and (ii) the RBI has now been conferred the power (a) to determine the percentage of assets to be maintained in terms of its investments and purpose for appropriation of reserve fund; and (b) to regulate, by specifying conditions or prohibit the issue by any HFC of any prospectus or advertisement soliciting deposits of money from the public. However, the NHB Act Amendments, retain certain powers with the NHB, in addition to conferring such powers on the RBI, such as power to conduct inspections and request for documents from the HFCs.

Further, pursuant to the amendments to the 'Master Direction – Exemptions from the RBI Act, 1934 dated November 24, 2020, sections 45 – IA, 45 -IB and 45 – IC of the RBI Act, which deal with requirement of registration and net owned fund, maintenance of percentage assets, and the setting up and maintenance of a reserve fund are not applicable to HFCs.

On June 17, 2020, the RBI released proposed changes to be undertaken in the regulatory framework for HFCs post the transfer of regulation of HFCs from NHB to the RBI with effect from August 9, 2019, for public comments ("**Draft Framework**"). These included changes such as (a) defining principal business and qualifying assets for HFCs; (b) defining the phrase 'providing finance for housing' or 'housing finance'; (c) classification of HFCs as systematically important or non-systematically important; and (d) applicability of liquidity risk framework, liquidity coverage ratio and securitisation.

Basis the inputs received in relation to the Draft Framework, the RBI issued a revised framework for regulating the HFCs by way of its circular dated October 22, 2020 ("**Revised HFC Framework**"). Pursuant to the Revised HFC Framework, the RBI has, amongst others, (a) exempted HFCs from the applicability of section 45-IB and 45-IC of the RBI Act. However, relevant notifications in this regard are yet to be issued; (b) increased the minimum net owned fund requirement for HFCs from ₹ 1000 lakhs to ₹ 2000 lakhs; and (c) extended applicability of regulations applicable on NBFCs to HFCs pertaining to monitoring of frauds, information technology framework and implementation of Indian Accounting Standards for impairment allowances and regulatory capital.

Basis the inputs received in relation to the Draft Framework, the RBI issued a revised framework for regulating the HFCs by way of its circular dated October 22, 2021, as amended from time to time ("**Scale Based Regulatory Framework**"). Pursuant to the Scale Based Regulatory Framework, the RBI has, amongst others, (a) increased the minimum net owned fund requirement for HFCs from ₹10 crores to ₹20 crores; and (b) extended applicability of regulations applicable on NBFCs to HFCs pertaining to monitoring of frauds, information technology framework and implementation of Indian Accounting Standards for impairment allowances and regulatory capital.

Accordingly, activities of HFCs, are primarily regulated by the RBI and the NHB, including various aspects of our business such as definition of housing finance and housing finance company, net owned fund requirement, capital adequacy, sourcing of funds, on-boarding of customers, credit approval and risk management and asset classification and provisioning. Certain other generally applicable legislations as set out below also regulate other aspects of our business such as recovery of debt and taxation.

Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ***("RBI Master Directions")***

The RBI Master Directions define the term 'housing finance company' as a company incorporated under the Companies Act, 2013 that fulfils the following conditions:

a) It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets); and

b) Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing finance for individuals by March 31, 2024.

Net owned funds

In terms of the RBI Master Directions, every HFC is required to meet the requirement of net owned funds of ₹2000 lakhs for commencing housing finance as one of its principal business or carrying on the business of housing finance as one of its principal business. Provided that a housing finance company holding a certificate of registration and having net owned fund of less than ₹200 lakhs, may continue to carry on the business of housing finance, if such company achieves net owned fund of ₹1500 lakhs by March 31, 2022 and ₹2000 lakhs by March 31, 2023. Further, for HFCs whose net owned fund currently stands below ₹2000 lakhs, are required to submit a statutory auditor's certificate to RBI within a period of one month evidencing compliance with the prescribed levels as at the end of the relevant period and with the failure to reach the minimum requirement leading to cancellation of registration as an HFC with allowance for conversion to a

NBFC- Investment and Credit Companies.

Capital Requirement

As per the RBI Master Directions, every HFC is required to maintain a minimum capital adequacy ratio, consisting of tier I capital and tier II capital. Currently HFCs are required to comply with a CRAR, consisting of tier I and tier II capital, of at least 14% on or before March 31, 2021 and 15% on or before March 31, 2022 and thereafter, of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. At a minimum, tier I capital of HFCs cannot be less than 10%. Further, the total tier II capital at any point of time, should not exceed 100% of tier I capital.

Accounting Standards

HFCs that are required to implement Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules, 2015 are to prepare their financial statements in accordance with Ind AS notified by the Government of India and comply with the regulatory guidance specified in terms of the RBI Master Directions. Other HFCs comply with the requirements of notified Accounting Standards (AS) insofar as they are not inconsistent with any of the directions provided under the RBI Master Directions.

Source of funds

HFCs can generally raise funds by way of borrowings or through equity. The sourcing of funds by HFCs is primarily regulated by the RBI, NHB, and SEBI. The limits on borrowings by HFCs are governed by the RBI Master Directions. The RBI Master Directions currently permit HFCs to borrow up to 14 times their net owned funds on or after March 31, 2020 and after which this limit shall be further reduced to 13 times of their net owned funds on or after March 31, 2021 and subsequently to 12 times of their net owned funds on or after March 31, 2022. Further, the RBI NCD Directions require HFCs to have in place a board approved policy for resource planning.

In accordance with the RBI Master Directions, the Company has put in place a board approved policy for resource planning (“**Resource Planning Policy**”). The Resource Planning Policy seeks to maintain a balance in the source of funds by borrowing from the debt capital market as well as traditional borrowings from banks and others, reduce the weighted average cost of borrowing by borrowing across multiple maturities, support disbursement growth by providing adequate liquidity, and proper balancing of asset and liability mismatch within the permitted tolerance level.

Term Loans

In terms of the Master Circular - Housing Finance dated July 1, 2015 issued by the RBI, banks are permitted to grant term loans to HFCs considering (long-term) debt-equity ratio, track record, recovery performance and other relevant factors including the other applicable regulatory guidelines

Income Recognition and Provisioning Requirements

The RBI Master Directions require that income recognition be based on recognised accounting principles. Amongst others, income including interest, discount or any other charges on NPA shall be recognised only when it is actually realised. Any such income recognised before the asset became NPA and remaining unrealised shall be reversed. Further, the RBI Master Directions require the board of directors of every HFC to frame investment policy for the company and shall implement the same.

Every HFC shall, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realisation of the security and the erosion over time in the value of security charged, make provision against standard assets, sub-standard assets, doubtful assets and loss assets.

Regulatory Restrictions

An HFC cannot lend against its own shares. Further, no HFC can grant housing loans to individuals up to (a) ₹30 lakhs with LTV ratio exceeding 90%; (b) above ₹30 lakhs and up to ₹75 lakhs exceeding 80%; and (c) above ₹75 lakhs with LTV ratio exceeding 75%. In inclusion, the RBI Master Directions provide for the definition of LTV ratio. Additionally, the RBI advised that disbursement of the loans should be strictly linked to completion of various stages of construction. Further, the RBI has mandated that the HFCs should set up a well-defined mechanism for monitoring the various stages of construction and for ensuring that the consent of the borrower is taken before disbursing the said amount to the constructor / developer.

Further, the fair practices code under RBI Master Directions ("**Fair Practices Code**") requires HFCs to convey certain terms and conditions at the time of sanction of loans such as the annualised interest rate, equated monthly instalments ("**EMI**") structure and prepayment charges. Further, in terms of the PSL Master Directions, issued by the RBI, bank loans to HFCs (approved by NHB for their refinance) for on-lending is permitted, for up to ₹20 lakhs per borrowers, for purchase/construction/ reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers.

Acceptance / renewal of public deposits

No deposit taking housing finance company shall accept or renew public deposit unless the HFC has obtained minimum investment grade rating for fixed deposits from any one of the approved credit rating agencies, at least once a year and a copy of the rating is sent to the NHB and it is complying with all the prudential norms.

Acquisition / Transfer of Control

In terms of the RBI Master Directions, prior written permission of Reserve Bank of India shall be required for any takeover or acquisition of control of an HFC, which may or may not result in change of management, any change in the shareholding of an HFC accepting / holding public deposits, including progressive increases over time, which would result in acquisition/ transfer of shareholding of 10% or more of the paid-up equity capital of the HFC by / to a foreign investor or any change in the shareholding of an HFC, including progressive increases over time, which would result in acquisition / transfer of shareholding of 26% or more of the paid-up equity capital of the HFC. Provided that, prior approval would not be required in case of any shareholding going beyond 10% or 26%, as applicable, due to buyback of shares / reduction in capital where it has approval of a competent court. However, the same shall be reported to the NHB not later than one month from the date of its occurrence.

Corporate Governance

In terms of the RBI Master Directions, the corporate governance norms shall be applicable to all public deposit accepting / holding HFCs and every non-public deposit accepting HFC with assets size of ₹5000 lakhs and above, as per the last audited balance sheet ("**Applicable HFCs**"). The Applicable HFCs are required to constitute audit committee, nomination and remuneration committee, asset liability management committee and a risk management committee. The audit committee must ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced.

At regular intervals, as may be prescribed, the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Applicable HFC must be placed before the board of directors. The Applicable HFCs are also required to adhere to certain other norms in connection with disclosure, transparency and rotation of partners of the statutory audit firm.

Further, the RBI Master Directions provide for appointment of a chief risk officer ("**CRO**") for HFCs with an asset size of ₹500,000 lakhs with clearly specified role and responsibilities. The CRO, who shall be a senior official in the hierarchy of an HFC and shall possess adequate professional qualification / experience in the area of risk management, is required to function independently so as to ensure highest standards of risk management.

Further, all HFCs shall ensure that a policy is put in place with the approval of the board of directors for ascertaining the 'fit and proper' criteria of the directors at the time of appointment, and on a continuing basis. The policy on the 'fit and proper' criteria shall be on the lines of the guidelines contained in the RBI Master Directions.

RBI's circular dated August 25, 2021 read with Gazette notification dated June 17, 2021

The GoI, vide notification no. S.O. 2405(E) dated June 17, 2021, and in exercise of powers under Section 2(1)(m)(iv) of the SARFAESI Act, notified HFCs registered under Section 29A(5) of the NHB Act having assets worth ₹10,000 lakhs and above as financial institutions in terms of the SARFAESI Act. Pursuant to the aforementioned the RBI, vide circular dated August 25, 2021, has withdrawn paragraph 105 of the RBI Master Directions wherein certain criteria for notification of HFCs as financial institutions had been prescribed.

*RBI Master Circular dated October 1, 2021 on Prudential Norms on Income Recognition, Asset Classification and Provisioning Pertaining to Advances (the "**IRACP Norms**") read with the RBI Circular dated November 12, 2021 on*

*Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications ("**Prudential Norms – Clarifications 2021**") and read with the Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications dated February 15, 2022*

The IRACP Norms, read with the RBI Master Directions, have laid down prudential norms with regard to NPAs, including in relation to the identification of NPAs and income recognition against NPAs. Further, the Prudential Norms – Clarifications 2021 further seek to ensure uniformity in the implementation of the IRACP Norms across lending institutions and prescribes detailed clarifications regarding the classification and recognition of NPAs. For further information, please refer to "*Risk Factors – Risk Factor #5 Any increase in the levels of non-performing assets, for any reason whatsoever, would adversely affect our business, results of operations and financial condition*." on page 18.

*Master Directions – Reserve Bank of India (Priority Sector Lending)– (Targets and Classifications) Directions, 2020 (the "**PSL Master Directions**")*

The priority sector lending ("**PSL**") guidelines were enacted with a view to govern priority sector advances and loans granted by scheduled commercial banks including regional rural banks, small finance banks, local area banks and primary urban co-operative banks, other than salary earners' banks, licensed to operate in India.

The PSL Master Directions, as updated on October 20, 2022, govern priority sector advances and loans granted by scheduled commercial banks (excluding regional rural banks and small finance banks) regulated by the RBI to HFCs (approved by NHB for the purpose of refinance), for on-lending for purchase, construction or reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers, subject to an aggregate loan limit of ₹ 20 lakhs per borrower. The eligibility under the PSL Master Directions to HFCs for on-lending is restricted to 5% of the individual bank's total PSL. The average maturity of such priority sector assets created by those who are eligible intermediaries should be co -terminus with the maturity of the bank loan.

RBI circular on Co-lending by Banks and NBFCs to Priority Sector dated November 5,2020

The RBI introduced the co-lending model to increase the affordability and outreach of capital to underserviced sections of the economy. By entering co-lending arrangements, banks and non-banking financial companies ("**NBFC**") can combine the relative advantages of the two to provide financial services.

Banks are permitted to co-lend with all registered NBFCs (including HFCs) based on a prior agreement. The co-lending banks will take their share of the individual loans on a back-to-back basis in their books. However, NBFCs are required to retain minimum 20% share of the individual loans on their books. The bank and the NBFCs will have to maintain their own individual customer accounts but there is a requirement for the funds to be disbursed via an escrow account. The liability for the representations and warranties found in the master agreement will be ascribed to the originating NBFCs. The co-lenders will be mutually required to set up a framework for loan monitoring and recovery, grievance redressal mechanism, arrange for the creation of security and charge and ensure compliance with internal guidelines.

NHB Refinance

NHB offers refinance assistance to primary lending institutions ("**PLIs**") in respect of their housing loans to individuals, and also for their loans to other institutions for housing finance and construction finance for affordable housing. HFCs registered with the NHB, being a PLI, are eligible to obtain refinance under NHB's various refinance scheme from time to time. The NHB provides such refinance assistance in terms of its various refinance schemes such as the regular refinance scheme, special urban housing refinance scheme for low income households and the affordable housing fund, each of which set out certain restrictions applicable to loans provided by the HFCs in terms of their loan size, tenure, location of property and the ultimate borrower in some cases. The terms of the re-finance assistance, such as the tenure and interest rate applicable is subject to eligibility of the loans under the respective schemes. For instance, while the regular refinance scheme provides for refinance assistance in respect of housing loans extended by HFCs for, amongst others, construction and purchase of dwelling units with no restrictions on loan size, location and the ultimate borrowers of such loans, the affordable housing fund includes eligibility conditions based on the annual household income of the borrowers depending on the location of the property being in urban or rural areas, as prescribed thereunder.

On-boarding of customers and marketing

Advertising, Marketing and Sales:

The Fair Practices Code under RBI Master Directions seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase transparency, encourage market forces to achieve higher operating standards and promote fair and cordial relationship between customer and HFCs, and foster confidence in the housing finance system. HFCs are required to ensure that advertising and promotional material is clear and not misleading and that privacy and confidentiality of the customers' information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process, including the amount, tenure and periodicity of repayment.

The Fair Practices Code also prescribes certain requirements applicable at the time of applications for loans, loan appraisal and disbursement of loans. For instance, HFCs are required to include in the loan application forms all necessary information so that the applicant may make a meaningful comparison with the terms offered by other HFCs, to devise a system of giving acknowledgement for receipt of all loan applications and to communicate in writing the reasons for rejection of the application.

KYC and AML:

In terms of the provisions of the PMLA and the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, HFCs are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account based relationship or otherwise by monitoring their transactions. Further, the guidelines on 'Know Your Customer' & 'Anti-Money Laundering Measures' for HFCs issued by the NHB by way of its circular dated March 11, 2019 ("**NHB KYC Circular**"), were applicable on HFCs until May 19, 2020.

On May 19, 2020, RBI issued a circular wherein applicability of Master Direction – Know Your Customer (KYC) Direction, 2016 ("**KYC Direction**"), as amended was extended to HFCs and NHB KYC Circular stood repealed. The KYC Direction requires an HFC to formulate a Board approved KYC policy which is required to include four key elements (i) customer acceptance policy formulated by a HFC, which includes requirements applicable at the time of opening of the account by the customers and client due diligence requirements; (ii) risk management, which requires risk categorization of customers based on certain parameters such as identity, social/financial status, nature of business activity and information on client's business and their location; (iii) undertake customer identification procedures when, *inter alia*, commencement of an account based relationship, when there is a doubt about the authenticity or adequacy of the customer identification data, when carrying out international money transfer for non-account holder, when or when selling third party products; and (iv) customer due diligence procedures, which involves obtaining certain identification documents (such as PAN, Aadhaar number or any other officially verified document) from the individual when he establishes an account based relationship or when dealing with the individual who is the 'beneficial owner', authorised signatory or power of attorney holder related to the legal entity.

Master Circular – Returns to be submitted by Housing Finance Companies (HFCs) dated December 31, 2021

The NHB pursuant to its circular dated December 31, 2021 on "*Returns to be submitted by Housing Finance Companies (HFCs)*" advised all HFCs to put in place a reporting system for filing various returns with respect to their deposit acceptance, prudential norms compliance, ALM etc. The reporting is required to be made online within the prescribed timeframe through the Centralised Reporting and Management Information System (CRAMIS) portal only and HFCs are to strictly adhere to the timeframe fixed in this circular for submitting returns to the NHB failing which concerned HFCs would be liable for penal action under the provisions of National Housing Bank Act, 1987. It must be ensured that the information, on common financial parameters, if any, submitted under various returns viz., monthly, quarterly, half-yearly etc., with reference to the position viz., June 30th/ September 30th/ December 31st/ March 31st, remains consistent. Additionally, the HFCs must ensure that the information in the CRAMIS portal be updated immediately, whenever there is any change in the details of managing director and chief executive officer, directors, statutory auditor(s), principal officer, nodal officer, compliance officer, functional head, designated director, authorized signatory, grievance redressal officer, branches/ offices, address of the corporate office, etc.

Credit Approval and Disbursement

The granting of housing loans and disbursements of such loans by HFCs is primarily governed by the directions and circulars issued by the RBI, such as the RBI Master Directions containing the Fair Practices Code and the Revised HFC Framework. In terms of the RBI Master Directions, amongst others, (i) no HFC may grant housing loans to individuals of up to ₹ 30 lakhs with an LTV ratio exceeding 90% of between ₹ 30 lakhs to ₹ 75 lakhs with LTV ratio exceeding 80%, and above ₹ 75 lakhs with LTV ratio exceeding 75%; (ii) no HFC shall lend to any single borrower an amount exceeding 15% of its owned fund, and to any single group of borrowers, an amount exceeding 25% of its owned fund. Additionally, the NHB advised that disbursement of the loans should be strictly linked to completion of various stages of construction. Further, the RBI has mandated that the HFCs should set up a well-defined mechanism for monitoring the various stages of construction and for ensuring that the consent of the borrower is taken before disbursing the said amount to the constructor / developer.

Further, the fair practices code requires HFCs to convey certain terms and conditions at the time of sanction such as the annualised interest rate, equated monthly instalments **("EMI")** structure and prepayment charges. Further, our internal credit policy lays down the requirements for various customer profiles including salaried, self-employed professionals/non-professionals and non-individual entities. The internal credit policy has also laid down clear rules for determining as to who can be an eligible applicant.

Further, in terms of the PSL Master Directions, issued by the RBI, bank loans to HFCs (approved by NHB for their refinance) for on-lending is permitted, for up to ₹ 20 lakhs per borrowers, for purchase/construction/ reconstruction of individual dwelling units or for slum clearance and rehabilitation of slum dwellers.

Risk Management Framework
Asset Liability Management:

The RBI has, by way of its RBI Master Directions, prescribed guidelines for asset liability management system in HFCs ("**ALM Guidelines**"). In terms of the ALM Guidelines, HFCs are exposed to several major risks in the course of their business - credit risk, interest rate risk, equity/commodity price risk, liquidity risk and operational risk. In terms of the ALM guidelines, the asset liability management ("**ALM**") process involves, amongst others, (i) ALM information systems, which includes management information systems and availability of information and accuracy, adequacy and expediency thereof; (ii) ALM organisation, which includes involvement of top level management; and (iii) identification, measurement and management of risks and having in place risk policies and tolerance levels. Further, the scope of the ALM function of the HFC includes, amongst others, liquidity risk management, management of market risks, funding and capital planning, profit planning and growth projection, forecasting and analysing 'what if scenario' and preparation of contingency plans.

The ALM Guidelines also recommended the classification of various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). The gap is the difference between rate sensitive assets and rate sensitive liabilities for each time bucket. In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data or empirical studies could classify them in the appropriate time buckets, subject to approval by the asset-liability committee/board of the HFC.

Appointment of a Chief Risk Officer:

The RBI has mandated the appointment of a Chief Risk Officer ("**CRO**") vide RBI Master Directions. The CRO shall be a senior official with adequate professional qualification and expertise in the area of risk management.

The office of the CRO shall be an independent office with direct reporting lines to the managing director or the chief executive officer. The CRO will be tasked with the identification, mitigation and measuring of risk with respect to the products being offered by the HFC.

Corporate Governance:

The RBI Master Directions issued, apply to every non-public deposit accepting HFC with assets size of ₹ 5000 lakhs and above, as per the last audited balance sheet, and all public deposit accepting / holding HFCs ("**Applicable HFC**"). Applicable HFCs are required to constitute, amongst others, an audit committee, an asset liability management committee and a risk management committee. The audit committee must ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced.

At regular intervals, as may be prescribed, the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the Applicable HFC must be placed before the board of directors. The Applicable HFCs are also required to adhere to certain other norms in connection with disclosure, transparency and rotation of partners of the statutory audit firm. The Applicable HFCs are also required to frame internal guidelines on corporate governance standards which are also to be put up on their website for information of various stakeholders.

Recovery of dues

In the event customers do not adhere to the repayment schedule for loans provided by HFCs, the Fair Practices Code requires HFCs and its members and staff to follow the defined process provided under the applicable law during collection and security repossession.

SECTION V – FINANCIAL STATEMENTS

FINANCIAL INFORMATION

MATERIAL DEVELOPMENTS

Save and except as disclosed below and in this Draft Prospectus, no other material developments have taken place in our Company since March 31, 2024 till July 26, 2024, i.e., the cut-off date.

1. Pursuant to Regulation 29(1) of the SEBI Listing Regulations, a meeting of the Board of Directors of the Company is scheduled to be held on Wednesday, July 31, 2024, inter-alia, to consider and approve the unaudited financial results (standalone and consolidated) of the Company for the quarter ended June 30, 2024.

FINANCIAL INDEBTEDNESS

As on July 5, 2024, our Company had outstanding Total Borrowings of ₹ 6,16,693.71 lakh.

Sr. No.	Nature of Borrowings	Amount Outstanding (₹ in lakh) *	% (Percentage)
1.	Secured Borrowings	5,66,803.44	91.91%
2.	Unsecured Borrowings	49,890.27	8.09%
Total Borrowings		6,16,693.71	100.00%

*Note: *This Amount outstanding includes interest accrued and IndAS adjustments.*

Set forth below, is a summary of the borrowings by our Company outstanding as on July 05, 2024, together with a brief description of certain significant terms of such financing arrangements.

<u>*Details of secured borrowings*</u>:

Our Company's secured outstanding borrowings from banks/financial institutions as on July 5, 2024, amounts to ₹ 5,66,803.44 lakh. The details of the secured borrowings are set out below:

***<u>Term Loans from Banks/ Financial Institutions</u>*:**

Sr. No.	Lender's Name	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Repayment Date	Repayment Schedule	Security	Credit Rating, if applicable	Asset Classification
1.	National Bank for Agriculture and Rural Development	Term Loan	20,000.00	6,000.00	December 31, 2025	20 equal quarterly instalments	First *pari-passu* charge on book debts with minimum security cover of 1.25 times.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
2.	Central Bank of India	Term Loan	10,000.00	2,474.96	June 29, 2025	16 quarterly instalments after 12 months moratorium period	First *pari-passu* charge by way of hypothecation of borrower's loan receivable/ book debt with asset cover of at least 1.11 times.	CARE AA-/ Stable and CRISIL AA-/ Negative	Standard
3.	IndusInd Bank Limited	Term Loan	10,000.00	3,750.00	December 31, 2025	16 equal quarterly instalments	Floating first *pari-passu* charge on book debts and receivables with security cover to an extent of 1.33x (existing and proposed for all facilities)	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
4.	DBS Bank India Limited	Term Loan	10,000.00	277.78	July 23, 2024	36 equal quarterly instalments	1.1 times First *pari-passu* charge on standard loan receivables and cash and cash equivalents	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
5.	Yes Bank	Term Loan	10,000.00	2,083.33	May 1, 2025	48 equal monthly instalments	First *pari-passu* charge by way of hypothecation on all standard current & future book debts	CARE AA-/ Stable and CRISIL AA-/ Negative	Standard

Sr. No.	Lender's Name	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Repayment Date	Repayment Schedule	Security	Credit Rating, if applicable	Asset Classification
							and loan receivables of borrower (including cash and cash equivalents) with a minimum cover of 1.25 times.		
6.	State Bank of India	Term Loan	40,000.	23,200.00	June 30, 2027	18 equal quarterly instalments of INR 21 Crores and last quarterly installment of INR 22 crore after a moratorium of 3 months	First *pari-passu* charge basis on current and future loans and other receivables of the borrower with a minimum asset cover of 1.25 times	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
7.	Bajaj Finance Limited	Term Loan	5,000.00	4,375.00	February 27, 2026	8 equal quarterly instalments after a moratorium of 15 months from the date of first disbursement	First *pari-passu* charge (along with banks, financial institutions and other lenders) by way of hypothecation on current portfolio of receivables and any unencumbered treasury assets, with a minimum-security cover of 1.15 times of the outstanding amounts.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
8.	Bajaj Finance Limited	Term Loan	5,000.00	5,000.00	March 22, 2027	8 equal quarterly instalments after a moratorium of 15 months from the date of first disbursement	First *pari-passu* charge (along with banks, financial institutions and other lenders) by way of hypothecation on current portfolio of receivables and any unencumbered treasury assets, with a minimum-security cover of 1.15 times of the outstanding amounts.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
9.	ICICI Bank Limited	Term Loan	7,500.00	1,875.00	December 31, 2024	8 quarterly instalments starting from the end of the fifth quarter from the date of each	First ranking *pari-passu* charge on standard receivables of borrower with a minimum cover of 1.10 times of the outstanding amount.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard

Sr. No.	Lender's Name	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Repayment Date	Repayment Schedule	Security	Credit Rating, if applicable	Asset Classification
						drawdown			
10.	IDFC First Bank Limited	Term Loan	10,000.00	8,541.67	November 10, 2027	48 equal monthly instalments	First *pari-passu* charge by way of hypothecation on all standard book debts /, receivables, Cash and cash equivalent and permissible investments of the Company with a minimum asset cover of 1.1 times of the outstanding facilities	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
11.	Karnataka Bank	Term Loan	5,000.00	1,238.78	March 30, 2025	8 equal half-yearly instalments	First *pari passu* charge on standard receivables/ book debts with a minimum-security coverage of 1.25 times.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
12.	Indian Bank	Term Loan	10,000.00	1,333.33	December 30, 2024	8 equated half-yearly instalments of INR 24 crore after a moratorium of 1 year from the date of first disbursement payable on 18th, 24th, 30th, 36th, 42nd, 48th, 54th and 60th month.	First *pari-passu* charge on standard receivables of the Company (present and future) along with other lenders, with a minimum security cover of 1.25 times of the loan outstanding.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
13.	State Bank of India	Term Loan	30,000.00	6,669.00	January 31, 2025	9 half-yearly instalments of INR 33.33 crore after a moratorium of 6 months from the date of first disbursement.	First *pari-passu* on current and future loans and receivables with a minimum asset cover of 1.25 times of the term loan outstanding.	CARE AA-Stable and CRISIL AA-/ Negative	Standard
14.	Hero Fincorp Limited	Term Loan	7,500.00	5,833.50	March 30, 2026	9 equal instalments after a moratorium of 6 months	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables, cash and cash equivalents and	CARE AA-/Stable and CRISIL AA-/ Negative	Standard

Sr. No.	Lender's Name	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Repayment Date	Repayment Schedule	Security	Credit Rating, if applicable	Asset Classification
							unencumbered treasury assets, with a minimum asset cover of 1.15 times of the term loan outstanding.		
15.	Catholic Syrian Bank	Term Loan	5,000.00	1,244.21	April 7, 2025	12 equal quarterly instalments of INR 4.17 crore each	First *pari-passu* charge by way of hypothecation on loan receivables (present and future) and cash and cash equivalent with a minimum asset cover of 1.20 times of the term loan outstanding.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
16.	Bank Of Maharashtra	Term Loan	10,000.00	4,375.00	March 31, 2026	16 equal quarterly instalments of INR 6.25 crore each from 1 April 2022 or 1 year from the date of 1st disbursement	Floating first *pari-passu* charge by way of hypothecation on all standard book debts/ receivables, cash and cash equivalent and permissible investments, with a minimum asset cover of 1.10 times of outstanding facilities.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
17.	IDFC First Bank Limited	Term Loan	15,000.00	4,687.50	September 30, 2025	48 monthly instalments after a moratorium of 1 month	First *pari-passu* charge by way of hypothecation on all standard book debts/ receivables, cash and cash equivalent and permissible investments, with a minimum asset cover of 1.10 times of outstanding facilities.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
18.	Indian Overseas Bank	Term Loan	5,000.00	5,000.00	31st May 2029	20 equal quarterly instalments	First *pari-passu* charge by way of hypothecation on all standard book debts/ receivables, cash and cash equivalent and permissible investments, with a minimum asset cover of 1.10 times	CARE AA-/Stable and CRISIL AA-/ Negative	Standard

Sr. No.	Lender's Name	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding (₹ in lakh)	Repayment Date	Repayment Schedule	Security	Credit Rating, if applicable	Asset Classification
							of outstanding facilities.		
19.	AU Small Finance Bank Limited	Term Loan	2,000.00	1,866.67	October 18, 2026	30 monthly instalments starting from the following month from the date of full disbursement	First *pari-passu* charge by way of hypothecation on all standard book debts/ receivables, cash and cash equivalent and permissible investments, with a minimum asset cover of 1.15 times of outstanding facilities.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
	Total		**2,17,000.00**	**89,825.73**					

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

a. Additional interest up to 5% for default in payment of interest on the facility and other monies on respective due dates;

b. Liquidated damages up to the rate of 5% pa. above the applicable interest rate for default in payment of any instalment of principal amount of the facility, interest thereon on other monies (except liquidated damages becoming due on their respective due dates);

c. Additional interest up to the rate of 2% p.a. for delay in completing the security creation process beyond 30 days from the date of execution of Deed of Hypothecation, with monthly rests on the entire outstanding Facility Amount;

d. Additional interest up to 2-4% for any breach of the terms and conditions of the transaction documents;

e. Penal interest at the rate of 5% for delayed servicing of installments/ interest/excess drawings/TOD/ ad hoc limits; and

f. Pre-closure/ foreclosure charges of 3% in case of takeover of liabilities by other banks.

g. Penal interest of up to 25bps per notch may be charged in case of any credit rating downgrade.

Rescheduling: None of the loan documents provides for rescheduling provisions.

Events of Default: The facility documents executed by the Company stipulates certain events as "Events of Default", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include but are not limited to:

a. Failure to pay on the due date any amount payable pursuant to a facility document, (including but not limiting to principal and interest amount payable with respect to any loan), at the place at and in the currency in which it is expressed to be payable;

b. Any representations or statements or particulars made in the Company's proposal / application are found to be substantially incorrect or the Company commits any material breach of its material undertakings or covenants or obligations or default in performance or observance of these presents or failure to keep or perform any of the terms or provisions of any other agreement between the lender and Company in respect of the said loan;

c. Occurring of a cross default event as mentioned in facility documents;

d. An application or petition has been admitted by any relevant Governmental Agency under the Insolvency and Bankruptcy Code, 2016 (as may be amended, modified or supplemented from time to time) in relation to the Company;

e. Any action, legal proceedings or other procedure or step is taken in relation to: (a) winding up or dissolution of the Company; or (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Borrower or any of its assets;

f. The Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) or gives notice of its intention to cease to carry on all or any substantial part of its business / fulfil its objects as conducted as at the date of the facility documents;

g. Any provision of any facility document is or becomes or is claimed by the Borrower to be invalid or unenforceable or unlawful;

h. Any governmental agency (whether de jure or de facto) nationalises, compulsorily acquires or threatens to acquire, expropriates or seizes all or any part of the business or assets of the Company;

i. Any investigation, legal proceedings, suits, arbitration, or actions of any kind whatsoever are instituted against the Company;

j. Any event or circumstance occurs which the lenders reasonably believe has or is likely to have a material adverse effect;

k. In the opinion of the lenders: (a) the security is in jeopardy or ceases to have effect or is inadequate or insufficient; or (b) any security document pertaining to it, executed or furnished by or on behalf of the Company becomes illegal, invalid or unenforceable; or (c) if any transaction document is assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the lenders; and

l. Any of the consents, authorisations, licenses, approvals, waivers required by the Company to carry on its business is modified in a manner unacceptable to the lender, terminated, revoked, or suspended.

Cash Credit / Overdraft against Fixed Deposit ("ODFD") facility availed by our Company:

Sr. No.	Name of Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding as on July 5, 2024 (₹ in lakh)	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
1.	IndusInd Bank Limited	Cash Credit	3,000.00	-	Repayment on demand	First *pari-passu* charge on book debts and receivables with security cover to an extent of 1.33x (existing and proposed for all facilities)	CARE AA-/ Stable and CRISIL AA-/ Negative	Standard
2.	Kotak Mahindra Bank	Cash Credit	1,500.00	-	Repayment on demand	Floating First *pari-passu* charge of 1.20x by way of hypothecation over loan book receivables (Standard Assets of the company) and cash and cash equivalents and treasury investments.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
3.	IDFC First Bank Ltd	Cash Credit	200.00	-	Repayment on demand	First *pari-passu* charge by way of hypothecation on all standard book debts /, receivables, Cash and cash equivalent and permissible investments	CARE AA-/Stable and CRISIL AA-/ Negative	Standard

Sr. No.	Name of Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding as on July 5, 2024 (₹ in lakh)	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
						of the Company with a minimum asset cover of 1.1 times of the outstanding facilities		
	Total		**4,700.00**	**-**				

**The above-mentioned facilities have not been drawn by the Company.*

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions including but are not limited to:

a. Penalty of 2% for non-payment of interest/principal or any other amount on the due date or breach of terms and conditions under the transaction documents;

b. Penalty of 2% for delay in perfection of security beyond the stipulated timelines;

c. Penalty of up to 2% (on over and above the penal interest of 3%) for diversion of short term funds for long term usage or unrelated activities, till such position is rectified;

d. Penalty of up to 5% p.a. in case of cash credit account on the irregular portion if irregular for a period of 60 days and penalty of up to 5% p.a. on the irregular portion in other cases, for the period of such irregularity;

e. Penalty amount as applicable for overdue interest in respect of term loans and over drawings above the drawing limit in fund based working capital account on account of interest/ development of letters of credit/ bank guarantee, insufficient stocks and receivables, etc., non-submission of stock statements within 20 days of the succeeding month, non-submission of revival/ renewal data at least one month prior to the due date;

f. Penalty of up to 2% upon any non-compliance of the financial covenants till such non-compliance is cured;

g. Penalty of up to 2% upon any non-payment of interest/ excess drawings/ reduction in drawing limit; and

h. Penalty of up to 10% p.a. upon non-payment of outstanding amount and will be applicable from the date of such default.

Rescheduling:

None of the loan documents provides for rescheduling provision.

Events of Default: The facility documents executed by the Company stipulates certain events as "Events of Default", pursuant to which the Company may be required to immediately repay the entire loan facility availed by it and be subject to additional penalties by the relevant lenders. Such events include but are not limited to:

a. Failure to pay on the due date any amount payable pursuant to a facility documents, (including but not limiting to principal and interest amount payable with respect to any loan), at the place at and in the currency in which it is expressed to be payable;

b. Failure to comply with any provision of the facility documents, to which it is a party;

c. Any representations or statements or particulars made in the Company's proposal / application are found to be substantially incorrect or the Company commits any material breach of its material undertakings or covenants or obligations or default in performance or observance of these presents or failure to keep or perform any of the terms or provisions of any other agreement between the lender and Company in respect of the said loan;

d. Any representation or statement made or deemed to be made by the Company in the facility documents (to which it is a party) or any other document delivered by or on behalf of the Company under or in connection with any facility documents, is or proves to have been incorrect or misleading in any material respect when made or deemed to be made;

e. Occurring of a cross default event as mentioned in facility documents;

f. The Company is unable to, is presumed or deemed to be unable to or admits its inability to, pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness or the value of its assets is less than its liabilities (taking into account contingent and prospective liabilities) or a moratorium is declared in respect of any of its indebtedness;

g. An application or petition has been admitted by any relevant Governmental Agency under the Insolvency and Bankruptcy Code, 2016 (as may be amended, modified or supplemented from time to time) in relation to the Company;

h. Any action, legal proceedings or other procedure or step is taken in relation to: (a) dissolution of the Company; (b) the suspension of material payments, a moratorium of any material indebtedness of the Company; (c) a composition, assignment or arrangement with any creditor of the Company in accordance with applicable law; (d) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Borrower or any of its material assets; or (e) a reference to the relevant Governmental Agency under the provisions of the Insolvency and Bankruptcy Code, 2016; (f) enforcement of any Security Interest over any material assets of the Company, or any analogous procedure or step is taken in any jurisdiction;

i. It is or becomes unlawful for the Company to perform any of its obligations under the facility documents or any of the facility documents or any material provision is or becomes ineffective, invalid, illegal or unenforceable;

j. The Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) or gives notice of its intention to cease to carry on all or any substantial part of its business / fulfil its objects as conducted as at the date of the facility documents;

m. Any provision of any facility document is or becomes or is claimed by the Borrower to be invalid or unenforceable or unlawful;

k. The Company repudiates a facility document or evidences an intention to repudiate a facility document;

l. Any governmental agency (whether de jure or de facto) nationalises, compulsorily acquires, expropriates or seizes all or any part of the business or assets of the Company;

m. Any litigation, arbitration, investigative or administrative proceeding or enquiry is current, pending or threatened: (a) to restrain the Company's entry into, the exercise of the Company's rights under, or compliance by the Company with any of its obligations under, the facility documents;

n. Any event or circumstance occurs which the lenders reasonably believe has or is likely to have a material adverse effect;

o. In the opinion of the lenders: (a) the security is in jeopardy or ceases to have effect or is inadequate or insufficient; or (b) any security document pertaining to it, executed or furnished by or on behalf of the Company becomes illegal, invalid or unenforceable; or (c) a security document does not create the security Interest it purports to create over the relevant secured asset (which is subject to that security document); or (d) or if any such security document shall be assigned or otherwise transferred, amended or terminated, repudiated or revoked without the approval of the lenders;

p. The Company or any of its assets and receivables are or become entitled to claim immunity from suit, execution, attachment or other legal process; and

q. Any of the consents, authorisations, licenses, approvals, waivers required by the Company to carry on its business as an HFC, (including its registration with the NHB) in accordance with applicable law is modified in a manner unacceptable to the lender, terminated, revoked, suspended or breached.

***Working Capital Demand Loans (WCDL) availed by our Company*:**

Sr. No.	Name of Lender	Type of Facility	Amount Sanctioned (₹ in lakh)	Principal Amount Outstanding as on July 5, 2024 (₹ in lakh)	Repayment Date / Schedule	Security	Credit Rating, if applicable	Asset Classification
1.	Kotak Mahindra Bank	WCDL	10,000.00	-	Repayment Date: 90 days Repayment Schedule: Repayment On Demand	Floating First *pari-passu* charge of 1.20x by way of hypothecation over loan book receivables (Standard Assets of the company) and cash and cash equivalents and treasury investments.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
2.	Development Credit Bank	WCDL	2,500.00	2,500.00	Repayment Date: 90 days Repayment Schedule: Repayment On Demand	Floating First *pari-passu* charge of 1.25x by way of hypothecation over loan book receivables (Standard Assets of the company) and cash and cash equivalents and treasury investments.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
3.	IndusInd Bank Limited	WCDL	10,500.00	10,500.00	Repayment Date: 12 months Repayment Schedule: Repayment on Demand	First *pari-passu* charge on book debts and receivables with security cover to an extent of 1.33x (existing and proposed for all facilities)	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
4.	IndusInd Bank Limited	WCDL	10,000.00	10,000.00	Repayment Date: 12 months Repayment Schedule: Repayment on Demand	First *pari-passu* charge on book debts and receivables with security cover to an extent of 1.33x (existing and proposed for all facilities)	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
5.	DBS Bank India Limited	WCDL	1,000.00	-	Repayment Date: Annual Repayment Schedule: Repayment on Demand	1.1 times First *pari-passu* charge on standard loan receivables and cash and cash equivalents	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
6.	RBL Bank Ltd	WCDL	18,500.00	14,000.00	Repayment Date: 6 months Repayment Schedule: Repayment on Demand	First *pari-passu* charge on loans and advances and receivables of the company with minimum security cover of 1.25 times.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
7.	IDFC First Bank	WCDL	300.00	-	Repayment Date: Annual Repayment Schedule: Repayment on Demand	First *pari-passu* charge by hypothecation on all standard book debts, cash/cash equivalents with a security cover of 1.1x.	CARE AA-/Stable and CRISIL AA-/ Negative	Standard
	Total		**52,800.00**	**37,000.00**				

***External Commercial Borrowings*:** Our Company has not availed any external commercial borrowing as on July 5, 2024.

Secured Redeemable Non-Convertible Debentures

Private Placement of secured redeemable non-convertible debentures as on July 05, 2024.

Our Company has issued on private placement basis, secured, redeemable, non-convertible debentures under various series of which ₹ 3,10,800.00 lakh is outstanding as on July 05, 2024 the details of which are set forth below:

Sr. No.	Debenture Name / Series	ISIN	Outstanding Amount (₹ in Lakh)	Date of Allotment	Redemption Date	Coupon (p.a.) in % (Percentage)	Tenure (Months)	Security	Credit Rating & Outlook
1.	Series XXXIV-2024	INE896L07702	2,500.00	November 25, 2019	October 25, 2024	9.75%	59	First *pari-passu* (with banks and financial institutions which provide credit facilities to the Issuer) charge by way of hypothecation on the standard asset portfolio of receivables of the Issuer with a Security Cover of minimum 1.25x; and First *pari-passu* charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat	CARE AA-/Stable
2.	9.95% ICFL 22-23/Series VII 2024	INE896L07850	40,000.00	March 23, 2023	September 23, 2024	9.95%	18	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of	CRISIL AA-/ Negative

Sr. No.	Debenture Name / Series	ISIN	Outstanding Amount (₹ in Lakh)	Date of Allotment	Redemption Date	Coupon (p.a.) in % (Percentage)	Tenure (Months)	Security	Credit Rating & Outlook
								the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times	
3.	9.95% ICFL 22-23/Series VI 2025	INE896L07868	10,000.00	March 23, 2023	March 21, 2025	9.95%	24	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times	CRISIL AA-/ Negative
4.	9.95% ICFL 23-24/Series VIII 2025	INE896L07876	23,000.00	May 15, 2023	May 15, 2025	9.95%	24	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days	CRISIL AA-/ Negative

Sr. No.	Debenture Name / Series	ISIN	Outstanding Amount (₹ in Lakh)	Date of Allotment	Redemption Date	Coupon (p.a.) in % (Percentage)	Tenure (Months)	Security	Credit Rating & Outlook
								overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times.	
5.	10.25% ICFL 23-24/Series IX 2026	INE896L07884	2,500.00	May 15, 2023	May 25, 2026	10.25%	36	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times	CRISIL AA-/ Negative
6.	9.95% ICFL 23-24/Series X 2025	INE896L07918	35,000.00	June 30, 2023	March 30, 2025	9.95%	21	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date	CRISIL AA-/ Negative

Sr. No.	Debenture Name / Series	ISIN	Outstanding Amount (₹ in Lakh)	Date of Allotment	Redemption Date	Coupon (p.a.) in % (Percentage)	Tenure (Months)	Security	Credit Rating & Outlook
								or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times	
7.	9.95% ICFL 23-24/Series XI 2025	INE896L07892	35,000.00	June 30, 2023	June 30, 2025	9.95%	23	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times	CRISIL AA-/ Negative
8.	9.95% ICFL 23-24/Series XII 2025	INE896L07926	35,000.00	August 7, 2023	August 7, 2025	9.95%	24	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents	CRISIL AA-/ Negative

Sr. No.	Debenture Name / Series	ISIN	Outstanding Amount (₹ in Lakh)	Date of Allotment	Redemption Date	Coupon (p.a.) in % (Percentage)	Tenure (Months)	Security	Credit Rating & Outlook
								and unencumbered treasury assets, with a minimum asset cover of 1.15 times	
9.	9.85% ICFL 23-24/Series XIII 2026	INE896L07934	25,000.00	August 7, 2023	August 7, 2026	9.85%	36	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times.	CRISIL AA-/ Negative
10.	9.95% ICFL 22-23 Series IV 2024	INE896L07835	10,800.00	December 29, 2022	September 27, 2024	9.95%	21	First *pari-passu* charge by way of hypothecation over Nil overdue portfolio of receivables (Nil DPDs/ overdues) of the Issuer and/or any unencumbered Treasury Assets (excluding security receipts issued by any ARC), with a Minimum Security	CRISIL AA-/ Negative

Sr. No.	Debenture Name / Series	ISIN	Outstanding Amount (₹ in Lakh)	Date of Allotment	Redemption Date	Coupon (p.a.) in % (Percentage)	Tenure (Months)	Security	Credit Rating & Outlook
								Cover of 1.15x	
11.	9.95% ICFL 22-23 Series XV 2025	INE896L07942	32,500.00	January 24, 2024	September 24, 2025	9.95%	24	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times.	CRISIL AA-/ Negative
12.	9.95% ICFL 22-23 Series V 2024	INE896L07801	12,000.00	December 29, 2022	December 27, 2024	9.95%	24	First *pari-passu* charge by way of hypothecation over Nil overdue portfolio of receivables (NIL DPDs/ overdues) of the Issuer and/or any unencumbered Treasury Assets (excluding security receipts issued by any ARC), with a Minimum Security Cover of 1.15x	CRISIL AA-/ Negative
13.	9.95% ICFL 22-23 Series	INE896L07959	25,000.00	February 28, 2024	February 28, 2026	9.95%	24	First *pari-passu* charge by way of	CARE AA-/ Stable

Sr. No.	Debenture Name / Series	ISIN	Outstanding Amount (₹ in Lakh)	Date of Allotment	Redemption Date	Coupon (p.a.) in % (Percentage)	Tenure (Months)	Security	Credit Rating & Outlook
	V 2026							hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times.	
14.	9.95% ICFL 22-23 Series *XVII 2026 Tranche 2*	INE896L07967	2,500.00	February 28, 2024	September 28, 2026	9.95%	31	First *pari-passu* charge by way of hypothecation over portfolio of assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times.	CARE AA-/ Stable
15.	9.95% ICFL 23-24 Series XVIII 2026	INE896L08064	20,000.00	February 28, 2024	February 28, 2026	9.95%	18	First *pari-passu* charge by way of hypothecation over portfolio of	CARE AA-/Stable

Sr. No.	Debenture Name / Series	ISIN	Outstanding Amount (₹ in Lakh)	Date of Allotment	Redemption Date	Coupon (p.a.) in % (Percentage)	Tenure (Months)	Security	Credit Rating & Outlook
								assets or receivables of assets or receivables of the Company which are less than 90 days overdue from the original schedule date or any cash and cash equivalents and unencumbered treasury assets, with a minimum asset cover of 1.15 times.	
	Total		**3,10,800.00**						

Penalty: The loan documentation executed with respect to the term loans mentioned above set out penalty provisions for compliance with the provisions of the loan documents. Such provisions include, but are not limited to:

a. Additional penal interest up to 2% p.a. for delay in completing the security creation process;
b. Default coupon of at least 2% p.a. (two percent per annum) or such other rate as may be prescribed under applicable Law over and above the applicable coupon for default in payment of coupon and/or redemption of the principal amount on the due dates or observance of any other terms, conditions or covenants under the transaction documents;
c. Penal coupon of 1% p.a. (one percent per annum) over the coupon for delay in listing the debentures beyond stipulated number of working days from the date of closure of the issue; and
d. Company to refund the subscription with agreed rate of interest or pay penal interest of 2% p.a. over the coupon, at the option of the investor, in case of a delay in execution of the debenture trust deed and security documents.

Events of Default

The occurrence of any of the following events shall constitute an event of default by the company in relation to the Secured Debentures:

a. Default is committed in the redemption of the debentures when they become due and payable;
b. Default is committed in payment of two consecutive installments of interest;
c. Failure to maintain minimum security cover;
d. Default is committed in the performance or observance of any covenant, condition or provision contained in the transaction documents and such default continues for 30 days after written notice has been given thereof by the trustee to the Company requiring the same to be remedied;
e. Any indebtedness of the Company for borrowed monies i.e. indebtedness for and in respect of monies borrowed or raised (whether or not for cash consideration) by whatever means (including acceptances, credits, deposits and leasing) becomes due prior to its stated maturity by reason of default of the terms thereof or any such indebtedness is not paid at its stated maturity or there is a default in making payments due under any guarantee or indemnity given by the Company in respect of the indebtedness of borrowed monies of any person;
f. Any information given by the Company in its application to the debenture holder(s) for financial assistance by way of subscription to the debentures is found to be misleading or incorrect in any material respect or any warranty referred in hereinbefore is found to be incorrect or any breach of the terms of the information

memorandum/disclosure document inviting the subscription or of the covenants of this Draft Prospectus is committed;

g. If there is more than reasonable apprehension that the Company is unable to pay its debts or proceedings for taking it into liquidation, either voluntarily or compulsorily, may be or have been commenced;
h. If the assets offered as security are not insured or not kept insured by the Company or depreciate in value to such an extent that in the opinion of the debenture holders/ trustee further security to the satisfaction of the debenture holders/ trustee should be given and such security has not been given;
i. If without the prior written approval of the trustee and the debenture holders any assets offered as security under the security documents or part thereof are sold, leased, assigned, securitized, disposed off, encumbered or alienated or any of the said assets are removed, pulled down or demolished;
j. The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency laws or the Company is voluntarily or involuntarily dissolved;
k. It is certified by an accountant or a firm of accountants appointed by the Trustee that the liabilities of the Company exceed its respective assets;
l. A receiver or a liquidator has been appointed or allowed to be appoint of all or any part of the undertaking of the Company;
m. If a petition for winding up of the Company has been admitted or if an order of a court of competent jurisdiction is made or any special resolution has been passed by the members of the Company for the winding up of the Company otherwise than in pursuance of a scheme of amalgamation or reconstruction previously approved in writing by the trustee and duly carried into effect; and
n. The Company is unable to or has admitted in writing its inability to pay its debts as they mature.

Collateralised borrowing and lending obligation

As on July 05, 2024, there are no outstanding collateralised borrowing and lending obligations.

Secured Redeemable non-convertible debentures (public issue):

Our Company has not issued secured redeemable non-convertible debentures on a public issue basis.

***Corporate Guarantee*:**

Our Company has issued the corporate guarantees aggregating up to ₹ 2,375.00 lakh as on July 05, 2024:

(₹ in lakh)

Nature	Name of the Counterparty on behalf of whom it has been issued	Sanctioned Amount	Guarantee Amount as on July 05, 2024
Corporate Guarantee	Indostar Home Finance Private Limited	1,500.00	375.00
Corporate Guarantee	Indostar Home Finance Private Limited	2,000.00	2,000.00
	Total	**3,500.00**	**2,375.00**

Letter of Comfort

Our Company has not issued any letter of comfort as on July 05, 2024.

Details of unsecured borrowings:

Commercial Papers

Sr. No.	Series of the Commercial Papers	ISIN	Amount Outstanding as on July 05, 2024* (₹ in lakh)	Date of allotment	Tenure /Period of Maturity (Days)	Coupon (p.a.) In % (Percentage)	Redemption Date/ Schedule	Details of Credit Rating Agency and Credit Rating	Details of Issuing and Paying Agent
1.	Not applicable	INE896L14DK6	1,000.00	21 February 2024	182	8.90%	21 August 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
2.	Not applicable	INE896L14DL4	5,000.00	12 March 2024	365	10.15%	12 March 2025	CRISIL A1+; CARE A1+	Axis Bank Limited
3.	Not applicable	INE896L14DN0	3,000.00	26 April 2024	91	10.50%	26 July 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
4.	Not applicable	INE896L14DN0	7,500.00	26 April 2024	91	10.50%	26 July 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
5.	Not applicable	INE896L14DN0	2,500.00	26 April 2024	91	10.50%	26 July 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
6.	Not applicable	INE896L14DN0	2,500.00	26 April 2024	91	10.50%	26 July 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
7.	Not applicable	INE896L14DM2	1,800.00	26 March 2024	213	9.60%	25 October 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
8.	Not applicable	INE896L14DO8	1,000.00	10 May 2024	320	10.20%	26 March 2025	CRISIL A1+; CARE A1+	Axis Bank Limited
9.	Not applicable	INE896L14DQ3	5,000.00	28 May 2024	181	10.70%	25 November 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
10.	Not applicable	INE896L14DR1	5,000.00	29 May 2024	330	10.72%	24 April 2025	CRISIL A1+; CARE A1+	Axis Bank Limited
11.	Not applicable	INE896L14DS9	1,000.00	11 June 2024	170	10.50%	28 November 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
12.	Not applicable	INE896L14DT7	1,000.00	12 June 2024	168	10.50%	27 November 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
13.	Not applicable	INE896L14DU5	2,500.00	13 June 2024	166	10.50%	26 November 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
14.	Not applicable	INE896L14DQ3	2,500.00	25 June 2024	153	10.55%	25 November 2024	CRISIL A1+; CARE A1+	Axis Bank Limited
		Total	41,300.00						

- *Inter-Corporate Deposits* As on July 5, 2024, there are no outstanding inter corporate deposits.
- *Inter-Corporate Loans* As on July 5, 2024, there are no outstanding inter corporate loans.
- *Loan from Directors and Relatives of Directors*: As on v July 5, 2024, there are no outstanding loans from directors and relatives of directors.
- *Subordinated Debts* As on July 5, 2024, there are no outstanding sub-ordinated debts.

Private Placement

Our Company has issued on private placement basis, unsecured, redeemable, non-convertible debentures under various series of which ₹ 10,000.00 lakh is cumulatively outstanding as on July 05, 2024, the details of which are set forth below:

(₹ in lakh)

Sr. No.	Debenture Name / Series	ISIN	Amount Outstanding (in ₹)	Date of Allotment	Redemption Date	Coupon (p.a.) in %	Tenure / Period (years)	Credit Rating and Outlook
1.	10.25% ICFL 23-24 Series XIV 25	INE896L08056	10,000.00	October 3, 2023	April 3, 2025	10.25%	1.5	CRISIL AA-/ /Negative
	Total		10,000.00					

Penalty Clause

In case of default in payment of Coupon and/or principal redemption on the Redemption date, additional interest @ 2% p.a. over the Coupon will be payable by the Company for the defaulting period.

Event of Default-

If one or more of the events specified herein hereinafter called the Event(s) of Default happen(s), the Trustees may, in their discretion, and shall, upon request in writing of the holders of the Debentures of an amount representing not less than three-fourths in value of the nominal amount of the Debentures for the time being outstanding or by a Special Resolution duly passed at the meeting of the Beneficial Owner(s)/Debenture holder(s) convened in accordance with the provisions set out in the Second Schedule hereunder written, by a notice in writing to the Company declare the principal of and all accrued interest on the Debentures to be due and payable.

a. Default is committed in payment of Principal Amount or Interest in respect of any Debentures on the relevant interest Payment Date/Redemption Date and such default has not been set right by the Company within 30 (thirty) days of the Company receiving a notice to this effect from the Debenture Trustee either by making payment to the Debenture Holders, or providing Indian Government Securities (including treasury bills) equivalent in value to the amount mentioned in the notice or in making such alternative arrangements for payment of the deficient amount, as may be mutually agreed between the Company and the Debenture Trustee at such time or times, to the Debenture Trustee (who is required to hold the same in trust for and for the benefit of the Debenture Holders), of an amount equal to the Principal Amount and Accrued Interest and all other amounts due and payable in respect of the Debentures to be issue in pursuance of this Draft Prospectus;

b. The Company has voluntarily become the subject of proceedings under any bankruptcy, insolvency or other similar law or hereafter in effect, or the Company is voluntarily or involuntarily dissolved and a court having jurisdiction in the premise shall enter a decree or order for relief in respect of the Company and such decree or order shall remain un stayed and in effect for a period of 60 (sixty) consecutive days or has consented to the entry of an order for relief in an involuntary case under any such laws, or shall consent to the appointment of or taking possession by a receiver, liquidator, trustee, custodian or similar official of the Company or for any substantial part of its property or has made any general assignment for the benefit of the creditors, or has failed generally to pay its debts as they become due or shall take any corporals action in furtherance of any of the above; and

c. Default is committed in the performance or observance of any covenant, condition or provision contained in these presents and/or the Financial Covenants and Conditions (other than the obligation to pay principal and interest) and, except where the Trustees certify that such default is in their opinion incapable of remedy (in which case no notice shall be required), such default continues for thirty days after written notice has been given thereof by the Trustees to the Company requiring the same to be remedied.

Details of Unsecured Term Loans:

The Company has not availed any unsecured term loans as on July 05, 2024.

Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities, commercial paper (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the company, in the preceding three years and the current financial year.

There are no default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities, commercial paper (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the company, in the preceding three years and the current financial year, except as stated below.

Sr no.	Particular	Financial Year	Duration of default/ delay	Present Status	Amount (₹ in lakh)
1.	TDS return 24Q (Total outstanding demand)	2023-24	Default since Q4 2023-24	Open Demand on TRACES portal.	101.47

Financial Year	Number of Instances in default reporting for Technical Errors/Delays
2022-2023	6
2023-2024	7
2024-2025	1

Details of any outstanding borrowings taken/ debt securities issued where taken/ issued (a) for consideration other than cash, whether in whole or in part, (b) at a premium or discount, or (c) in pursuance of an option as on July 05, 2024.

Nil

Details of rest of borrowings if any, including hybrid debt instruments such as foreign currency convertible bonds or convertible debentures and preference shares as on July 05, 2024.

Name of Trust	Type of Facility/ Instrument	Amount Sanctioned/ Issued	Amount Outstanding	Date of Repayment/ Schedule	Credit Rating	Secured/ Unsecured	Security
		(₹ in lakh)	(₹ in lakh)				
Peter CV Trust Mar 24	Pass Through Certificates	10,008.50	7,213.71	July 20, 2028	CRISIL AAA(SO)	Secured	Fixed Deposit & Over Collateralisation
BOB SME PCG Dec19	Partial Credit Guarantee	20,422.57	6,434.47	June 15, 2034	BWR AA (SO)	Secured	Fixed Deposit
Ithaca CV Trust Sep 22	Pass Through Certificates	87,698.46	14,217.08	June 20, 2025	ICRA AAA (SO)	Secured	Fixed deposit
Corp SME PCG Feb 20	Partial Credit Guarantee	4,135.08	808.92	June 15, 2035	BWR A (SO)	Secured	Fixed Deposit
Sun SME Trust Feb 22	Pass Through Certificates	17,704.79	5,507.80	October 15, 2035	ICRA AAA (SO)	Secured	Fixed deposit
Sun CV Trust Dec 23	Pass Through Certificates	19,381.69	12,974.39	March 20, 2026	CRISIL AAA	Secured	Fixed deposit & Over Collateralisation

Name of Trust	Type of Facility/ Instrument	Amount Sanctioned/ Issued	Amount Outstanding	Date of Repayment/ Schedule	Credit Rating	Secured/ Unsecured	Security
		(₹ in lakh)	(₹ in lakh)				
Solitaire CV Trust Feb22	Pass Through Certificates	4,767.05	0.00	August 17, 2025	ICRA AAA (SO)	Secured	Fixed deposit
Solitaire CV Trust Dec23	Pass Through Certificates	23,532.73	14,575.64	February 20, 2026	CRISIL AAA	Secured	Fixed deposit
Solitaire CV Trust Feb24	Pass Through Certificates	19,661.89	14,649.02	July 20, 2028	CARE	Secured	Fixed Deposit
Star CV Trust Dec21	Pass Through Certificates	19,787.80	0.00	May 16, 2026	ICRA AAA (SO)	Secured	Fixed deposit
Star CV Trust Feb 22	Pass Through Certificates	18,366.17	1,639.60	August 14, 2026	ICRA AAA (SO)	Secured	Fixed deposit
Tanjiro CV Trust Mar 24	Pass Through Certificates	30,376.29	25,618.44	August 16, 2027	CARE AAA (SO)	Secured	Fixed Deposit
Tanjiro CV Trust May 2024	Pass Through Certificates	18,765.22	16,605.17	September 16, 2027	CARE AAA(SO) Series A SNs	Secured	Fixed deposit & Subordinate Equity Tranche
SBI SME Trust Dec 19	Partial Credit Guarantee	25,745.10	6,341.15	September 30, 2034	CARE AA (SO)	Secured	Fixed Deposit
SBI CV Trust Dec 19	Partial Credit Guarantee	14,826.11	6.34	August 30, 2024	CRISIL AAA (SO)	Secured	Fixed Deposit
Ithachi CV Trust Mar 24	Pass Through Certificates	7,347.55	5,753.03	August 20, 2028	CARE AAA (SO)	Secured	Fixed Deposit
		3,42,527.00	**1,32,344.76**				

***Restrictive covenants under the financing arrangements*:**

Our financing agreements include various restrictive conditions and covenants restricting certain corporate actions and our Company is required to take the prior approval of or give prior intimation to the debenture trustee before carrying out such activities. For instance, our Company, inter-alia, is required to obtain the prior written consent or give prior intimation in the following instances:

a. Declare or pay any dividend to its shareholders, whether equity or preference, during any financial year unless it has paid the installment of principal amount and coupon due and payable and there exists no default;

b. Amend its constitutional documents where such amendment is likely to result in a material adverse effect;

c. Purchase or redeem any of its issued shares or reduce its share capital;

d. Make changes to the general nature of the business of the Borrower;

e. Effect any scheme of amalgamation or reconstruction;

f. Alter its financial year so that such financial year ends on any date other than on March 31 of each year;

g. Create or permit to subsist any security interest over any of the assets or sell, lease, transfer, grant or lease or otherwise dispose its assets over which security has been created; and

h. Assume or incur any secured financial indebtedness.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS

Our Company from time to time, involved in various litigation proceedings in the ordinary course of our business. These legal proceedings are primarily in the nature of criminal cases, civil cases and tax proceedings.

Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with the board resolution dated July 29, 2024, passed by our Company's on 'Materiality Threshold'. Further, as on the date of this Draft Prospectus, except as disclosed hereunder, our Company, Group Companies, Promoters and Directors are not involved in: (i) any outstanding action initiated by regulatory and statutory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities); (ii) any outstanding civil litigation or tax proceedings involving our Company, Promoters, Directors, Group companies or any other person where the amount is ₹ 17,95,79,527 (being 5% of the average of absolute value of profit or loss after tax, as per the last three audited financial statements of our Company) or above; (iii) any outstanding criminal litigation; (iv) pending proceedings initiated against the issuer for economic offences and (v) any other pending litigation involving the Company, Promoter, Directors, Group companies or any other person, which may be considered material by our Company for the purposes of disclosure in this section of this Draft Prospectus, solely for the purpose of this Issue and whose outcome could have material adverse effect on the financial position of the issuer, which may affect the issue or the investor's decision to invest / continue to invest in the debt securities and (vi) any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the Company / Promoter, litigations resulting in material liabilities, corporate restructuring event etc.) which may affect the issue or the investor's decision to invest / continue to invest in the debt securities.

Except as disclosed in this section, there are no (i) inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 in the last three years preceding the year of this Draft Prospectus involving our Company, any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Draft Prospectus involving our Company; (ii) any material fraud committed against our Company in the last three financial years and current financial year, and if so, the action taken by our Company; (iii) any significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company or its future operations; (iv) any default by our Company including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon; (v) any default in annual filing of our Company under the Companies Act, 2013; and (vi) any litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority or regulatory authority against the Promoters of our Company during the last three years immediately preceding the year of this Draft Prospectus, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any.

It is clarified that for the purposes of the above, pre-litigation notices received by our Company, our Promoter, our Group Companies or our Directors as the case may be, have not been considered as litigation until such time that the above-mentioned entities are not impleaded as a defendant in litigation proceedings before any judicial forum.

I. Litigation involving our Company

Material Civil Litigation by our Company

The Company has filed application to initiate Corporate Insolvency Resolution process under The Insolvency and Bankruptcy Code, 2016 against M/s CCR Logistic Private Limited before the National Company Law Tribunal, Mumbai ("**Tribunal**") on 15 September 2023. India Infoline Finance Limited ("the erstwhile Financial Creditor") provided credit facilities in the form of loan of Rs 34,78,76,850/-. The erstwhile Financial creditor has transferred its vehicle finance business to the Company. The Company made several follow ups to the Corporate Debtor for the payment of the outstanding debt. After sending several reminders, the parties agreed to settle for Rs 18 crore as full and final payment. However, till date Corporate debtor has paid an amount of Rs 5,97,55,174 (Rs. 5.97 Cr). Award has been passed by Arbitrator regarding payment overdue, despite the corporate debtor failed and defaulted in payment. The application is pending before the Tribunal.

Material Civil Litigation against our Company

Criminal Litigation by our Company

1. Our Company has filed 5015 proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881 and/or Section 25 of the Payment and Settlement Systems Act, 2007 for dishonour of cheques / electronic clearing system in various courts, involving an amount of approximately ₹ 4,04,91,87,643. The cases are pending before various courts at various stages of adjudication.

2. Our Company has filed 72 proceedings against various customers under Section 200 of Indian Penal Code ('**IPC**') invoking various penal provisions under the IPC. The cases are pending before various courts at various stages of adjudication.

Criminal Litigation against our Company

Nil

Actions Taken by Regulatory and Statutory Authorities against our Company

Our Company received a show cause notice bearing reference no. CO.ENFD.DENBFC.NO.5543/02-14-313/2023-24 issued by the Reserve Bank of India ('RBI') dated November 23, 2023 recording non-compliance with RBI directions observed during the RBI's statutory inspection with respect to our Company's financial position as on March 31, 2022 (**"Notice"**). Our Company submitted responses to the Notice dated December 15, 2023 and December 29, 2023; and an internal hearing on the matter was held on January 16, 2023. Pursuant to RBI's decision on this matter, penalty amounting to ₹ 13,60,000, was made by the Company on March 21, 2024.

II. Litigation involving our Subsidiary.

a) **Indostar Home Finance Private Limited** (**"IHFPL"**)

Material Civil Litigation by IHFPL

Nil

Material Civil Litigation against IHFPL

Nil

Criminal Litigation by IHFPL

IHFPL has filed Total Active 300 cases proceedings against various borrowers under Section 138 of the Negotiable Instruments Act, 1881 and/or Section 25 of the Payment and Settlement Systems Act, 2007 for dishonour of cheques / electronic clearing system in various courts, involving an amount of approximately ₹ **26,76,01,477** (amount involved). The cases are pending before various courts at various stages of adjudication.

Criminal Litigation against IHFPL

Nil

Actions Taken by Regulatory and Statutory Authorities against IHFPL

Nil

b) **Indostar Asset Advisory Private Limited** ("**IAAPL"**).

Material Civil Litigation by IAAPL

Nil

Material Civil Litigation against IAAPL

Nil

Criminal Litigation by IAAPL

Nil

Actions Taken by Regulatory and Statutory Authorities against IAAPL

Nil

III. Litigation involving our Directors.

Civil Litigation involving our Directors

Nil

Criminal Litigation involving our Directors

Nil

Actions Taken by Regulatory and Statutory Authorities against our Directors

Nil

IV. Material litigation or legal or regulatory actions involving our Promoter as on the date of this Draft Prospectus

Material Civil Litigations by our Promoters

Nil

Material Civil Litigation against our Promoters

Nil

Criminal Litigation by our Promoters

Nil

Criminal Litigation against our Promoters

Nil

Regulatory proceedings against our Promoters

Nil

V. Litigation involving group companies – NA

VI. Taxation

Details of tax proceedings against our Company and the group companies:

Our Company

Please see below the table setting out details of tax proceeding against our Company-

(₹ in lakhs)

Entity	No. of Cases		Amount Involved	
	Direct	Indirect Tax	Direct Tax	Indirect Tax
Indostar Capital Finance Limited	5	27	3.90	4,809.81

Our Subsidiaries

Please see below the table setting out details of tax proceeding against our Subsidiaries-

(₹ in lakhs)

Entity	No. of Cases		Amount Involved	
	Direct	Indirect Tax	Direct Tax	Indirect Tax
1. Indostar Home Finance Private Limited	1	5	602.14	122.08
2. Indostar Asset Advisory Private Limited	Nil	Nil	Nil	Nil

Our Group Companies

Not applicable

Our Promoter

Please see below the table setting out details of tax proceeding against our Promoter-

(₹ in lakh)

Entity	No. of Cases		Amount Involved	
	Direct	Indirect Tax	Direct Tax	Indirect Tax
1. BCP V Multiple Holdings Pte Ltd	*Nil*	*Nil*	*Nil*	*Nil*
2. Indostar Capital (Mauritius)	*Nil*	*Nil*	*Nil*	*Nil*

VII. ***Details of acts of material frauds committed against our Company in the last three financial years and current financial year, if any, and if so, the action taken by our Company***

There have been instances of fraud (more than ₹1 lakh), which are inherent in the nature of the business of our Company. Further, save and except as mentioned below, there are no material fraud committed against our Company in the last three financial years and current financial year till July 26, 2024.

The list of material frauds against the Company and Indostar Home Finance Private Limited in the last three financial years and current financial year till July 26, 2024:

Particulars	For the period April 1, 2024 till July 26, 2024	For the year ended March 31,		
		2024	2023	2022
Amount of the frauds reported by the Company and its subsidiary	Nil	47.50	Nil	408.56
Amount written off	Nil	47.50	Nil	391.91

The total amount involved in all acts of material frauds committed against our Company is set forth below:

Sr. No.	Year	Gross Amount (₹ in Lakhs)	Committed by	Modus Operandi	Recovery (₹ in Lakhs)	Provisions (₹ in Lakhs)	Action Taken by the Company
1.	FY 2021-22	247.14	Customer	Misappropriation and criminal breach of trust	4.85	247.14	(i) Internal policy reviewed and basis that funding on vacant commercial property transactions were restricted. (ii) Mandated Company underwriter meeting with seller of property at all locations and verification of payment clearance of sale transaction as per sale deed.

Sr. No.	Year	Gross Amount (₹ in Lakhs)	Committed by	Modus Operandi	Recovery (₹ in Lakhs)	Provisions (₹ in Lakhs)	Action Taken by the Company
							(iii) Complaint in EOW has been filed (iv) Suspension of the involved agencies: Ashish Goel (DSA).
2.	FY 2021-22	146.31	Customer	Misappropriation and criminal breach of trust	8.69	144.77	(i) Internal policy reviewed and basis that funding on vacant commercial property transactions were restricted. (ii) Mandated Company underwriter meeting with seller of property at all locations and verification of payment clearance of sale transaction as per sale deed. (iii) Complaint in EOW has been filed (iv) Suspension of the involved agencies: Ashish Goel (DSA).
3.	FY 21-22	14.00	Employee	Cheating and Forgery	0.5	0	Regular scrutiny of customer account and collection.
4.	FY 21-22	1.11	Employee	Cheating and Forgery	1.11	0	Regular scrutiny of customer account and collection.
5.	FY 2023-24	17.00	Customer	Cheating and Forgery	0	17.00	There were no internal process lapses
6.	FY 2023-24	13.50	Customer	Cheating and Forgery	0	13.50	There were no internal process lapses
7.	FY 2023-24	17.00	Customer	Cheating and Forgery	0	17.00	There were no internal process lapses

VIII. ***Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues, delay in payments of interest and principal of any kind of term loans, debt securities, commercial paper (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the company; deposits and interests thereon; and loan from any bank or financial institutions and interest thereon, in the last three financial years and current financial year***

Except for the details hereinbelow, our Company confirms that there has been no default in repayment of statutory dues; delay in payments of interest and principal of any kind of term loans, debt securities, commercial paper (including technical delay) and other financial indebtedness including corporate guarantee or letters of comfort issued by the company repayment of statutory dues; debentures and interests thereon; deposits and interests thereon; and loan from any bank or financial institutions and interest thereon, in the last three financial years and current financial year:

Nature of Statutory Due	Due date for payment	Amount in ₹	Status as on date
RBI has imposed a monetary penalty on the Company vide an order dated March 13, 2024 with regard to the observations arising out of statutory inspection conducted for the FY 2021-22. The charges were on account of (i) Delay in reporting of frauds; (ii) Failure to put into use	Within 30 days from the date of receipt of this order.	13,60,000	Payment made by the Company – March 21, 2024

robust software for effective identification and reporting of suspicious transactions and (iii) Failure to undertake periodic updation of KYC of high risk customers.			

IX. *Summary of reservations or qualifications or adverse remarks of auditors in the last three financial years immediately preceding the year of issue of this Draft Prospectus 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 reservations or qualifications or adverse remarks.*

Fiscal		**Particulars**	**Impact on the financial statements and financial position of the company**	**Corrective steps taken and proposed to be taken by the company**
		Qualified opinions		
2023	**Standalone**	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	Can not be estimated and refer Note 1	Refer Note 2

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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.		
2023	**Consolidated**	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	Can not be estimated and refer Note 3	Note 2

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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.		
2022	**Standalone**	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	Can not be estimated and refer Note 4	Refer Note 5

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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 to iii) above; v) presentation and disclosures in the standalone financial statements arising due to consequential impact arising from 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. The Statutory Auditors have also observed the following in their report(s) on the audited standalone and consolidated financial statements of the Company for the financial year ended March 31, 2022:		

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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.		
2022	**Consolidated**	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	Can not be estimated and refer Note 6	Refer Note 5

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
		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 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.		
Emphasis of matter				

Fiscal		Particulars	Impact on the financial statements and financial position of the company	Corrective steps taken and proposed to be taken by the company
2022	**Standalone**	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.	Refer note 7	Refer note 7
2022	**Consolidated**	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.	Refer note 8	Refer note 8

Note 1

Details of Audit Qualification for March 31, 2023 (Standalone):

As explained in Note 9 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 of this charge 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).

As a result, the Independent Auditor was 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.

The Independent Auditor's opinion on the standalone financial results for the quarter and year ended March 31, 2022 was modified accordingly. Their opinion on the financial results for the quarter and 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/year's figures and the corresponding figures of the previous period/year.

Note 2

Directors' response to qualifications mentioned above in note 1 & 3.

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.*

Note 3

Details of Audit Qualification for March 31, 2023 (Consolidated):

As explained in Note 9 of Annual Audited Consolidated Financial Results, 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 it was impracticable to determine the prior period-specific effects of this charge 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 Group believes it is not practicable to apply the same judgement without hindsight for the prior period(s).

As a result, the Independent Auditor was 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.

The Independent Auditor's opinion on the consolidated financial results for the quarter and year ended March 31, 2022 was modified accordingly. Their opinion on the financial results for the quarter and 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/year's figures and the corresponding figures of the previous period/year.

Note 4

Details of Audit Qualification for March 31, 2022 (Standalone):

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:

i) review existence of the borrowers for the CV and SME loans;
ii) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;
iii) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk
iv) 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 quarter and year ended 31 March, 2022 in respect of account balances identified above and explained by the Company in Note 11 of the Statement. 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 quarter and year ended 31 March, 2022 and (ii) whether any additional adjustments to the quarter and year ended March 31, 2022 and prior period(s) are required relating to the outcome of the conduct review for:

vi) the impairment allowance and therefore the carrying value of CV and SME loans;
vii) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;
viii) the fair value of financial guarantee contracts relating to CV portfolio;
ix) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;
x) presentation and disclosures in the standalone financial statements arising due to consequential impact arising from i) to iv) above.

Note 5

Directors' response to qualifications mentioned above in note 4 & 6.

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.

Note 6
Details of Audit Qualification for March 31, 2022 (Consolidated):
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:

v) review existence of the borrowers for the CV and SME loans;
vi) assess the quality and risks pertaining to the loan portfolio for CV and SME loans;
vii) review of: (i) loan files for the period January 2022 to March 2022, (ii) operational risk
viii) 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 quarter and year ended 31 March, 2022 in respect of account balances identified above and explained by the Group in Note 11 of the Statement. As a result, we are unable to determine whether any adjustments are required for prior period(s) relating to the impairment recorded for the quarter and year ended 31 March, 2022 and whether any additional adjustments are required relating to the outcome of the conduct review for:

vi) the impairment allowance and therefore the carrying value of CV and SME loans;
vii) the impairment allowance and therefore the carrying value of investment in security receipts relating to CV loans;
viii) the fair value of financial guarantee contracts relating to CV portfolio;
ix) interest income and fees and commission income relating to CV and SME loans for any consequential impact arising due to i) to iii) above;
x) presentation and disclosures in the Statement arising due to consequential impact arising from (i to iv) above.

Note 7
Details of emphasis of matter for March 31, 2022 (Standalone):
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 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 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 results and the Company will continue to closely monitor any material changes to future economic conditions.
2) Loans outstanding amounting to Rs. 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.*

Note 8

Details of emphasis of matter for March 31, 2022 (Consolidated):

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 results and the Group will continue to closely monitor any material changes to future economic conditions.

X. *Any litigation or legal action pending or taken by a Government Department or a statutory body or regulatory body during the three years immediately preceding the year of the issue of the issue document against the promoter of the company.*

None, except disclosed under "*Our Promoters - Other understanding and confirmations*" on page *178*.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Issuer's Absolute Responsibility

"The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus 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 Draft Prospectus 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."

Authority for the Issue

At the meeting of the Board of Directors of our Company held on January 24, 2024, the Board of Directors approved the issuance of NCDs for an amount aggregating ₹ 5,00,00,00,000 in one or more tranches. The Debt – Public issue Committee at its meeting held on July 29, 2024 approved public issue of NCDs of the face value ₹1,000, for an amount up to ₹ 300,00,00,000 to the public. The NCDs will be issued on terms and conditions as set out in this Draft Prospectus, the issue of which is being made as decided by the Board of Directors.

Further, the present borrowing is within the borrowing limit of ₹ 25,00,000 lakh under Section 180(1)(c) of the Companies Act, 2013 duly approved by the members of our Company at the Annual General Meeting on August 30, 2019.

Prohibition by SEBI/ Eligibility of our Company for the Issue

Our Company the Promoters and/or our Promoter Group and/or the Directors have not been restrained or prohibited or debarred by SEBI/ from accessing the securities market or dealing in securities and no such order or direction is in force. Further, no member of our Company has been prohibited or debarred by SEBI from accessing the securities market or dealing in securities due to fraud.

None of our Directors and/or our Promoter have been declared as fugitive economic offenders.

The Company confirms that there are no fines or penalties levied by SEBI or the Stock Exchange pending to be paid by the Company as on the date of this Draft Prospectus.

The Company, as on date of this Draft Prospectus, has not defaulted in:

a. the repayment of deposits or interest payable thereon; or

b. redemption of preference shares; or

c. redemption of debt securities and interest payable thereon; or

d. payment of dividend to any shareholder; or

e. repayment of any term loan or interest payable thereon,

in the last three financial years and the current financial year.

Except as provided under section "*Outstanding Litigation - Material litigations and regulatory actions involving our Company - Actions Taken by Regulatory and Statutory Authorities against our Company*" on page 223, no regulatory action is pending against the issuer or its promoters or directors before the Board, NHB or RBI.

Wilful Defaulter

Our Company, and/or our directors and /or our Promoters have not been categorised as a willful defaulter by the RBI, NHB, any government/regulatory authority and/or by any bank or financial institution nor are they in default of payment of interest or repayment of principal amount in respect of debt securities issued to the public, for a period of more than six months. None of our Whole-time Director and/or our Promoter, is a whole-time director or promoter of another company which is has been categorised as a wilful defaulter.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED 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 OFFER DOCUMENT. THE LEAD MANAGER, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, NUVAMA WEALTH MANAGEMENT LIMITED (FORMERLY KNOWN AS EDELWEISS SECURITIES LIMITED), HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [•] WHICH READS AS FOLLOWS:

[•]

DISCLAIMER CLAUSE OF BSE

BSE LIMITED ("THE EXCHANGE") VIDE ITS APPROVAL DATED [•] HAS GIVEN PERMISSION TO THIS COMPANY TO USE THE EXCHANGE'S NAME IN THIS OFFER DOCUMENT AS ONE OF THE STOCK EXCHANGE ON WHICH THIS COMPANY'S SECURITIES ARE PROPOSED TO BE LISTED. THE EXCHANGE HAS SCRUTINIZED THIS OFFER DOCUMENT FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS COMPANY. THE EXCHANGE DOES NOT IN ANY MANNER:

A. WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS OFFER DOCUMENT; OR

B. WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE EXCHANGE; OR

C. TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;

AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED THAT THIS OFFER DOCUMENT HAS BEEN CLEARED OR APPROVED BY THE EXCHANGE. EVERY PERSON WHO DESIRES TO APPLY FOR, OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST THE EXCHANGE WHATSOEVER BY ANY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.

DISCLAIMER CLAUSE OF THE RBI

THE COMPANY IS HAVING A VALID CERTIFICATE OF REGISTRATION (BEARING NUMBER N-13.02109) DATED JUNE 20, 2016. HOWEVER, A COPY OF THIS DRAFT PROSPECTUS HAS NOT BEEN FILED WITH OR SUBMITTED TO THE RBI. IT IS DISTINCTLY UNDERSTOOD THAT THIS DRAFT PROSPECTUS, AND THE PROSPECTUS SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO BE APPROVED OR VETTED BY RBI. RBI DOES NOT ACCEPT ANY RESPONSIBILITY OR GUARANTEE ABOUT THE PRESENT POSITION AS TO THE FINANCIAL SOUNDNESS OF THE ISSUER OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS OR REPRESENTATIONS MADE OR OPINIONS EXPRESSED BY THE ISSUER AND FOR DISCHARGE OF LIABILITY BY THE ISSUER. BY ISSUING THE

AFORESAID CERTIFICATE OF REGISTRATION DATED JUNE 17, 2010 TO THE ISSUER, THE RBI NEITHER ACCEPTS ANY RESPONSIBILITY NOR GUARANTEE FOR THE PAYMENT OF ANY AMOUNT DUE TO ANY INVESTOR IN RESPECT OF THE PROPOSED NCDS ISSUE.

DISCLAIMER STATEMENT OF CREDIT RATING AGENCY (CARE RATINGS LIMITED)

THE RATINGS ISSUED BY CARE RATINGS LIMITED ARE OPINIONS ON THE LIKELIHOOD OF TIMELY PAYMENT OF THE OBLIGATIONS UNDER THE RATED INSTRUMENT AND ARE NOT RECOMMENDATIONS TO SANCTION, RENEW, DISBURSE OR RECALL THE CONCERNED BANK FACILITIES OR TO BUY, SELL OR HOLD ANY SECURITY. THESE RATINGS DO NOT CONVEY SUITABILITY OR PRICE FOR THE INVESTOR. THE AGENCY DOES NOT CONSTITUTE AN AUDIT ON THE RATED ENTITY. CARE RATINGS LIMITED HAS BASED ITS RATINGS/OUTLOOKS BASED ON INFORMATION OBTAINED FROM RELIABLE AND CREDIBLE SOURCES. CARE RATINGS LIMITED DOES NOT, HOWEVER, GUARANTEE THE ACCURACY, ADEQUACY OR COMPLETENESS OF ANY INFORMATION AND IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS AND THE RESULTS OBTAINED FROM THE USE OF SUCH INFORMATION. MOST ENTITIES WHOSE BANK FACILITIES/INSTRUMENTS ARE RATED BY CARE RATINGS LIMITED HAVE PAID A CREDIT RATING FEE, BASED ON THE AMOUNT AND TYPE OF BANK FACILITIES/INSTRUMENTS. CARE RATINGS LIMITED OR ITS SUBSIDIARIES/ASSOCIATES MAY ALSO BE INVOLVED WITH OTHER COMMERCIAL TRANSACTIONS WITH THE ENTITY. IN CASE OF PARTNERSHIP/PROPRIETARY CONCERNS, THE RATING /OUTLOOK ASSIGNED BY CARE RATINGS LIMITED IS, INTER-ALIA, BASED ON THE CAPITAL DEPLOYED BY THE PARTNERS/PROPRIETOR AND THE CURRENT FINANCIAL STRENGTH OF THE FIRM. THE RATING/OUTLOOK MAY UNDERGO A CHANGE IN CASE OF WITHDRAWAL OF CAPITAL OR THE UNSECURED LOANS BROUGHT IN BY THE PARTNERS/PROPRIETOR IN ADDITION TO THE FINANCIAL PERFORMANCE AND OTHER RELEVANT FACTORS. CARE RATINGS LIMITED IS NOT RESPONSIBLE FOR ANY ERRORS AND STATES THAT IT HAS NO FINANCIAL LIABILITY WHATSOEVER TO THE USERS OF CARE RATINGS LIMITED'S RATING. OUR RATINGS DO NOT FACTOR IN ANY RATING RELATED TRIGGER CLAUSES AS PER THE TERMS OF THE FACILITY/INSTRUMENT, WHICH MAY INVOLVE ACCELERATION OF PAYMENTS IN CASE OF RATING DOWNGRADES. HOWEVER, IF ANY SUCH CLAUSES ARE INTRODUCED AND IF TRIGGERED, THE RATINGS MAY SEE VOLATILITY AND SHARP DOWNGRADES.

DISCLAIMER CLAUSE OF INDUSTRY REPORT PROVIDER

THIS REPORT IS PREPARED BY CARE ANALYTICS AND ADVISORY PRIVATE LIMITED (CAREEDGE RESEARCH). CAREEDGE RESEARCH HAS TAKEN UTMOST CARE TO ENSURE ACCURACY AND OBJECTIVITY WHILE DEVELOPING THIS REPORT BASED ON INFORMATION AVAILABLE IN CAREEDGE RESEARCH'S PROPRIETARY DATABASE, AND OTHER SOURCES CONSIDERED BY CAREEDGE RESEARCH AS ACCURATE AND RELIABLE INCLUDING THE INFORMATION IN PUBLIC DOMAIN. THE VIEWS AND OPINIONS EXPRESSED IN THE REPORT DO NOT CONSTITUTE THE OPINION OF CAREEDGE RESEARCH TO BUY OR INVEST IN THIS INDUSTRY, SECTOR OR COMPANIES OPERATING IN THIS SECTOR OR INDUSTRY AND IS ALSO NOT A RECOMMENDATION TO ENTER INTO ANY TRANSACTION IN THIS INDUSTRY OR SECTOR IN ANY MANNER WHATSOEVER.

THIS REPORT HAS TO BE SEEN IN ITS ENTIRETY; THE SELECTIVE REVIEW OF PORTIONS OF THE REPORT MAY LEAD TO INACCURATE ASSESSMENTS. ALL FORECASTS IN THIS REPORT ARE BASED ON ASSUMPTIONS CONSIDERED TO BE REASONABLE BY CAREEDGE RESEARCH; HOWEVER, THE ACTUAL OUTCOME MAY BE MATERIALLY AFFECTED BY CHANGES IN THE INDUSTRY AND ECONOMIC CIRCUMSTANCES, WHICH COULD BE DIFFERENT FROM THE PROJECTIONS.

NOTHING CONTAINED IN THIS REPORT IS CAPABLE OR INTENDED TO CREATE ANY LEGALLY BINDING OBLIGATIONS ON THE SENDER OR CAREEDGE RESEARCH WHICH ACCEPTS NO RESPONSIBILITY, WHATSOEVER, FOR LOSS OR DAMAGE FROM THE USE OF THE SAID INFORMATION. CAREEDGE RESEARCH IS ALSO NOT RESPONSIBLE FOR ANY ERRORS IN TRANSMISSION AND SPECIFICALLY STATES THAT IT, OR ITS DIRECTORS, EMPLOYEES, PARENT COMPANY – CARE RATINGS LTD., OR ITS DIRECTORS, EMPLOYEES DO NOT HAVE ANY FINANCIAL LIABILITIES WHATSOEVER TO THE SUBSCRIBERS/USERS OF THIS REPORT. THE

SUBSCRIBER/USER ASSUMES THE ENTIRE RISK OF ANY USE MADE OF THIS REPORT OR DATA HEREIN. THIS REPORT IS FOR THE INFORMATION OF THE AUTHORISED RECIPIENT IN INDIA ONLY AND ANY REPRODUCTION OF THE REPORT OR PART OF IT WOULD REQUIRE EXPLICIT WRITTEN PRIOR APPROVAL OF CAREEDGE RESEARCH.

CAREEDGE RESEARCH SHALL REVEAL THE REPORT TO THE EXTENT NECESSARY AND CALLED FOR BY APPROPRIATE REGULATORY AGENCIES, VIZ., SEBI, RBI, GOVERNMENT AUTHORITIES, ETC., IF IT IS REQUIRED TO DO SO. BY ACCEPTING A COPY OF THIS REPORT, THE RECIPIENT ACCEPTS THE TERMS OF THIS DISCLAIMER, WHICH FORMS AN INTEGRAL PART OF THIS REPORT.

DISCLAIMER IN RESPECT OF JURISDICTION

THE ISSUE IS BEING MADE IN INDIA, TO INVESTORS FROM CATEGORY I, CATEGORY II, CATEGORY III AND CATEGORY IV. THIS DRAFT PROSPECTUS AND THE PROSPECTUS WILL NOT, HOWEVER CONSTITUTE AN OFFER TO SELL OR AN INVITATION TO SUBSCRIBE FOR THE NCDS OFFERED HEREBY IN ANY JURISDICTION OTHER THAN INDIA TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE AN OFFER OR INVITATION IN SUCH JURISDICTION. ANY PERSON INTO WHOSE POSSESSION THIS DRAFT PROSPECTUS AND THE PROSPECTUS COMES IS REQUIRED TO INFORM HIMSELF OR HERSELF ABOUT, AND TO OBSERVE, ANY SUCH RESTRICTIONS.

DISCLAIMER STATEMENT FROM THE ISSUER

THE ISSUER ACCEPTS NO RESPONSIBILITY FOR STATEMENTS MADE OTHER THAN IN THIS DRAFT PROSPECTUS ISSUED BY OUR COMPANY IN CONNECTION WITH THE ISSUE OF THE NCDS AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS / HER / THEIR OWN RISK.

UNDERTAKING BY THE ISSUER

INVESTORS ARE ADVISED TO READ THE RISK FACTORS CAREFULLY BEFORE TAKING AN INVESTMENT DECISION IN THIS ISSUE. FOR TAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE OFFER INCLUDING THE RISKS INVOLVED. THE NCDs HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY REGULATORY AUTHORITY IN INDIA, INCLUDING THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) NOR DOES SEBI GUARANTEE THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. SPECIFIC ATTENTION OF INVESTORS IS INVITED TO THE STATEMENT OF THE "RISK FACTORS" CHAPTER ON PAGE 18.

OUR COMPANY, HAVING MADE ALL REASONABLE INQUIRIES, ACCEPTS RESPONSIBILITY FOR, AND CONFIRMS THAT THIS DRAFT PROSPECTUS CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, THAT THE INFORMATION CONTAINED IN THIS DRAFT PROSPECTUS 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 DRFAT PROSPECTUS AS A WHOLE OR ANY OF SUCH INFORMATION OR THE EXPRESSION OF ANY SUCH OPINIONS OR INTENTIONS MISLEADING IN ANY MATERIAL RESPECT.

THE COMPANY HAS NO SIDE LETTER WITH ANY DEBT SECURITIES HOLDER EXCEPT THE ONE(S) DISCLOSED IN THIS DRAFT PROSPECTUS. ANY COVENANTS LATER ADDED SHALL BE DISCLOSED ON THE STOCK EXCHANGE'S WEBSITES.

OUR COMPANY DECLARES THAT NOTHING IN THE DRAFT PROSPECTUS IS CONTRARY TO THE PROVISIONS OF COMPANIES ACT, 2013 (18 OF 2013), THE SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 AND THE RULES AND REGULATIONS MADE THEREUNDER.

Track record of past public issues handled by the Lead Manager

The track record of past issues handled by the Lead Manager, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, are available at the following websites:

Name of Lead Manager	Website
Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	www.nuvama.com

Listing

An application will be made to the Stock Exchange for permission to deal in and for an official quotation of our NCDs. BSE has been appointed as the Designated Stock Exchange.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Draft Prospectus.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 Working Days from the date of closure of the Issue.

For the avoidance of doubt, it is hereby clarified that in the event of zero subscription to any one or more of the series, such NCDs with series shall not be listed.

Our Company shall pay interest at 15% per annum if Allotment is not made and unblocking intimations/allotment letters are not dispatched and/or demat credits are not made to investors within (five) Working Days of the Issue Closing Date or date of refusal of the Stock Exchange(s), whichever is earlier. In case listing permission is not granted by the Stock Exchange to our Company and if such money is not repaid within the day our Company becomes liable to repay it on such account, our Company and every officer in default shall, on and from expiry of such date, be liable to repay the money with interest at the rate of 15% as prescribed under Rule 11 of Companies (Prospectus and Allotment of Securities) Rules, 2014 read with Section 26 of the 2013 Act, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the demat credit.

Consents

Consents in writing of: (a) the Directors, (b) Company Secretary and Compliance Officer, (c) Chief Financial Officer, (d) Lead Manager to the Issue, (e) the Registrar to the Issue, (f) Legal Counsel to the Issue; (g) CARE Ratings Limited; (h) the Debenture Trustee for the Issue; (i) Consortium Members*; (j) Public Issue Account Bank, Refund Bank and Sponsor Bank*; (k) CARE Analytics and Advisory Private Limited in relation to the Industry Report on "Research Report on LAP, Construction Finance and Auto Finance " have been obtained from them and the same will be filed along with a copy of the Prospectus with the ROC as required under Section 26 of the Companies Act, 2013. Further, such consents have not been withdrawn up to the time of delivery of the Draft Prospectus with the Stock Exchange.

**Will be obtained at Prospectus stage.*

Expert Opinion

Except for the following, our Company has not obtained any expert opinions in connection with this Draft Prospectus:

Our Company has received the written consent dated July 29, 2024 from M S K A & Associates, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Draft Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) report dated April 29, 2024 for the Audited Financial Statements of the Company for the Fiscal, 2024; and (ii) their reports on statement of possible tax benefits dated July 29, 2024, included in this Draft Prospectus, and such consent has not been withdrawn as on the date of this Draft Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act, 1993.

Our Company has further received a consent dated July 29, 2024 from Deloitte Haskins & Sells LLP, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Draft Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our erstwhile Statutory Auditor, and in respect of their reports dated (i) May 25, 2023 on the Audited Financial

Statements for Fiscal 2023 and (ii) August 5, 2022 on the Audited Financial Statements for Fiscal 2022. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act, 1993.

Common form of Transfer

Our Company undertakes that there shall be a common form of transfer for the NCDs and the provisions of the Companies Act, 2013 applicable as on the date of this Draft Prospectus and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

Minimum Subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size i.e., ₹ 11,250 Lakh. If our Company does not receive the minimum subscription of 75% of Base Issue Size, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 Working Days from the Issue Closing Date or such time as may be specified by SEBI, failing which our Company will become liable to refund the Application Amount along with interest at the rate 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard including its circular bearing no. HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018.

Filing of this Draft Prospectus

A copy of this Draft Prospectus shall be filed with the Stock Exchange in terms of SEBI NCS Regulations for dissemination on their website. The Draft Prospectus shall be displayed on the website of the Company and the Lead Manager.

Filing of the Prospectus with the RoC

Our Company shall file the Prospectus as per requirements of SEBI NCS Regulations. A copy of the Prospectus will be filed with the RoC, in accordance with Section 26 and Section 31 of the Companies Act, 2013.

Debenture Redemption Reserve

In accordance with recent amendments to the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with the SEBI NCS Regulations, a listed company that intends to issue debentures to the public are no longer required to create a DRR for the purpose of redemption of debentures. Pursuant to the amendment to the Companies (Share Capital & Debentures) Rules 2014, notified on August 16, 2019, and as on the date of filing of this Draft Prospectus, our Company is not required to create DRR for the purpose of redemption of the NCDs. Accordingly, no debenture redemption reserve shall be created by our Company for the purpose of redemption of the NCDs or in connection with the Issue. Our Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;
2. in unencumbered securities of the Central Government or any State Government;
3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Recovery Expense Fund

Our Company has created a recovery expense fund in the manner as specified by the SEBI Master Circular for Debenture Trustees and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Kindly note, any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at each respective International Securities Identification Number level assigned to the respective Option(s) of NCDs issued.

Reservation

No portion of the Issue has been reserved.

Underwriting

The Issue is not underwritten.

Terms and Conditions of Debenture Trustee Agreement

Fees charged by Debenture Trustee

The Debenture Trustee has agreed for one time acceptance fees of ₹ 3,75,000 payable one time on acceptance of Offer Letter and an annuity fee of ₹ 3,50,000 payable annually in advance from the date of execution till the NCDs are redeemed and security is released.

Terms of carrying out due diligence

As per the SEBI Master Circular for Debenture Trustees, the Debenture Trustee is required to exercise independent due diligence to ensure that the assets of the Issuer company are sufficient to discharge the interest and principal amount with respect to the debt securities of the Issuer at all times. Accordingly, the Debenture Trustee shall exercise due diligence as per the following process, for which our company has consented to.

(a) The Debenture Trustee, either through itself or its agents /advisors/consultants, shall carry 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 offer document /disclosure document / information memorandum / private placement memorandum, 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, shall have the power to examine 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.

(b) The Company shall provide 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 relevant, where the assets and/or encumbrances in relation to the assets of the Company or any third party security provider are registered / disclosed.

(c) Further, in the event that existing charge holders have provided conditional consent / permissions to the Company to create further charge on the assets, the Debenture Trustee shall also have the power to verify such conditions by reviewing the relevant transaction documents or any other documents executed between existing charge holders and the Company. The Debenture Trustee shall also have the power to intimate the existing charge holders about proposal of creation of further encumbrance and seeking their comments/ objections, if any.

(d) Without prejudice to the aforesaid, the Company shall ensure that it provides and procures all information, representations, confirmations and disclosures as may be required in the sole discretion of 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/ Applicable Law.

The Debenture Trustee shall have the power to either independently appoint, or direct the Company to (after consultation with the Debenture Trustee) appoint intermediaries, valuers, chartered accountant firms, practicing company secretaries, consultants, lawyers and other entities in order to assist in the diligence by the Debenture Trustee. All costs, charges, fees and expenses that are associated with and incurred in relation to the diligence as well as preparation of the reports/certificates/documentation, including all out of pocket expenses towards legal or inspection costs, travelling and other costs, shall be solely borne by the Company.

Process of Due Diligence to be carried out by the Debenture Trustee

Due Diligence will be carried out as per DT regulations and circulars issued by SEBI from time to time. This would broadly include the following:

- A Chartered Accountant ("**CA**") appointed by Debenture Trustee will conduct independent due diligence as per scope provided, regarding security offered by the Issuer.
- CA will ascertain, verify, and ensure that the assets offered as security by the Issuer is free from any encumbrances or necessary permission / consent / NOC has been obtained from all existing charge holders.
- CA will conduct independent due diligence on the basis of data / information provided by the Issuer.
- CA will, periodically undertake due diligence as envisaged in SEBI circulars depending on the nature of security.
- On basis of the CA's report / finding Due Diligence certificate will be issued by Debenture Trustee and will be filed with relevant Stock Exchange.
- Due Diligence conducted is premised on data / information made available to the Debenture Trustee appointed agency and there is no onus of responsibility on Debenture Trustee or its appointed agency for any acts of omission / commission on the part of the Issuer.

While the NCDs are secured as per terms of the Offer Document and charge is held in favour of the Debenture Trustee, the extent of recovery would depend upon realization of asset value and the Debenture Trustee in no way guarantees / assures full recovery / partial of either principal or interest.

Other Confirmations

The Debenture Trustee confirms that they have undertaken the necessary due diligence in accordance with Applicable Law, including the SEBI (Debenture Trustees) Regulations, 1993, read with the SEBI Debenture Trustee Master Circular.

The Debenture Trustee undertakes that the NCDs shall be considered as secured only if the charged asset is registered with sub-registrar and Registrar of Companies or CERSAI or depository, etc., as applicable, or is independently verifiable by the Debenture Trustee.

IDBI TRUSTEESHIP LIMITED HAVE FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE DATED JULY 29, 2024, AS PER THE FORMAT SPECIFIED IN ANNEXURE II-A TO THE SEBI DEBENTURE TRUSTEE MASTER CIRCULAR AND SCHEDULE IV OF SEBI NCS REGULATIONS, WHICH READS 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 ALSO 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 AND ALL DISCLOSURES MADE IN THE OFFER DOCUMENT WITH RESPECT TO CREATION OF SECURITY ARE IN CONFIRMATION WITH THE CLAUSES OF DEBENTURE TRUSTEE AGREEMENT.**

E. **ISSUER HAS DISCLOSED ALL COVENANTS PROPOSED TO BE INCLUDED IN DEBENTURE TRUST DEED (INCLUDING ANY SIDE LETTER, ACCELERATED PAYMENT CLAUSE ETC.), IN THE OFFER DOCUMENT**

F. **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.**

WE HAVE SATISFIED OURSELVES ABOUT THE ABILITY OF THE ISSUER TO SERVICE THE DEBT SECURITIES.

Our Company has submitted the due diligence certificate from Debenture Trustee to the Stock Exchange as per format specified in Annexure II-A of the SEBI Debenture Trustee Master Circular and Schedule IV of the SEBI NCS Regulations.

Debenture Trust Deed

Our Company and the Debenture Trustee will execute a Debenture Trust Deed, inter alia, specifying the powers, authorities and obligations of the Debenture Trustee and us, as per the extant SEBI regulations applicable for the proposed NCD Issue.

Issue Related Expenses

The expenses of the Issue include, inter alia, lead management fees and selling commission to the Lead Manager, Consortium Members, fees payable to debenture trustees, the Registrar to the Issue, SCSBs' commission/ fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees and any other expense directly related to the Issue. The Issue expenses and listing fees will be paid by our Company.

The estimated breakdown of the total expenses for the Issue shall be as specified in this Draft Prospectus. For further details see, "*Objects of the Issue*" on page 79.

Utilisation of Issue Proceeds

Our Board of Directors certifies that:

(i) all monies received out of the Issue of the NCDs to the public shall be transferred to a separate bank account maintained with a scheduled bank, other than the bank account referred to in section 40(3) of the Companies Act;

(ii) details of all monies utilised out of the Issue referred to in sub-item (i) shall be disclosed under an appropriate separate head in our balance sheet indicating the purpose for which such monies were utilised;

(iii) details of all unutilised monies out of the Issue referred to in sub-item (i), if any, shall be disclosed under an appropriate separate head in our balance sheet indicating the form of financial assets in which such unutilised monies have been invested;

(iv) we shall utilize the Issue proceeds only upon creation of security as stated in this Draft Prospectus in the section titled *"Terms of the Issue"* on page 262 and after (a) permissions or consents for creation of *pari passu* charge have been obtained from the creditors who have *pari passu* charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue Size pertaining to the Issue; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of NCDs and (e) receipt of listing and trading approval from BSE;

(v) the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any property;

(vi) the Issue proceeds shall be utilized in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other statutory authority from time to time. Further the Issue proceeds shall be utilised only for the purpose and objects stated in the Offer Documents; and

(vii) If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 6 Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws.

Public / Rights Issues of Equity Shares in the last three years from this Draft Prospectus

Public Issue:

Our Company has not undertaken any public issue of equity shares in last three years.

Rights

Our Company has not undertaken any rights issue of equity shares in the last three years.

Utilisation of issue proceeds of previous issues

The proceeds from the previous issuance of non-convertible debentures by the Company have been utilized in accordance with the use of proceeds set out in the respective offer documents and/or information memorandums under which such non-convertible debentures were issued which include, inter alia, to augment long-term resources of the Company, for on-lending and for general corporate purposes in accordance with the object clause of the Memorandum of Association of the Company.

Private placements:

May 2024

Date of Opening	-
Date of Closing	-
Total Allotment Size (₹ in lakhs)	Allotment of 10,869,565 warrants against an aggregate consideration of ₹ 4,999.99 which is 25% (twenty five per cent) of the Total Consideration payable for the Warrants
Date of Allotment	May 26, 2024
Date of Listing	NA
Utilisation of Proceeds	Onward Lending to customers

Private placements of non-convertible debentures:

February 2024

ISIN	INE896L07959, INE896L08064, INE896L07967
Date of Opening	February 27, 2024
Date of Closing	February 27, 2024
Total Allotment Size (₹ in lakhs)	47,500.00
Date of Allotment	February 28, 2024
Date of Listing	March 1, 2024
Utilisation of Proceeds	Onward lending to customers, organically or inorganically, as per RBI guidelines, in compliance with relevant regulatory guidelines.

January 2024

ISIN	INE896L07942
Date of Opening	January 23, 2024
Date of Closing	January 23, 2024
Total Allotment Size (₹ in lakhs)	32,500.00

Date of Allotment	January 24, 2024
Date of Listing	January 29, 2024
Utilisation of Proceeds	Onward lending to customers, organically or inorganically, as per RBI guidelines, in compliance with relevant regulatory guidelines

September 2023

ISIN	INE896L08056
Date of Opening	September 29, 2023
Date of Closing	September 29, 2023
Total Allotment Size (₹ in lakhs)	10,000 .00
Date of Allotment	October 3, 2023
Date of Listing	October 5, 2023
Utilisation of Proceeds	Onward lending to customers, organically or inorganically, as per RBI guidelines, in compliance with relevant regulatory guidelines (upto 100 % of the proceeds of the Issue).

August 2023

ISIN	INE896L07934, INE896L07926
Date of Opening	August 4, 2023
Date of Closing	August 4, 2023
Total Allotment Size (₹ in lakhs)	60,000.00
Date of Allotment	August 7, 2023
Date of Listing	August 9, 2023
Utilisation of Proceeds	a. Refinancing existing borrowings (upto 33.33% (thirty three decimal three three percent) of the proceeds of the Issue); b. Onward lending to customers, organically or inorganically, as per RBI guidelines, in compliance with relevant regulatory guidelines (upto 66.67% (sixty six decimal six seven percent) of the proceeds of the Issue).

June 2023

ISIN	INE896L07918, INE896L07892
Date of Opening	June 28, 2023
Date of Closing	June 28, 2023
Total Allotment Size (₹ in lakhs)	70,000.00
Date of Allotment	June 30, 2023
Date of Listing	July 4, 2023
Utilisation of Proceeds	Onward Lending to customers and refinancing existing borrowings

May 2023

ISIN	INE896L07876, INE896L07884
Date of Opening	May 12, 2023
Date of Closing	May 12, 2023
Total Allotment Size (₹ in lakhs)	25,500.00
Date of Allotment	May 15, 2023
Date of Listing	May 17, 2023
Utilisation of Proceeds	a. Refinancing existing borrowings; b. Onward lending to customers, organically or inorganically, as per RBI guidelines, in compliance with relevant regulatory guidelines

March 2023

ISIN	INE896L07868, INE896L07850
Date of Opening	March 21, 2023
Date of Closing	March 21, 2023
Total Allotment Size (₹ in	50,000.00

lakhs)	
Date of Allotment	March 23, 2023
Date of Listing	March 24, 2023
Utilisation of Proceeds	Onward Lending to customers and refinancing existing borrowings

December 2022

ISIN	INE896L07843, INE896L07827, INE896L07819, INE896L07835, INE896L07801
Date of Opening	December 28, 2022
Date of Closing	December 28, 2022
Total Allotment Size (₹ in lakhs)	40,000.00
Date of Allotment	December 29, 2022
Date of Listing	January 3, 2023
Utilisation of Proceeds	Onward lending to customers as per RBI guidelines and towards general corporate purposes of the Issuer, in compliance with relevant regulatory guidelines.

December 2021

ISIN	INE896L07793
Date of Opening	December 31, 2021
Date of Closing	December 31, 2021
Total Allotment Size (₹ in lakhs)	5,000.00
Date of Allotment	January 3, 2022
Date of Listing	January 5, 2022
Utilisation of Proceeds	Onward Lending to customers and General Corporate Purposes

August 2021

ISIN	INE896L07785
Date of Opening	August 25, 2021
Date of Closing	August 25, 2021
Total Allotment Size (₹ in lakhs)	7,500.00
Date of Allotment	August 25, 2021
Date of Listing	August 31, 2021
Utilisation of Proceeds	Onward Lending to customers and General Corporate Purposes

July 2021

ISIN	INE896L08049
Date of Opening	July 29, 2021
Date of Closing	July 29, 2021
Total Allotment Size (₹ in lakhs)	15,000.00
Date of Allotment	July 30, 2021
Date of Listing	August 2, 2021
Utilisation of Proceeds	Onward Lending to customers and General Corporate Purposes

June 2021

ISIN	INE896L08031
Date of Opening	June 3, 2021
Date of Closing	June 3, 2021
Total Allotment Size (₹ in lakhs)	7,500.00
Date of Allotment	June 4, 2021
Date of Listing	June 8, 2021
Utilisation of Proceeds	Onward Lending to customers and General Corporate Purposes

May 2021

ISIN	INE896L08023

Date of Opening	May 12, 2021
Date of Closing	May 12, 2021
Total Allotment Size (₹ in lakhs)	35,000.00
Date of Allotment	May 14, 2021
Date of Listing	May 17, 2021
Utilisation of Proceeds	Onward Lending to customers and General Corporate Purposes

May 2021

ISIN	INE896L07777
Date of Opening	May 18, 2021
Date of Closing	May 18, 2021
Total Allotment Size (₹ in lakhs)	4,590.00
Date of Allotment	May 18, 2021
Date of Listing	May 20, 2021
Utilisation of Proceeds	Onward Lending to customers and General Corporate Purposes

Utilisation details regarding the previous issues by our Promoters for the past 3 years

Nil

Utilisation details regarding the previous issues by our Group Companies for the past 3 years

Nil

Utilisation details regarding the previous issues by our Subsidiaries in the last three years from this Draft Prospectus

Date of Opening	April 13 2023
Date of Closing	April 13 2023
Total Allotment Size	30,00,00,000
Date of Allotment	April 13 2023
Date of Listing	April 20 2023
Utilisation of Proceeds	ongoing business operations of the Company.

Date of Opening	March 18, 2024
Date of Closing	March 18, 2024
Total Allotment Size	25,00,00,000
Date of Allotment	March 19, 2024
Date of Listing	March 21, 2024
Utilisation of Proceeds	The Issuer shall utilise (a) towards repayment or refinancing of existing debt of the Company, (b) to finance the growth of the portfolio of the Issuer as is permitted for bank finance by the Reserve Bank of India and to augment the long term growth of the Issuer.

Date of Opening	May 21, 2024
Date of Closing	May 21, 2024
Total Allotment Size	25,00,00,000
Date of Allotment	May 21, 2024
Date of Listing	May 24, 2024
Utilisation of Proceeds	The Issuer shall utilise (a) towards repayment or refinancing of existing debt of the Company, (b) to finance the growth of the portfolio of the Issuer as is permitted for bank finance by the Reserve Bank of India and to augment the long term growth of the Issuer (the "Purpose").

Delay in listing

There has been no delay in the listing of any non-convertible securities issued by our Company. In the event of failure to list securities issued pursuant to this Issue within such days from the date of closure of issue as may be specified by the Board (scheduled listing date), all application moneys received or blocked in the public issue shall be refunded or unblocked forthwith within two working days from the scheduled listing date to the applicants through the permissible modes of making refunds and unblocking of funds. For delay in refund/unblocking of funds beyond the timeline as specified above, the issuer shall be liable to pay interest at the rate of fifteen percent per annum to the investors from the scheduled listing date till the date of actual payment.

Default in payment

In case of default (including delay) in payment of interest and/ or redemption of principal on the due dates for debt securities issued on private placement or public issue, additional interest of at least 2% p.a. over the coupon rate shall be payable by the issuer for the defaulting period.

Refusal of listing of any security of the issuer during the preceding three financial years and the current financial year by any of the stock exchanges in India or abroad.

There has been no refusal of listing of any security of our Company, as well as our Promoter during the preceding three financial years and the current financial year by any Stock Exchange in India or abroad other than the listing of 120,68,966 equity shares allotted to BCP pursuant to conversion of compulsory convertible preference shares, as our Company could not meet with the MPS Requirement under Regulation 38 of SEBI LODR Regulations. Presently, the listing is still pending, and condonation application has been made to SEBI for listing of above equity shares.

Debentures or bonds and redeemable preference shares and other instruments issued by our Company and outstanding

As on dated of this Draft Prospectus our Company has outstanding non-convertible debentures. For further details see chapter titled "*Financial Indebtedness*" on 199.

Our Company has not issued any preference shares as on date of this Draft Prospectus.

As on date, our Company has 10,869,565 outstanding convertible warrants.

Further, save and except as mentioned in this Draft Prospectus, our Company has not issued any other debentures.

Dividend

Dividend declared to the Equity shareholders and preference shareholders of our Company during the current year and over last three years:

On Equity shares

Particulars	**Current year till July 26, 2024**	**As at Fiscal**		
		2024	**2023**	**2022**
On Equity Shares				
Fully Paid-up Share Capital (Nos.)	136,079,295	136,079,295	136,079,295	136,079,295
Face Value / Paid Up Value (₹)	10	10	10	10
Equity Share Capital (*₹ in Lakh)*	13,607.93	13,607.93	13,607.93	13,607.93
Rate of Dividend	Nil	Nil	Nil	Nil
Dividend	Nil	Nil	Nil	Nil
Dividend Distribution Tax	Nil	Nil	Nil	Nil

On Preference Shares

Particulars	**Current year till July 26, 2024**	**As at Fiscal**		
		2024	**2023**	**2022**
On preference shares (including dividend distribution tax)				

Revaluation of assets

Our Company has not revalued its assets in the last three years.

Mechanism for redressal of investor grievances

The Registrar Agreement dated July 22, 2024 between the Registrar to the Issue and our Company will provide for retention of records with the Registrar to the Issue for a period of at least eight years from the last date of dispatch of the Allotment Advice, demat credit and refund through unblocking to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Applicant, number of NCDs applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA Centres, giving full details such as name, address of Applicant, Application Form number, series applied for, number of NCDs applied for, amount blocked on Application.

All grievances related to the UPI process may be addressed to the Stock Exchange, which shall be responsible for addressing investor grievances arising from applications submitted online through the App based/ web interface platform of stock exchanges or through their Trading Members. The Intermediaries shall be responsible for addressing any investor grievances arising from the applications uploaded by them in respect of quantity, price or any other data entry or other errors made by them.

The contact details of Registrar to the Issue are as follows:

Link Intime India Private Limited
C-101, 1st Floor, 247 Park, L.B.S. Marg
Vikhroli West, Mumbai 400 083
Maharashtra, India
Telephone: +91 810 811 4949
Facsimile: + 91 22 4918 6060
Email: indostar.ncd2024@linkintime.co.in
Investor Grievance Email: indostar.ncd2024@linkintime.co.in
CIN: U67190MH1999PTC118368
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer: B.N. Ramakrishnan
SEBI Registration Number: INR000004058

The Registrar shall endeavour to redress complaints of the investors within three (3) days of receipt of the complaint during the currency of this MoU and continue to do so during the period it is required to maintain records under the RTA Regulations and our Company shall extend necessary co-operation to the Registrar for its complying with the said regulations. However, the Registrar shall ensure that the time taken to redress investor complaints does not exceed seven (7) days from the date of receipt of complaint. The Registrar shall provide a status report of investor complaints and grievances on a quarterly basis to our Company. Similar status reports should also be provided to our Company as and when required by our Company.

The details of the person appointed to act as Company Secretary and Compliance Officer for the purposes of the Issue are set out below:
Ms. Shikha Jain
Company Secretary
Off No - 301, Wing A, CTS No 477,
Silver Utopia, Chakala Road,
Opp Proctor and Gamble,
Andheri (E), Sahargaon, Mumbai – 400 099,
Maharashtra, India

Tel: +91 22 43157000
Email: sjain4@indostarcapital.com

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-issue or post Issue related issues such as non-receipt of Allotment Advice, demat credit, etc.

Details of Auditor to the Issuer:

Name of the Auditor	Address	Date of Appointment
M S K A & Associates	602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali, Railway Colony, Ram Nagar, Goregaon (E) Mumbai – 400 063, India	September 18, 2023

Change in auditors of our Company during the last three years and the current financial year

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	602, Floor 6, Raheja Titanium Western Express Highway, Geetanjali, Railway Colony, Ram Nagar, Goregaon (E) Mumbai – 400 063, India	September 18, 2023	N.A.	N.A.

Details of overall lending by our Company

Lending Policy

For lending policy in relation to each of the products of our Company, please see "*Our Business – Our Products*" at page 149.

A. Loans given by the Company

The Company has not provided any loans/advances to associates, entities/persons relating to Board, KMPs, senior management or Promoters out of the issue proceeds of debentures issued by the Company.

B. Type of loans

Classification of loans/advances given

The detailed breakup of the types of loans given by the Company as on March 31, 2024 is as follows:

(₹ in lakh)

No.	Type of Loans	Amount	Percentage
1.	Secured	6,39,871.46	98.55
2.	Unsecured	9,408.86	1.45
Total assets under management (Gross book)*		6,49,280.32	100.00

** Information disclosed is at borrower level and includes off balance sheet items*

C. *Denomination of loans outstanding by LTV as on March 31, 2024*

No.	LTV	Percentage* of Gross book
1.	Up to 40%	2.64%
2.	40%-50%	2.85%
3.	50%-60%	7.16%
4.	60%-70%	17.25%
5.	70%-80%	26.64%
6.	80%-90%	34.82%
7.	More than 90%	8.64%
	Total	100.00%

** calculated on secured AUM*

D. ***Sectoral Exposure as on March 31, 2024***

Sr. No	Segment wise break up of AUM	Percentage** of AUM
1.	**Retail**	
A	Mortgages (home loans and loans against property)	6.07%
B	Gold loans	-
C	Vehicle Finance	91.33%
D	MFI	-
E	MSME	2.59%
F	Capital market funding (loans against shares, margin funding)	-
G	Others	0.00%*
2.	**Wholesale**	
A	Infrastructure	-
B	Real estate (including builder loans)	-
C	Promoter funding	-
D	Any other sector (as applicable)	-
E	Others	-
	Total	**100.00%**

** percentage in decimals*
*** calculated on secured AUM*

E. ***Denomination of the loans outstanding by ticket size as on March 31, 2024****

No.	Ticket size**	Percentage** of Gross book
1.	Up to 2 Lakh	1.63%
2.	2 Lakh to 5 Lakh	14.99%
3.	5 Lakh to 10 Lakh	24.28%
4.	10 Lakh to 25 Lakh	45.21%
5.	25 Lakh to 50 Lakh	6.02%
6.	50 Lakh to 100 Lakh	2.28%
7.	100 Lakh to 500 Lakh	5.59%
8.	500 Lakh to 2500 Lakh	0
9.	2500 Lakh to 10,000 Lakh	0
10.	Above 10,000 Lakh	0
Total		**100**

**The details provided are as per borrower and not as per loan account.*
*** calculated on secured AUM*

F. ***Geographical classification of the borrowers as on March 31, 2024***

Top 5 borrowers state wise

No.	Top 5 states	Percentage* of Gross book
1.	Tamil Nadu	16.38%
2.	Maharashtra	9.23%
3.	Gujarat	8.48%

No.	Top 5 states	Percentage* of Gross book
4.	Madhya Pradesh	7.45%
5.	West Bengal	7.36%
	Total	48.90%

** calculated on secured AUM*

G. ***Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines as on March 31, 2024***

(₹ in lakh)

Movement of NPA#	Amount
Movement of Gross NPA	
Opening of Gross NPAs*	
Opening gross NPAs	46,224.01
- Additions during the year	33,734.69
- Reductions during the year	(48,688.73)
Closing balance of gross NPAs	31,269.97
Movement of net NPAs*	
Opening net NPAs	20,710.96
- Additions during the year	15,642.80
- Reductions during the year	(23,561.18)
Closing balance of net NPAs	12,792.58
Movement of provisions for NPAs	
Opening balance	25,513.05
- Provisions made during the year	18,091.89
- Write-off / write-back of excess provisions	(25,127.55)
Closing balance	18,477.39

Note: NPA represents Stage 3 loan assets and classified as Stage 3 as per IND AS 109

H. ***Segment-wise gross NPA as on March 31, 2024***

No.	Segment wise break up of gross NPA	Gross NPA (%)*
1.	**Retail:**	
a.	Mortgages (home loans and loans against property)	0.61%
b.	Gold Loans	-
c.	Vehicle Finance	4.36%
d.	MFI	-
e.	M & SME	-
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	-
Gross NPA		4.97%

** Gross NPA % means percentage of Gross NPAs in a segment to total exposure in that segment*

I. ***Residual Maturity Profile of Assets and Liabilities as on March 31, 2024***

(₹ in lakh)

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	-	-	-	-	-	-	-	-	-

	Up to 30/31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Gross Advances	21,743.02	16,640.79	17,605.40	53,264.90	1,04,797.24	2,94,810.92	90,961.71	29,977.41	6,29,801.39
Investments	30,934.22	-	-	-	12,750.00	-	68,137.58	45,270.58	1,57,092.38
Borrowings	13,159.41	12,442.66	18,805.97	92,984.13	1,31,201.04	3,18,431.63	5,020.02	12,898.17	6,04,943.03
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Current Liabilities	-	-	-	-	-	-	-	-	-

**Total borrowings (excluding foreign currency liabilities)*
***includes foreign currency denominated external commercial borrowing*
Note: This is on the basis of the ALM statement filed with the stock exchanges as on March 31, 2024.

J. *(a) Details of top 20 borrowers with respect to concentration of advances as on March 31, 2024*

(₹ in Lakh)

Particulars	Amount
Total advances to twenty largest borrowers* (₹ in lakh)	46,882.23
Percentage of Advances to twenty largest borrowers to Total Advances to the Company	7.44%

** Includes loans and advances, interest accrued thereon*

(b) Details of top 20 borrowers with respect to concentration of exposure as on March 31, 2024

(₹ in Lakh)

Particulars	Amount
Total exposure to twenty largest borrowers* (₹ in lakh)	60,225.93
Percentage of exposure to twenty largest borrowers to Total exposure to the Company	9.36%

** Includes loans and advances, interest accrued thereon*

K. *Classification of loans/advances given to group companies as on March 31, 2024:*

Sr. No.	Name of Borrower	Amount of loans to such borrower (₹ in lakh) (A)	Percentage of A (A/ exposure)	Percentage of A (A/Loan Book)
1.	Not Applicable			

Pre-Issue Advertisement

Our Company will issue a statutory advertisement in compliance with Regulation 30(1) of the SEBI NCS Regulations on or before the Issue Opening Date of this Issue. The Advertisement will contain the information as prescribed under the SEBI NCS Regulations and Section 30 of the Companies Act. Material updates, if any, between the date of filing of the Prospectus with the ROC and the date of the release of the statutory advertisement will be included in the statutory advertisement.

Auditors' Remarks

Other than as disclosed in the chapter titled "*Risk Factors*", on page 18, there are no reservations or qualifications or adverse remarks in the financial statements of our company in the last three financial years.

Trading

The non-convertible debentures of our Company are listed on BSE.

Caution

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of securities to him, or any other person in a fictitious name shall be liable for action under section 447."

Disclaimer in respect of Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai, India.

SECTION VII – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in "*Terms of the Issue*" beginning on page 262.

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations, the Listing Agreement, SEBI Listing Regulations, and the Companies Act, 2013, the RBI Act, the terms of this Draft Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the Government of India, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the NCDs / term sheet are as follows:

Issuer	Indostar Capital Finance Limited
Seniority	Senior Secured
Type of instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Nature of the Instrument	Secured, Rated, Listed, Redeemable, Non-Convertible Debentures
Mode of the Issue	Public Issue
Mode of Allotment	In dematerialised form
Mode of Trading	NCDs will be traded in dematerialised form
Lead Manager(s)	Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)
Debenture Trustee	IDBI Trusteeship Services Limited
Depositories	NSDL and CDSL
Registrar to the Issue	Link Intime India Private Limited
Issue	Public issue of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹ 1,000 each aggregating up to ₹ 15,000 lakh ("**Base Issue**"), with an option to retain over-subscription up to ₹ 15,000 lakh, aggregating up to ₹ 30,000 lakh, on the terms and in the manner set forth herein
Minimum Subscription	Minimum subscription is 75% of the Base Issue Size of Issue
Issue Size	As specified in the Prospectus
Base Issue Size	As specified in the Prospectus
Option to Retain Oversubscription (Amount)	As specified in the Prospectus
Eligible Investors	Please see "*Issue Procedure – Who can apply?"* on page 283.
Objects of the Issue / Purpose for which there is requirement of funds	Please see "*Object of the Issue*" on page 79.
Details of Utilization of the Proceeds	Please see "*Objects of the Issue*" on page 79.
Coupon rate	As specified in the Prospectus
Coupon Payment Date	As specified in the Prospectus
Coupon Type	As specified in the Prospectus

Coupon reset process	As specified in the Prospectus
Interest Rate on each category of investor	As specified in the Prospectus
Step up/ Step Down Coupon rates	As specified in the Prospectus
Coupon payment frequency	As specified in the Prospectus
Day count basis	Actual / Actual
Interest on application money	NA
Default Interest rate	Our Company shall pay interest, over and above the agreed coupon rate, in connection with any delay in allotment, refunds, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated/ prescribed under applicable laws. Our Company shall pay at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed if our Company fails to execute the trust deed within such period as prescribed under applicable law.
Tenor	As specified in the Prospectus
Redemption Date	As specified in the Prospectus
Redemption Amount	As specified in the Prospectus
Redemption Premium/ Discount	As specified in the Prospectus
Face Value	₹ 1,000 per NCD
Issue Price	₹ 1,000 per NCD
Discount at which security is issued and the effective yield as a result of such discount	As specified in the Prospectus
Premium/Discount at which security is redeemed and effective yield as a result of such premium/ discount	As specified in the Prospectus
Transaction Documents	Transaction Documents shall mean this Draft Prospectus, the Prospectus, the Abridged Prospectus read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed and other documents, if applicable, the letters issued by the Rating Agencies, the Debenture Trustee and/or the Registrar; and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Manager(s) and/or other intermediaries for the purpose of the Issue including but not limited to the Issue Agreement, the Debenture Trustee Agreement, the Tripartite Agreements, the Public Issue Account and Sponsor Bank Agreement, the Registrar Agreement and the Consortium Agreement, and any other document that may be designated as a Transaction Document by the Debenture Trustee. For further details see, "*Material Contracts and Document for Inspection*" on page 392.
Put option date	As specified in the Prospectus
Put option price	As specified in the Prospectus
Call option date	As specified in the Prospectus
Call option price	As specified in the Prospectus
Put notification time	As specified in the Prospectus
Call notification time	As specified in the Prospectus
Minimum Application size and in multiples of NCD thereafter	₹ 10,000 (10 NCD) and in multiple of ₹ 1,000 (1 NCD) thereafter.
Market Lot / Trading Lot	As specified in the Prospectus
Pay-in date	Application Date. The entire Application Amount is payable on Application
Credit Ratings / Rating of the instrument	The NCDs proposed to be issued under the Issue have been rated "CARE AA-/Stable" (Pronounced as CARE Double A Minus; Outlook: Stable) by CARE Ratings Limited for an amount of ₹ 50,000 Lakh by CARE Ratings Limited *vide* their rating letter dated January 24, 2024, revalidated *vide* letter dated February 15, 2024, and further revalidated *vide* letters dated April 22, 2024 and June 19, 2024, with a rating rationale dated January 25, 2024.
Stock Exchange proposed for listing	BSE

of the NCDs	
Listing and timeline for listing	The NCDs are proposed to be listed on BSE. The NCDs shall be listed within six Working Days from the date of Issue Closure of the Issue. BSE has been appointed as the Designated Stock Exchange. For more information see "*Other Regulatory and Statutory Disclosures*" on page 237.
Modes of payment	Please see *"Issue Structure – Terms of Payment"* on page 260.
Issue opening date	As specified in the Prospectus.
Issue closing date**	As specified in the Prospectus.
Date of earliest closing	As specified in the Prospectus.
Record date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Company under the Prospectus. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Stock Exchange are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange will be deemed as the Record Date.
Settlement mode of instrument	Please refer to the chapter titled "*Terms of Issue – Payment on Redemption*" on page 276.
Disclosure of interest/ Dividend/ redemption dates	As specified in the Prospectus
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	As specified in the Prospectus and the Debenture Trust Deed. Any covenants later added shall be disclosed on the websites of the Stock Exchange, where the NCDs are proposed to be listed.
Issue Schedule	As specified in the Prospectus
Description regarding security (where applicable) including type of security (movable/ immovable/ tangible 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 of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in the Prospectus	The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by way of a charge on a first ranking pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation over standard asset portfolio of receivables of the Issuer and / or cash / cash equivalent / liquid investments of the Company and / or such other asset, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Maturity Date. Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in the Prospectusand the Debenture Trust Deed, till the execution of the Debenture Trust Deed. The security shall be created prior to making the listing application for the NCDs with the Stock Exchange. For further details on date of creation of security/likely date of creation of security minimum security cover etc., please see "*Terms of the Issue – Security*" on page 262.
Security Cover	Our Company shall maintain a minimum security cover of 100% of the outstanding balance of the NCDs plus accrued interest thereon.
Condition precedent to the Issue	The Issuer shall provide/ confirm to the Debenture Trustee: **1.** A certified true copy of the latest charter documents of the Issuer, certified as correct, complete and in full force and effect by the appropriate officer; **2.** A certified true copies of relevant board resolutions; **3.** The Company shall have obtained the Debenture Trustee consent letter

	from the Debenture Trustee; **4.** The Issuer shall have obtained in-principle approval from the Stock Exchange for listing of the Debentures; and such other conditions as set out in the Debenture Trust Deed and as specified in the SEBI NCS Regulations.
Condition subsequent to the Issue	The Issuer shall provide/ confirm to the Debenture Trustee: **1.** An end-use certificate from an independent Chartered Accountant certifying he heads under which funds have been utilized in accordance with Offer Documents, within 60 (sixty) days of the Deemed Date of Allotment for the Debentures; **2.** Obtaining the final listing approval from the Stock Exchange in respect of the Issue; and such other conditions set out in the Debenture Trust Deed and as specified in the SEBI NCS Regulations, there are no conditions subsequent to the Issue.
Events of default (including manner of voting/ conditions of joining Inter Creditor Agreement)	Please see "*Terms of the Issue – Events of Default*" on page 263.
Creation of recovery expense fund	Our Company has created a recovery expense fund in the manner as specified by the SEBI Master Circular for Debenture Trustees and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.
Conditions for breach of covenants (as specified in Debenture Trust Deed)	Upon occurrence of any default in the performance or observance of any term, covenant, condition or provision contained in the term sheet and the Debenture Trust Deed and, except where the Debenture Trustee certifies that such default is in its opinion incapable of remedy within the cure period, if and as set out in the Debenture Trust Deed (in which case no notice shall be required), it shall constitute an event of Default. The Debenture Trustee may, at any time, waive, on such terms and conditions as to it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Debenture Trustee in respect of any subsequent breach thereof. Please see "*Terms of the Issue - Events of default*" on page 263.
Deemed date of Allotment	The date on which the Board of Directors or Debt – Public issue Committee approves the Allotment of the NCDs for Issue or such date as may be determined by the Board of Directors or Debt – Public issue Committee thereof and notified to the Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.
Roles and responsibilities of the Debenture Trustee	As per SEBI (Debenture Trustees) Regulations, 1993, SEBI Debenture Trustee Master Circular, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, Companies Act, the Listing Agreement, and the Debenture Trust Deed, each as amended from time to time. Please see section titled "*Terms of the Issue- Trustees for the NCD Holders*" on page 263.
Risk factors pertaining to the Issue	Please see section titled "*Risk Factors*" on page 18.
Provisions relating to Cross Default	As per the Debenture Trust Deed to be executed in accordance with applicable law.
Governing law and Jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in Mumbai, India, respectively.
Working day convention / Day count convention / Effect of holidays on payment	Working Day means all days on which commercial banks in Mumbai are open for business. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the "**Effective Date**"), however the dates of the future interest payments would

	continue to be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

Notes:

* *In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. Trading in NCDs shall be compulsorily in dematerialized form.*

** *The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period as indicated in the Prospectus. Our Company may, in consultation with the Lead Manager(s), consider closing the Issue on such earlier date or extended date (subject to a minimum period of three working days and a maximum period of ten working days from the date of opening of the issue and subject to not exceeding thirty days from filing prospectus with ROC including any extensions), as may be decided by the Board of Directors or Debt – Public issue Committee of our Company, subject to approvals, in accordance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of the Issue has been given on or before such earlier or initial date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day post the Issue Closing Date. For further details please refer to the section titled "General Information" on page* 56.

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 the events which lead to such change should be disclosed.

For the list of documents executed/ to be executed, please see "*Material Contracts and Documents for Inspection*" on page 392.

While the NCDs are secured to the tune of minimum 100% of the outstanding principal and interest thereon in favour of Debenture Trustee, it is it the duty of the Debenture Trustee to monitor the security cover is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

Specific terms for NCDs

As specified in the Prospectus.

Specified Terms of NCDs - Interest and Payment of Interest

As specified in the Prospectus.

Terms of payment

The entire face value per NCDs applied for will be blocked in the relevant ASBA Account maintained with the SCSB or under UPI mechanism (only for Retail Individual Investors), as the case may be, in the bank account of the Applicants that is specified in the ASBA Form at the time of the submission of the Application Form. In the event of Allotment of a lesser number of NCDs than applied for, our Company shall unblock the additional amount blocked upon application in the ASBA Account, in accordance with the terms specified in "*Terms of the Issue – Manner of Payment of Interest/ Refund"* on page 274.

Participation by any of the above-mentioned Investor classes in the Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

The NCDs have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the NCDs have not been and will not be registered under the

U.S. Securities Act, 1933, as amended (the "**Securities Act**") or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Issuer has not registered and does not intend to register under the U.S. Investment Company Act, 1940 in reliance on section 3(c)(7) thereof. This Draft Prospectus may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever, and in particular, may not be forwarded to any U.S. Person or to any U.S. address.

Applications may be made in single or joint names (not exceeding three). Applications should be made by Karta in case the Applicant is an HUF. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names. In case of Application Form being submitted in joint names, the Applicants should ensure that the demat account is also held in the same joint names and the names are in the same sequence in which they appear in the Application Form. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form.
This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to the first named Applicant whose name appears in the Application Form and at the address mentioned therein.

Day Count Convention

Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on the Working Days.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory Permissions / consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue.

For further details, see the section titled "*Issue Procedure*" on page 282.

Key covenants to the Issue

As specified in the Prospectus.

TERMS OF THE ISSUE

Authority for the Issue

At the meeting of the Board of Directors of our Company held on January 24, 2024, the Directors approved the issue of NCDs to the public up to an amount not exceeding ₹ 50,000 lakhs.

Further, the present Issue is within the borrowing limits of ₹ 25,00,000 lakhs approved pursuant to the shareholders resolution passed in the extra-ordinary general meeting dated August 30, 2019 under section 180(1)(c) of Companies Act, 2013.

Further the Debt – Public Issue Committee have, by way of their resolution dated July 29, 2024 have approved this Draft Prospectus.

Principal Terms & Conditions of the Issue

The NCDs being offered as part of the Issue are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, the relevant provisions of the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Prospectus, the Abridged Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Agreement and the Debenture Trust Deed, other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI/the Government of India/BSE, RBI, and/or other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Ranking of NCDs

The NCDs would constitute secured and senior obligations of our Company and subject to any obligations under applicable statutory and/or regulatory requirements, shall also, with regard to the amount invested, thereof shall be secured by way of a 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 / liquid investments of the Issuer and / or such other asset, as may be identified by the Issuer, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for creating a *pari passu* charge in favor of the Debenture Trustee in relation to the NCDs.

Our Company is required to obtain permissions or consents from the prior creditors/charge holders for proceeding with this Issue. Our Company has applied to the prior creditors/charge holders for such permissions or consents and has received such permissions or consents for ceding *pari-passu* charge from all prior creditors/charge holders.

Security

The principal amount of the NCDs to be issued in terms of this Draft Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by way of a 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 / liquid investments of the Issuer and / or such other asset, as may be identified by the Issuer, on first *pari passu* basis, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and all interest due and payable thereon is maintained at all times until the Maturity Date. We have received necessary consents from the relevant debenture trustees and security trustees for creating a *pari passu* charge in favour of the Debenture Trustee in relation to the NCDs.

Our Company intends to enter into an indenture/deed with the Debenture Trustee, (**"Debenture Trust Deed"**) terms of which will govern the powers, authorities and obligations of the Debenture Trustee. Our Company proposes to complete the execution of the Debenture Trust Deed and documents for creation of Security within the stipulated timeframe and shall utilize the funds only after the stipulated security has been created. Under the terms of the Debenture Trust Deed, our Company will covenant with the Debenture Trustee that it will pay the NCD Holders the principal amount on the NCDs on the relevant redemption date and also that it will pay the interest due on NCDs on the rate specified in the Draft Prospectus and in the Debenture Trust Deed. The Debenture Trust Deed will also provide that our Company may withdraw any portion of the security and replace with another asset/receivables of the same or a higher value ensuring the minimum security cover is maintained till the Final Settlement Date of the NCDs.

Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in the Prospectus for each Issue and in the Debenture Trust Deed.

Debenture Redemption Reserve

In accordance with the Companies Act, 2013, and the Companies (Share Capital & Debentures) Rules 2014, read with Rule 16 of the SEBI NCS Regulations, any non-banking finance company that intends to issue debentures to the public is not required to create a DRR for the purpose of redemption of debentures.

Our Company shall, as per the Companies (Share Capital & Debentures) Rules 2014 and other laws applicable from time to time, invest or deposit, as the case may be, the applicable amounts, within the specified timelines, in respect of debentures maturing during the year ending on the 31st day of March of the next year, in any one or more methods of investments or deposits stipulated under the applicable law. Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below the specified percentage, which is presently stipulated at 15% (fifteen percent) of the amount of the debentures maturing during the year ending on March 31 of the next year, in any of the following instruments or such other instruments as may be permitted under the applicable laws.

1. in deposits with any scheduled bank, free from any charge or lien;

2. in unencumbered securities of the Central Government or any State Government;

3. in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;

4. in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

Provided further that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

Face Value

The face value of each NCD shall be ₹1,000.

Trustees for the NCD Holders

Our Company has appointed IDBI Trusteeship Services Limited to act as the Debenture Trustee for the NCD Holders in terms of Regulation 8 of the SEBI NCS Regulations and Section 71 (5) of the Companies Act, 2013 and the rules prescribed thereunder. Our Company and the Debenture Trustee will execute a Debenture Trust Deed, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and us. The NCD Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the NCDs as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the NCD Holder(s). Any payment made by us to the Debenture Trustee on behalf of the NCD Holder(s) shall discharge us *pro tanto* to the NCD Holder(s).

The Debenture Trustee will protect the interest of the NCD Holders in the event of default by us in regard to timely payment of interest and repayment of principal and they will take necessary action at our cost.

Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement)

Subject to the terms of the Debenture Trust Deed, the Debenture Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution, passed at a meeting of the NCD Holders, (subject to being indemnified and/or secured by the NCD Holders to its satisfaction), give notice to our Company specifying that the NCDs and/or any particular series of NCDs, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the events listed below occurs. The description below is indicative and a complete list of events of default and its consequences will be specified in the Debenture Trust Deed.

Indicative list of Events of Default:

1. Default in redemption of the debentures together with redemption premium, if any, interest accrued thereon as and when the same shall have become due and payable or payment of any other amounts in terms of the Debenture Trust Deed;

2. Default is committed in payment of the principal amount of the NCDs on the due date(s);

3. Default is committed in payment of any interest on the NCDs on the due date(s);

4. Default is committed in payment of any other amounts outstanding in respect of the NCDs.

5. Default is committed in the performance of any other covenants, conditions or agreements on the part of the Company under the Debenture Trust Deed or the other Transaction Documents or deeds entered into between the Company and the Debenture Holder(s)/ Beneficial Owner(s)/ Debenture Trustee and such default shall have continued after such cure periods as may be prescribed in the Debenture Trust Deed or other Transaction Documents for remedying such default;

6. Default is committed if any information given to the Company in this Draft Prospectus, the Prospectus, the Transaction Documents and/or other information furnished and/or the representations and warranties given/deemed to have been given by the Company to the Debenture Holder(s)/ Beneficial Owner(s) for financial assistance by way of subscription to the Debenture is or proves to be misleading or incorrect in any material respect or is found to be incorrect;

7. Default is committed if the Company is unable to or admits in writing its inability to pay its debts as they mature or proceedings for taking it into liquidation have been admitted by any competent court;

8. The Company has voluntarily or involuntarily become the subject of proceedings under any bankruptcy or insolvency law or suffered any action to be taken for its reorganisation, liquidation or dissolution;

9. Default is committed if any extraordinary circumstances have occurred which makes it impossible for the Company to fulfil its obligations under the Debenture Trust Deed and/or the Debentures; If the Company is unable to pay its debts;

10. The Company ceases to carry on its business or gives notice of its intention to do so;

11. If it is certified by an accountant or a firm of accountants appointed by the Debenture Trustee that the liabilities of the Company exceed its assets;

12. Default is committed if any of the necessary clearances required or desirable in relation to the Company or the Debentures in accordance with any of the Transaction Documents is not received or is revoked or terminated, withdrawn, suspended, modified or withheld or shall cease to be in full force and effect which shall, in the reasonable opinion of Debenture Holder(s)/ Beneficial Owner(s), have material adverse effect on the Company or the Debentures;

13. Default is committed if the company enters into any arrangement or composition with its creditors or commits any acts of insolvency or winding up of the Company;

14. If the Company files a petition for reorganisation, arrangement, adjustment, winding up or composition of debts of the Company or have been admitted or makes an assignment for the benefit of its creditors generally and such proceeding (other than a proceeding commenced voluntarily by the Company is not stayed, quashed or dismissed);

15. If the Company is adjudged insolvent or takes advantage of any law for the relief of insolvent debtors;

16. If it becomes unlawful for the company to perform any of its obligations under any transaction document;

17. Default is committed if the occurrence of any event or condition which in the Debenture Trustee/ Beneficial Owner(s) reasonable opinion can constitute a material adverse effect;

18. Any security created at any time, any circumstance or event occurs which is prejudicial to or impairs or imperils or jeopardize or endangers any hypothecated properties or any part thereof in the opinion of debenture trustee or any event occurs which causes the Debenture Trust Deed or any related agreement to become ineffective;

19. Except as stated in the Debenture Trust Deed and Prospectus, any security created at any time during the tenure of the NCDs, without prior written consent of the Debenture Trustee (if required) or unless otherwise provided for in the Debenture Trust Deed, the Company, attempts or purports to create any charge, mortgage, pledge, hypothecation, lien or other encumbrance over any of the hypothecated properties; and

20. Any other event described as an Event of Default in this Draft Prospectus, the Prospectus and the Transaction Documents.

Except for any default relating to points 1, 2 and 3 under the "Indicative list of Events of Default" given above, where no such consent/ resolution of NCD holders will be required for calling of event of default,any event of default shall be called by the Debenture Trustee, upon request in writing of or by way of resolution passed by holders of 75% (seventy five percent) of the outstanding nominal value of all NCDs at any point of time, as set out in the Debenture Trust Deed, in accordance with SEBI Debenture Trustee Master Circular.

Any default committed by the Company in terms of the NCDs proposed to be issued shall be reckoned at each respective International Securities Identification Number level assigned to the respective Option(s) of NCDs issued.

In accordance with the SEBI Debenture Trustee Master Circular, in case of 'Default' by Issuers of listed debt securities", post the occurrence of a "default", the consent of the NCD Holders for entering into an inter-creditor agreement (the "**ICA**")/enforcement of security shall be sought by the debenture trustee after providing a notice to the investors in the manner stipulated under applicable law. Further, the meeting of the NCD Holders shall be held within the period stipulated under applicable law. In case(s) where majority of investors express their consent to enter into the ICA, the debenture trustee shall enter into the ICA on behalf of the investors upon compliance with the conditions as stipulated in the abovementioned circular. In case consents are not received for signing the ICA, the debenture trustee shall take further action, if any, as per the decision taken in the meeting of the investors. The consent of the majority of investors shall mean the approval of not less than 75% of the investors by value of the outstanding debt and 60% of the investors by number at the ISIN level.

Explanation 2 to Regulation 49 of the SEBI Listing Regulations, defines 'default' as non-payment of interest or principal amount in full on the pre-agreed date which shall be recognized at the first instance of delay in the servicing of any interest/dividend or principal on debt.

It is hereby confirmed, in case of an occurrence of a "default", the Debenture Trustee shall abide and comply with the procedures mentioned in the SEBI Debenture Trustee Master Circular.

NCD Holder not a Shareholder

The NCD Holders will not be entitled to any of the rights and privileges available to the equity and/or preference shareholders of our Company, except to the extent of the right to receive the annual reports of our Company and such other rights as may be prescribed under the Companies Act, 2013 and the rules prescribed thereunder and the SEBI Listing Regulations and any other applicable law.

Rights of NCD Holders

Some of the significant rights available to the NCD Holders are as follows:

1. The NCDs shall not, except as provided in the Companies Act, 2013, our Memorandum and Articles of Association and/or the Debenture Trust Deed, confer upon the holders thereof any rights or privileges available to our Company's members/shareholders including, without limitation, the right to attend and/or vote at any general meeting of our Company's members/shareholders. However, if any resolution affecting the rights attached to the NCDs is to be placed before the members/shareholders of our Company, the said resolution will first be placed before the concerned registered NCD Holders for their consideration.

2. In terms of Section 136 (1) of the Companies Act, 2013, holders of NCDs shall be entitled to inspect a copy of the financial statements including consolidated financial statements, if any, auditor's report and every other document

required by law to be annexed or attached to the financial statements, and copy of the Debenture Trust Deed at the Registered Office of our Company during business hours on a specific request made to the Company.

3. Subject to the above and the applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, including requirements of the RBI, the rights, privileges and conditions attached to the NCDs may be varied, modified and/or abrogated with the consent in writing of the holders of at least three-fourths of the outstanding amount of the NCDs or with the sanction of a special resolution passed at a meeting of the concerned NCD Holders, provided that nothing in such consent or resolution shall be operative against us, where such consent or resolution modifies or varies the terms and conditions governing the NCDs, if the same are not acceptable to us.

4. Subject to applicable statutory/regulatory requirements and terms of the Debenture Trust Deed, the registered NCD Holder or in case of joint-holders, the one whose name stands first in the register of debenture holders shall be entitled to vote in respect of such NCDs, either in person or by proxy, at any meeting of the concerned NCD Holders and every such holder shall be entitled to one vote on a show of hands and on a poll, his/her voting rights on every resolution placed before such meeting of the NCD Holders shall be in proportion to the outstanding nominal value of NCDs held by him/her.

5. The NCDs are subject to the provisions of the SEBI NCS Regulations and the SEBI Master Circular, the Companies Act, 2013, the Memorandum and Articles of Association of our Company, the terms of this Draft Prospectus, the Prospectus, the Application Forms, the terms and conditions of the Debenture Trust Deed, requirements of the RBI, other applicable statutory and/or regulatory requirements relating to the issue and listing, of securities and any other documents that may be executed in connection with the NCDs.

6. Subject to SEBI RTA Master Circular, for NCDs in physical form on account of re-materialization, a register of debenture holders will be maintained in accordance with Section 88 and Section 94 of the Companies Act, 2013 and all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the registered holder thereof for the time being or in the case of joint-holders, to the person whose name stands first in the register of debenture holders as on the Record Date. For NCDs in dematerialized form, all interest and principal sums becoming due and payable in respect of the NCDs will be paid to the person for the time being appearing in the register of beneficial owners of the Depository. In terms of Section 88(3) of the Companies Act, 2013, the register and index of beneficial of NCDs maintained by a Depository for any NCDs in dematerialized form under Section 11 of the Depositories Act shall be deemed to be a Register of NCD Holders for this purpose. The same shall be maintained at the registered office of our Company under Section 94 of the Companies Act, 2013 unless the same has been moved to another location after obtaining the consent of the NCD holders.

7. Subject to compliance with RBI requirements, the NCDs can be rolled over only with the consent of the holders of at least 75% of the outstanding amount of the NCDs after providing 15 days prior notice for such roll over and in accordance with the SEBI NCS Regulations. Our Company shall redeem the debt securities of all the debt securities holders, who have not given their positive consent to the roll-over. The roll-over of NCDs shall be as per regulation 39 of SEBI NCS Regulations.

The aforementioned rights of the NCD holders are merely indicative. The final rights of the NCD holders will be as per the terms of this Draft Prospectus and the Debenture Trust Deed.

Nomination facility to NCD Holder

In accordance with Section 72 of the Companies Act, 2013 (read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, the sole NCD holder, or first NCD holder, along with other joint NCD Holders' (being individual(s)), may nominate, in the **Form No. SH.13,** any one person with whom, in the event of the death of Applicant the NCDs were Allotted, if any, will vest. Where the nomination is made in respect of the NCDs held by more than one person jointly, all joint holders shall together nominate in **Form No.SH.13** any person as nominee. A nominee entitled to the NCDs by reason of the death of the original holder(s), will, in accordance with Rule 19 and Section 56 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the NCDs. Where the nominee is a minor, the NCD holder(s) may make a nomination to appoint, in **Form No. SH.14**, any person to become entitled to NCDs in the event of the holder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of NCDs by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or with the Registrar to the Issue.

NCD Holder(s) are advised to provide the specimen signature of the nominee to us to expedite the transmission of the

NCD(s) to the nominee in the event of demise of the NCD Holder(s). The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 72 (read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014), any person who becomes a nominee by virtue of the Rule 19, will on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of NCDs; or

- to make such transfer of the NCDs, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the NCDs, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all interests or other monies payable in respect of the NCDs, until the requirements of the notice have been complied with.

NCD Holders who are holding NCDs in dematerialised form need not make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the NCD Holder will prevail. If the NCD Holders require to changing their nominations, they are requested to inform their respective Depository Participant.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the NCD Holder who has made the nomination, by giving a notice of such cancellation or variation in the prescribed manner as per applicable laws. The cancellation or variation shall take effect from the date on which the notice of such variation or cancellation is received.

Since the allotment of NCDs will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective Depository Participant.

Applicants who have opted for rematerialisation of NCDs and are holding the NCDs in the physical form should provide required details in connection with their nominee to our Company.

Jurisdiction

Jurisdiction for the purpose of the Issue is with the competent courts of jurisdiction in Mumbai.

Application in the Issue

Applicants shall apply in the Issue in dematerialised form only, through a valid Application Form filled in by the Applicant along with attachment, as applicable. Further, Applications in the Issue shall be made through the ASBA facility only (including Applications made by UPI Investors under the UPI Mechanism).

In terms of Regulation 7 of the SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only. However, in the terms of Section 8(1) of the Depositories Act, our Company at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, trading of the NCDs shall be compulsorily in dematerialised form only.

Form of Allotment and Denomination of NCDs

As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of 1 (one) NCD ("**Market Lot**"). Allotment in the Issue to all Allottees, will be in electronic form i.e. in dematerialised form and in multiples of one NCD.

In respect of consolidated certificates, we will, only upon receipt of a request from the NCD Holder, split such consolidated certificates into smaller denominations subject to the minimum of Market Lot. No fees would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate which would then be treated as cancelled by us.

For details of allotment see "*Issue Procedure*" beginning on page 282.

Transfer/Transmission of NCD(s)

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of the Companies Act, 2013. The NCDs shall be transferred subject to and in accordance with the rules/procedures as prescribed by the Depositories and the relevant DPs of the transfer or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the register of debenture holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer or Registrar.

The seller should give delivery instructions containing details of the buyer's DP account to his depository participant.

Please see "*Terms of the Issue – Interest/premium and payment of interest/premium*" on page 270 for the implications on the interest applicable to NCDs held by Individual Investors on the Record Date and NCDs held by Non-Individual Investors on the Record Date.

Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. Any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

The procedure for transmission of securities has been further simplified by way of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2022 Gazette Notification no. SEBI/LAD-NRO/GN/2022/80 dated April 25th, 2022.

Title

In case of:

- NCDs held in the dematerialised form, the person for the time being appearing in the register of beneficial owners maintained by the Depositories; and

- the NCDs held in physical form pursuant to rematerialization, the person for the time being appearing in the register of NCD Holders shall, be treated for all purposes by our Company, the Debenture Trustee, the Depositories and all other persons dealing with such person, as the holder thereof and its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, theft or loss of the consolidated NCD certificates issued in respect of the NCDs and no person will be liable for so treating the NCD holder.

Procedure for re-materialisation of NCDs

Subject to SEBI RTA Master Circular, NCD Holders who wish to hold the NCDs in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. Holders of the NCDs who propose to rematerialize their NCDs, would have to mandatorily submit details of their bank mandate along with a copy of any document evidencing that the bank account is in the name of the holder of such NCDs and their Permanent Account Number to our Company and the Depository Participant. No proposal for rematerialisation of NCDs would be considered if the aforementioned documents and details are not submitted along with the request for such rematerialisation.

Pursuant to the SEBI Listing Regulations, NCDs held in physical form, pursuant to any rematerialisation, as above, cannot be transferred. Any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Register of NCD Holders

No transfer of title of a NCD will be valid unless and until entered on the Register of NCD Holders (for re materialized NCDs) or the register and index of NCD Holders maintained by the Depository prior to the Record Date. In the absence of transfer being registered, interest and/or Redemption Amount, as the case may be, will be paid to the person, whose name appears first in the Register of NCD Holders maintained by the Depositories and/or our Company and/or the Registrar, as the case may be. In such cases, claims, if any, by the purchasers of the NCDs will need to be settled with the seller of the NCDs and not with our Company or the Registrar.The provisions relating to transfer and transmission and other related matters in respect of our Company's shares contained in the Articles of Association of our Company and the Companies Act shall apply, mutatis mutandis (to the extent applicable) to the NCDs as well.

Restriction on transfer of NCDs

There are no restrictions on transfers and transmission of NCDs allotted pursuant to the Issue. However, NCDs held in physical form, pursuant to any re-materialisation, as above, cannot be transferred. However, any trading of the NCDs issued pursuant to the Issue shall be compulsorily in dematerialized form only.

Succession

Where NCDs are held in joint names and one of the joint holders dies, the survivor(s) will be recognized as the NCD Holder(s). It will be sufficient for our Company to delete the name of the deceased NCD Holder after obtaining satisfactory evidence of his death. Provided, a third person may call on our Company to register his name as successor of the deceased NCD Holder after obtaining evidence such as probate of a will for the purpose of proving his title to the debentures. In the event of demise of the sole or first holder of the Debentures, our Company will recognise the executors or administrator of the deceased NCD Holders, or the holder of the succession certificate or other legal representative as having title to the Debentures only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or other legal representation, as the case may be, from an appropriate court in India. The directors of our Company in their absolute discretion may, in any case, dispense with production of probate or letter of administration or succession certificate or other legal representation. In case of death of NCD Holders who are holding NCDs in dematerialised form, third person is not required to approach our Company to register his name as successor of the deceased NCD Holder. The successor of the deceased NCD Holder shall approach the respective Depository Participant for this purpose and submit necessary documents as required by the Depository Participant.

Where a non-resident Indian becomes entitled to the NCDs by way of succession, the following steps have to be complied with:

1. Documentary evidence to be submitted to the Legacy Cell of the RBI to the effect that the NCDs were acquired by the non-resident Indian as part of the legacy left by the deceased NCD Holder.

2. Proof that the non-resident Indian is an Indian national or is of Indian origin.

3. Such holding by a non-resident Indian will be on a non-repatriation basis.

Joint-holders

Where two or more persons are holders of any NCD(s), they shall be deemed to hold the same as joint holders with benefits of survivorship subject to other provisions contained in the Articles of Association.

Period of subscription

ISSUE PROGRAMME	
ISSUE OPENS ON	As specified in Prospectus
ISSUE CLOSES ON	As specified in Prospectus
PAY IN DATE	Application Date. The entire Application Amount is payable on Application
DEEMED DATE OF ALLOTMENT	The date on which the Board of Directors or Debt – Public issue Committee approves the Allotment of the NCDs for each Issue or such date as may be determined by the Board of Directors or Debt – Public issue Committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

*** The Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period as indicated in the Prospectus. Our Company may, in consultation with the Lead Manager(s), consider closing the Issue on such earlier date or extended date (subject to a minimum period of three working days and a maximum period of ten working days* *from the date of opening of the issue and subject to not exceeding thirty days from filing prospectus with ROC including any extensions), as may be decided by the Board of Directors of our Company or Debt – Public issue Committee , subject to relevant approvals, in accordance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of the Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in all the newspapers in which pre-issue advertisement for opening of the Issue has been given on or before such earlier or initial date of Issue closure. On the Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time). on one Working Day post the Issue Closing Date. For further details please refer to the section titled "General Information" on page* 56*.*

*Applications Forms for Issue will be accepted only from 10:00 a.m. to 5:00 p.m.(Indian Standard Time) ("**Bidding Period**"), during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday) (a) by the Designated Intermediaries at the Bidding Centres, or (b) by the SCSBs directly at the Designated Branches of the SCSBs. Additionally, an Investor may also submit the Application Form through the app or web interface of the Stock Exchange. On the Issue Closing Date, Application Forms will be accepted only between 10:00 a.m. to 3:00 p.m. (Indian Standard Time) and uploaded until 5:00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange. It is clarified that the Applications not uploaded on the Stock Exchange Platform would be rejected. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on one Working Day after the Issue Closing Date.*

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m. (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue. Neither our Company, nor the Lead Manager(s), nor any Member of the Consortium, Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs are liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise. As per the SEBI Master Circular, the allotment in this Issue is required to be made on the basis of date of upload of each application into the electronic book of the Stock Exchange. However, from the date of oversubscription and thereafter, the allotments will be made to the applicants on proportionate basis.

Interest/Premium and Payment of Interest/ Premium

As specified in the Prospectus.

Payment of Interest

Amount of interest payable shall be rounded off to the nearest Rupee. In the event, the interest / payout of total coupon /redemption amount is a fraction and not an integer, such amount will be rounded off to the nearest integer. By way of illustration if the redemption amount is ₹ 1,837.50 then the amount shall be rounded off to ₹ 1,838. If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day, however the calculation for payment of interest will be only till the originally stipulated Interest Payment Date. The dates of the future interest payments would be as per the originally stipulated schedule. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. In case the Redemption Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest on the NCDs until but excluding the date of such payment.

Basis of payment of Interest

The Tenor, Coupon Rate / Yield and Redemption Amount applicable for the NCDs shall be determined at the time of Allotment of NCDs pursuant to the Prospectus. NCDs once allotted shall continue to bear the applicable Tenor, Coupon/ Yield and Redemption Amount as at the time of original Allotment irrespective of the category of NCD Holder on any Record Date, and such tenor, coupon/ yield and redemption amount as at the time of original allotment will not be impacted by trading of any series of NCDs between the categories of persons or entities in the secondary market.

Taxation

Income Tax is deductible at source at the rate of 10% on interest on debentures held by resident Indians as per the provisions of Section 193 of the IT Act (in case where interest is paid to Individual or HUF, no TDS will be deducted where interest paid is less than ₹5,000 and interest is paid by way of account payee cheque). For further details, please see Section titled "*Statement of Possible Tax Benefits*" on page 82.

Further, Tax will be deducted at source at reduced rate, or no tax will be deducted at source in the following cases:

a. When the Assessing Officer issues a certificate on an application by a Debenture Holder on satisfaction that the total income of the Debenture holder justifies no/lower deduction of tax at source as per the provisions of Section 197(1) of the IT Act; and that a valid certificate is filed with the Company/ Registrar, atleast 7 days before the relevant record date for payment of debenture interest;

b. When the resident Debenture Holder with Permanent Account Number ('PAN') (not being a company or a firm) submits a declaration as per the provisions of section 197A(1A) of the IT Act in the prescribed Form 15G verified in the prescribed manner to the effect that the tax on his estimated total income of the financial year in which such income is to be included in computing his total income will be Nil. However, under section 197A(1B) of the IT Act, Form 15G cannot be submitted nor considered for exemption from tax deduction at source if the dividend income referred to in section 194, interest on securities, interest, withdrawal from NSS and income from units of mutual fund or of 236 Unit Trust of India as the case may be or the aggregate of the amounts of such incomes credited or paid or likely to be credited or paid during the financial year in which such income is to be included exceeds the maximum amount which is not chargeable to income tax;

c. Senior citizens, who are 60 or more years of age at any time during the financial year, enjoy the special privilege to submit a self-declaration in the prescribed Form 15H for non-deduction of tax at source in accordance with the provisions of section 197A(1C) of the Act even if the aggregate income credited or paid or likely to be credited or paid exceeds the maximum amount not chargeable to tax, provided that the tax due on the estimated total income of the year concerned will be Nil.

In all other situations, tax would be deducted at source as per prevailing provisions of the IT Act. However in case of NCD Holders claiming non-deduction or lower deduction of tax at source, as the case may be, the NCD Holder should furnish either (a) a declaration (in duplicate) in the prescribed form i.e. (i) Form 15H which can be given by individuals who are of the age of 60 years or more (ii) Form 15G which can be given by all applicants (other than companies, and firms), or (b) a certificate, from the Assessing Officer which can be obtained by all applicants (including companies and firms) by making an application in the prescribed form i.e. Form No.13.

Further, eligible NCD Holders other than resident individuals or resident HUF investors, the following documents should be submitted with the Company/ Registrar, atleast 7 days before the relevant record date for payment of debenture interest (i) copy of registration certificate issued by the regulatory authority under which the investor is registered, (ii) self-declaration for non-deduction of tax at source, and (iii) such other document a may be required under the Income Tax Act, for claiming non-deduction / lower deduction of tax at source and/or specified by the Company/ Registrar, from time to time.

The aforesaid documents, as may be applicable, should be submitted atleast 7 days before the relevant Record Date for payment of interest on the NCDs quoting the name of the sole/ first NCD Holder, NCD folio number and the distinctive number(s) of the NCD held, to ensure non-deduction/lower deduction of tax at source from interest on the NCD. The aforesaid documents for claiming non-deduction or lower deduction of tax at source, as the case may be, shall be submitted to the Registrar as per below details or any other details as may be updated on the website of the Issuer at www.indostarcapital.com or the Registrar at www.linkintime.co.in from time to time.

Details of the Registrar are as below:

Link Intime India Private Limited
C-101, 1st Floor, 247 Park, LBS Marg,
Vikhroli (West), Mumbai – 400 083,
Maharashtra, India.
Tel: +91 810 811 4949
Fax: +91 22 4918 6060
Email: indostar.ncd2024@linkintime.co.in
Investor Grievance Email: indostar.ncd2024@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
Compliance Officer: BN Ramakrishnan
SEBI Registration No.: INR000004058
CIN: U67190MH1999PTC118368

Details of the Company are as below:
301, Wing A, CTS NO 477,
Silver Utopia, Chakala Road,
Opp Proctor and Gamble,
Andheri (E) Sahargaon,
Mumbai – 400 099, Maharashtra, India
Tel: +91 22 4315 7000
Website: www.indostarcapital.com
Email: investor.relations@indostarcapital.com
Contact person: Shikha Jain

Link for availability of formats of declaration/ certificates and online submission of tax exemption forms: https://web.linkintime.co.in/BONDSformreg/BONDS-submission-of-form-15g-15h.html.

The investors need to submit Form 15H/ 15G/certificate in original from the Assessing Officer for each Fiscal during the currency of the NCD to claim non-deduction or lower deduction of tax at source from interest on the NCD. Tax exemption certificate/document, if any, must be lodged at the office of the Registrar to the Issue at least seven days prior to the Record Date or as specifically required, failing which tax applicable on interest will be deducted at source on accrual thereof in our Company's books and/or on payment thereof, in accordance with the provisions of the IT Act and/or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

Subject to the terms and conditions in connection with computation of applicable interest on the Record Date, please note that in case the NCDs are transferred and/or transmitted in accordance with the provisions of this Draft Prospectus read with the provisions of the Articles of Association of our Company, the transferee of such NCDs or the deceased holder of NCDs, as the case may be, shall be entitled to any interest which may have accrued on the NCDs

Mode of payment of Interest to NCD Holders

Payment of interest will be made (i) in case of NCDs in dematerialised form, to the persons who, for the time being appear in the register of beneficial owners of the NCDs as per the Depositories, as on the Record Date and (ii) in case of NCDs in physical form on account of re-materialization, to the persons whose names appear in the register of debenture holders maintained by us (or to first holder in case of joint-holders) as on the Record Date.

We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the NCD Holders. In such cases, interest, on the interest payment date, would be directly credited to the account of those investors who have given their bank mandate.

We may offer the facility of NACH, NEFT, RTGS, Direct Credit and any other method permitted by RBI and SEBI from time to time to effect payments to NCD Holders. The terms of this facility (including towns where this facility would be available) would be as prescribed by RBI. For further details, see the "*Terms of the Issue – Manner of Payment of Interest / Refund / Redemption*" beginning on page 274.

Day Count Convention

Interest shall be computed on an actual/actual basis on the principal outstanding on the NCDs as per the SEBI Master Circular.

Effect of holidays on payments

If the Interest Payment Date falls on a day other than a Working Day (Sundays or holidays of commercial banks in Mumbai), the interest payment as due and payable on such day shall be made by our Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such Interest Payment Date were a Working Day. Further, the future Interest Payment Dates shall remain intact as per the originally stipulated schedule and shall not be changed because of postponement of such interest payment on account of it falling on a non-Working Day. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force, as applicable.

If Redemption Date (also being the last Interest Payment Date) falls on a day that is not a Working Day, the Redemption

Amount shall be paid by our Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest/redemption payments shall be made only on the Working Days.

Illustration for guidance in respect of the day count convention and effect of holidays on payments:

The illustration for guidance in respect of the day count convention and effect of holidays on payments, as required by SEBI Master Circular will be disclosed in the Prospectus.

Maturity and Redemption

As specified in the Prospectus

Put / Call Option

As specified in the Prospectus

Deemed Date of Allotment

The date on which the Board of Directors or Debt – Public issue Committee approves the Allotment of the NCDs for the Issue or such date as may be determined by the Board of Directors or Debt – Public issue Committee thereof and notified to the Designated Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs shall be available to the Debenture Holders from the Deemed Date of Allotment.

Application in the Issue

NCDs being issued through this Draft Prospectus, can be applied for, through a valid Application Form filled in by the applicant along with attachments, as applicable. Further, Applications in this Issue shall be made through the ASBA facility only.

In terms of Regulation 7 of SEBI NCS Regulations, our Company will make public issue of the NCDs in the dematerialised form only.

However, in the terms of Section 8(1) of the Depositories Act, but subject to SEBI LODR Regulations and RTA Master Circular, our Company at the request of the Investors who wish to hold the NCDs in physical form will rematerialise the NCDs. However, trading of the NCDs shall be compulsorily in dematerialised form only.

Application Size

Each Application should be for a minimum of 10 NCDs across all series collectively and multiples of one NCD thereof (for all series of NCDs taken individually or collectively) as specified in the Prospectus. The minimum application size for each application for NCDs would be ₹10,000 across all series collectively and in multiples of ₹1,000 thereafter. Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Terms of Payment

The entire issue price of ₹ 1,000 per NCD is payable on application itself. In case of allotment of lesser number of NCDs than the number of NCDs applied for, our Company shall instruct the SCSBs to unblock the excess amount blocked on application in accordance with the terms of this Draft Prospectus.

Record Date

The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date under the Prospectus as may be determined by the Company.

Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be.

In case Record Date falls on a day when Stock Exchange are having a trading holiday, the immediate subsequent trading day or a date notified by our Company to the Stock Exchange will be deemed as the Record Date.

Manner of Payment of Interest / Refund / Redemption

The manner of payment of interest / refund / redemption in connection with the NCDs is set out below:

The bank details will be obtained from the Depositories for payment of Interest / refund / redemption as the case may be. Applicants are advised to keep their bank account details as appearing on the records of the depository participant updated at all points of time. Please note that failure to do so could result in delays in credit of Interest/ Redemption Amounts at the Applicant's sole risk, and the Lead Manager(s), our Company or the Registrar shall have no responsibility and undertake no liability for the same.

In case of NCDs held in physical form, on account of re-materialisation, the bank details will be obtained from the documents submitted to the Company along with the re-materialisation request. For further details, please see "*Terms of the Issue - Procedure for Re-Materialisation of NCDs*" on page 268.

The Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to unblocked for the Applicants.

The mode of interest / refund / redemption payments shall be undertaken in the following order of preference:

1. **Direct Credit**

   Investors having their bank account with the Refund Bank, shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any, would be credited directly to their bank account with the Refund Bank.

2. **NACH**

   National Automated Clearing House which is a consolidated system of ECS. Payment would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition ("MICR") code wherever applicable from the depository. Payments through NACH are mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get payments through NEFT or Direct Credit or RTGS.

3. **RTGS**

   Applicants having a bank account with a participating bank and whose interest payment/ refund/ redemption amounts exceed ₹ 200,000, or such amount as may be fixed by RBI from time to time, have the option to receive payments through RTGS. Such eligible Applicants who indicate their preference to receive interest payment/ refund/ redemption through RTGS are required to provide the IFSC code in the Application Form or intimate our Company and the Registrar to the Issue at least seven days prior to the Record Date. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. In the event the same is not provided, interest payment/ refund/ redemption shall be made through NACH subject to availability of complete bank account details for the same as stated above.

4. **NEFT**

   Payment of interest/ refunds/ redemption shall be undertaken through NEFT wherever the Applicants' banks have been assigned the Indian Financial System Code ("IFSC"), which can be linked to a MICR, if any, available to that particular bank branch. The IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of interest/ refund/ redemption will be made to the applicants through this method.

5. **Registered Post/Speed Post**

   For all other applicants, including those who have not updated their bank particulars with the MICR code, the interest payment / refund / redemption orders shall be dispatched through speed post/registered post.

   Please note that applicants are eligible to receive payments through the modes detailed in (1), (2) (3), and (4) herein above provided they provide necessary information for the above modes and where such payment facilities are allowed / available.

   Please note that our Company shall not be responsible to the holder of NCDs, for any delay in receiving credit of interest / refund / redemption so long as our Company has initiated the process of such request in time.

   In case of ASBA Applicants, the Registrar to the Issue will issue requisite instructions to the relevant SCSBs to un-block amounts in the ASBA Accounts of the Applicants representing the amounts to be refunded to the Applicants.

6. The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Printing of Bank Particulars on Interest/redemption Warrants

As a matter of precaution against possible fraudulent encashment of refund orders and interest/redemption warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/ warrants. NCDs applied and held in dematerialized form, these particulars would be taken directly from the depositories. In case of NCDs held in physical form on account of rematerialisation, the NCD Holders are advised to submit their bank account details with our Company/ Registrar to the Issue at least seven days prior to the Record Date failing which the orders/ warrants will be dispatched to the postal address of the NCD Holders as available in the records of our Company either through speed post or registered post. Bank account particulars will be printed on the orders/ warrants which can then be deposited only in the account specified.

Loan against NCDs

Pursuant to RBI Circular dated June 27, 2013, our Company, being an NBFC, is not permitted to extend any loans against the security of its NCDs.

Right to recall or redeem prior to maturity

Not Applicable

Buy Back of NCDs

Our Company may, at its sole discretion, from time to time, consider, subject to applicable statutory and/or regulatory requirements, buyback of NCDs, upon such terms and conditions as may be decided by our Company.

Our Company may from time to time invite the NCD Holders to offer the NCDs held by them through one or more buy-back schemes and/or letters of offer upon such terms and conditions as our Company may from time to time determine, subject to applicable statutory and/or regulatory requirements. Such NCDs which are bought back may be extinguished, re-issued and/or resold in the open market with a view of strengthening the liquidity of the NCDs in the market, subject to applicable statutory and/or regulatory requirements.

Form and Denomination of NCDs

In case of NCDs held in physical form on account of rematerialisation, a single certificate will be issued to the NCD Holder for the aggregate amount of the NCDs held ("**Consolidated Certificate**"). The Applicant can also request for the issue of NCD certificates in denomination of one NCD ("**Market Lot**"). In case of NCDs held under different Options, by an NCD Holder, separate Consolidated Certificates will be issued to the NCD Holder for the aggregate amount of the

NCDs held under each Option as specified in Prospectus.

It is, however, distinctly to be understood that the NCDs pursuant to this issue shall be traded only in dematerialized form.

In respect of Consolidated Certificates, only upon receipt of a request from the NCD Holder, the Consolidated Certificates would be split into smaller denominations, subject to the minimum of Market Lot. No fee would be charged for splitting of NCD certificates in Market Lots, but stamp duty payable, if any, would be borne by the NCD Holder. The request for splitting should be accompanied by the original NCD certificate, which would then be treated as cancelled. As per the SEBI NCS Regulations, the trading of the NCDs on the Stock Exchange shall be in dematerialized form only in multiples of 1 (one) NCD ("**Market Lot**").

Procedure for redemption by NCD Holders

The procedure for redemption is set out below:

NCDs held in electronic form

No action is required on the part of NCD Holder(s) at the time of redemption of NCDs.

NCDs held in physical form on account of rematerialisation

No action would ordinarily be required on the part of the NCD Holder at the time of redemption and the redemption proceeds would be paid to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. However, our Company may require that the NCD certificate(s), duly discharged by the sole holder/all the joint-holders (signed on the reverse of the NCD certificates) be surrendered for redemption on maturity and should be sent by the NCD Holders by Registered Post with acknowledgment due or by hand delivery to our office or to such persons at such addresses as may be notified by us from time to time. NCD Holders may be requested to surrender the NCD certificates in the manner as stated above, not more than three months and not less than one month prior to the redemption date so as to facilitate timely payment. We may at our discretion redeem the Secured NCDs without the requirement of surrendering of the NCD.

Payment on redemption

The manner of payment of redemption is set out below:

NCDs held in physical form on account of re-materialization

The payment on redemption of the NCDs will be made by way of cheque/pay order/ electronic modes. However, if our Company so requires, the aforementioned payment would only be made on the surrender of NCD certificates, duly discharged by the sole holder/ all the joint-holders (signed on the reverse of the NCD certificates). Dispatch of cheques/ pay orders, etc. in respect of such payment will be made on the redemption date or (if so requested by our Company in this regard) within a period of 30 days from the date of receipt of the duly discharged NCD certificate.

In case we decide to do so, the redemption proceeds in the manner stated above would be paid on the redemption date to those NCD Holders whose names stand in the register of debenture holders maintained by us on the Record Date fixed for the purpose of Redemption. Hence the transferees, if any, should ensure lodgment of the transfer documents with us at least seven days prior to the Record Date. In case the transfer documents are not lodged with us at least 7 days prior to the Record Date and we dispatch the redemption proceeds to the transferor, claims in respect of the redemption proceeds should be settled amongst the parties inter se and no claim or action shall lie against us or the Registrar to the Issue.

Our liability to NCD Holders towards their rights including for payment or otherwise shall stand extinguished from the redemption in all events and when we dispatch the redemption amounts to the NCD Holders.

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

NCDs held in electronic form

On the redemption date, redemption proceeds would be paid by cheque /pay order / electronic mode to those NCD

Holders whose names appear on the list of beneficial owners given by the Depositories to us. These names would be as per the Depositories' records on the Record Date fixed for the purpose of redemption. These NCDs will be simultaneously extinguished to the extent of the amount redeemed through appropriate debit corporate action upon redemption of the corresponding value of the NCDs. It may be noted that in the entire process mentioned above, no action is required on the part of NCD Holders.

Our liability to NCD Holder(s) towards his/their rights including for payment or otherwise shall stand extinguished from the date of redemption in all events and when we dispatch the redemption amounts to the NCD Holder(s).

Further, we will not be liable to pay any interest, income or compensation of any kind from the date of redemption of the NCD(s).

Right to Reissue NCD(s)

Subject to the provisions of the Companies Act, 2013 and SEBI NCS Regulations, where we have fully redeemed or repurchased any NCD(s), we shall have and shall be deemed always to have had the right to keep such NCDs in effect without extinguishment thereof, for the purpose of resale or reissue and in exercising such right, we shall have and be deemed always to have had the power to resell or reissue such NCDs either by reselling or reissuing the same NCDs or by issuing other NCDs in their place. The aforementioned right includes the right to reissue original NCDs.

Transfer/ Transmission of NCDs

For NCDs held in physical form on account of rematerialisation

The NCDs shall be transferred or transmitted freely in accordance with the applicable provisions of Companies Act, 2013 applicable as on the date of this Draft Prospectus and all other applicable laws. The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Articles and the relevant provisions of the Companies Act, 2013 applicable as on the date of this Draft Prospectus, and all applicable laws including FEMA and the rules and regulations thereunder, shall apply, mutatis mutandis (to the extent applicable to debentures) to the NCDs as well. In respect of the NCDs held in physical form on account of rematerialisation, a common form of transfer shall be used for the same. The NCDs held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by NSDL/CDSL and the relevant Depository Participants of the transferor and the transferee and any other applicable laws and rules notified in respect thereof. The transferees should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the register of debenture holders or the records as maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferors and not with the Issuer or Registrar.

For NCDs held in electronic form

The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of the NCDs held in electronic form. The seller should give delivery instructions containing details of the buyer's Depository Participant account to his depository participant.

In case the transferee does not have a Depository Participant account, the transferor can rematerialise the NCDs and thereby convert his dematerialised holding into physical holding. Thereafter these NCDs can be transferred in the manner as stated above for transfer of NCDs held in physical form.

Any trading of the NCDs issued pursuant to this Issue shall be compulsorily in dematerialised form only.

Sharing of Information

Our Company may, at its option, use on our own, as well as exchange, share or part with any financial or other information about the NCD Holders available with us, with our subsidiaries, if any and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither we or our affiliates nor their agents shall be liable for use of the aforesaid information.

Notices

All notices to the NCD Holder(s) required to be given by us or the Debenture Trustee shall be published in one English language newspaper having wide circulation and one regional language daily newspaper at the place where the registered office of the Company is situated and/or will be sent by speed post/ courier or through email or other electronic media to the Registered Holders of the NCD(s) from time to time.

Future Borrowings

Our Company will be entitled to borrow/raise loans or avail of financial assistance in whatever form as also to issue debentures/ NCDs/other securities in any manner by creating a charge on any other assets, provided stipulated security cover is maintained on the NCDs and the Company is in compliance of all the terms of the Transaction Documents and no event of default has occurred and is continuing; and consents and approvals and other conditions, as may be required under Applicable Law or financing agreements, including intimations, if any, required thereunder are obtained or provided, as the case may be.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section(1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447 of the Companies Act, 2013."

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of our Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

Pre-closure

Our Company, in consultation with the Lead Manager(s) reserves the right to close the Issue at any time prior to the Issue Closing Date of Prospectus, subject to receipt of minimum subscription or as may be specified in the Prospectus. Our Company shall allot NCDs with respect to the Applications received until the time of such pre-closure in accordance with the Basis of Allotment as described in the Prospectus and subject to applicable statutory and/or regulatory requirements. In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date, of Issue, as applicable, through advertisement(s) in all those newspapers in which pre-issue advertisement have been given.

Issue of duplicate NCD certificate(s)

If NCD certificate(s), issued pursuant to rematerialisation, is/ are mutilated or defaced or the cages for recording transfers of NCDs are fully utilised, the same may be replaced by us against the surrender of such certificate(s). Provided, where the NCD certificate(s) are mutilated or defaced, the same will be replaced as aforesaid only if the certificate numbers and the distinctive numbers are legible.

If any NCD certificate is destroyed, stolen or lost then upon production of proof thereof to our satisfaction and upon furnishing such indemnity/ security and/or documents as we may deem adequate, duplicate NCD certificates shall be issued. Upon issuance of a duplicate NCD certificate, the original NCD certificate shall stand cancelled.

Minimum subscription

In terms of the SEBI NCS Regulations, for an issuer undertaking a public issue of debt securities the minimum subscription for public issue of debt securities shall be 75% of the Base Issue Size. If our Company does not receive the minimum subscription of 75% of Base Issue Size as specified in the Prospectus, prior to the Issue Closing Date the entire Application Amount shall be unblocked in the relevant ASBA Account(s) of the Applicants within 8 Working Days from the Issue Closing Date or such time as may be specified by SEBI. In the event, there is a delay by our Company in unblocking the aforesaid ASBA Account within the prescribed time limit our Company will become liable to refund the Application Amount along with interest at the rate of 15 (fifteen) percent per annum for the delayed period.

Under Section 39(3) of the Companies Act, 2013 and Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount is not received within the specified period, the application money received is to be credited only to the bank account from which the subscription was remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or Registrar will follow the guidelines prescribed by SEBI in this regard included in the SEBI Master Circular.

Market Lot and Trading Lot

The NCDs shall be allotted in dematerialized form. As per the SEBI NCS Regulations, the trading of the NCDs is in dematerialised form and the tradable lot is one NCD.

Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount and the applicable interest for such NCDs) prior to redemption of the NCDs.

Allotment in this Issue will be in electronic form multiples of one NCD. For further details of Allotment, see the "*Issue Procedure*" beginning on page 282.

Utilisation of Application Amount

The sum received in respect of the Issue will be kept in separate bank account(s) and we will have access to such funds only upon allotment of the NCDs, execution of Debenture Trust Deeds and on receipt of listing and trading approval from the Stock Exchange for Issue as per applicable provisions of law(s), regulations and approvals.

Utilisation of Issue Proceeds

a. All monies received pursuant to the issue of NCDs to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013 and the SEBI NCS Regulations and our Company will comply with the conditions as stated therein, and these monies will be transferred to Company's bank account after receipt of listing and trading approvals.

b. Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised;

c. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

d. Our Company shall utilize the Issue proceeds only up on (i) receipt of minimum subscription; (ii) completion of Allotment in compliance with Section 40 of the Companies Act, 2013; (ii) receipt of listing and trading approval from Stock Exchange and (iii) only upon execution of the documents for creation of security.

e. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

f. Details of all utilized and unutilized monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized and the securities or other forms of financial assets in which such unutilized monies have been invested.

g. The allotment letter shall be issued, or application money shall be refunded in accordance with the Applicable Law failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period;

h. If Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 6 Working Days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Applicants in accordance with applicable laws;

i. The Issue proceeds shall be utilized in compliance with various guidelines, regulations and clarifications issued by RBI, SEBI or any other regulatory or statutory authority from time to time. Further the Issue proceeds shall be utilized only for the purpose and objects stated in the Offer Documents.

Filing of the Prospectus with ROC

A copy of the Prospectus will be filed with ROC, in accordance with Section 26 and Section 31 of Companies Act, 2013.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will be issued in compliance with the Regulation 30(1) of SEBI NCS Regulations and shall contain the information as prescribed in the SEBI NCS Regulations and Section 30 of the Companies Act, 2013.

Material updates, if any, between the date of filing of the Prospectus with ROC and the date of release of the statutory advertisement will be included in the statutory advertisement information as prescribed under SEBI NCS Regulations.

Payment of Interest

If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount will be unblocked within the time prescribed under applicable law, failing which interest may be due to be paid to the Applicants, for the delayed period, as prescribed in applicable law. Our Company shall not be liable to pay any interest on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, (b) applications which are withdrawn by the Applicant and/or (c) monies paid in excess of the amount of NCDs applied for in the Application Form. For further details, see "*Issue Procedure - Rejection of Applications*" beginning on page 310.

Listing

The NCDs offered through this Draft Prospectus are proposed to be listed on BSE. Our Company has obtained an 'in-principle' approval for the Issue from BSE by way of their letter bearing reference number [•] dated [•], 2024. For the purposes of the Issue, BSE shall be the Designated Stock Exchange. Final Application for listing of the NCDs will be made to BSE in terms of SEBI NCS Regulations and the SEBI Master Circular.

If permissions to deal in and for an official quotation of our NCDs are not granted by the Stock Exchange, our Company will forthwith repay, without interest, all moneys received from the Applicants in pursuance of this Draft Prospectus.

Our Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange are taken within 6 Working Days of the Issue Closing Date. For the avoidance of doubt, it is hereby clarified that in the event of non-subscription to any one or more of the series, such series(s) of NCDs shall not be listed.

Guarantee/ Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Monitoring and Reporting of Utilisation of Issue Proceeds

There is no requirement for appointment of a monitoring agency in terms of the SEBI NCS Regulations. The Audit Committee shall monitor the utilization of the proceeds of the Issue. For the relevant quarters, our Company will disclose in our quarterly financial results, the utilization of the net proceeds of the Issue under a separate head along with details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Lien

Our Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the NCD Holder or deposits held in the account of the NCD holders whether in single name or joint name, to the extent of all outstanding dues, if any by the NCD Holder to our Company, subject to the applicable law.

Lien on Pledge of NCDs

Subject to applicable law, our Company, at its discretion, may record a lien on pledge of NCDs if such pledge of NCDs is accepted by any bank or institution for any loan provided to the NCD Holder against pledge of such NCDs as part of the funding, subject to applicable law.

Recovery Expense Fund

Our Company has created a recovery expense fund in the manner as specified by the SEBI Master Circular for Debenture Trustees and Regulation 11 of SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.

Settlement Guarantee Fund

Our Company will deposit amounts in the settlement guarantee fund in the manner as specified in the SEBI Master Circular, if applicable. This fund has been created under the SEBI Master Circular to ensure upfront collection of charges from eligible issuers at the time of allotment of debt securities.

ISSUE PROCEDURE

This section applies to all Applicants. Specific attention of all Applicants is invited to the SEBI Master Circular, which provides, inter-alia, that for all public issues of debt securities all Applicants shall mandatorily use the ASBA facility for participating in the Issue. ASBA Applicants and Applicants applying through the Direct Online Application Mechanism (as defined hereinafter) should note that the ASBA process and the Direct Online Application Mechanism involve application procedures that are different from the procedure applicable to all other Applicants. Please note that all Applicants are required to pay the full Application Amount or ensure that the ASBA Account has sufficient credit balance such that the entire Application Amount can be blocked by the SCSB while making an Application. Further in terms of the SEBI Master Circular retail individual investor may use the Unified Payment Interface ("UPI") to participate in the public issue for an amount up to UPI Application Limit through the app/web interface of the Stock Exchange or through intermediaries (Syndicate members, Registered Stock Brokers, Registrar and Transfer agent and Depository Participants).

Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus and the Prospectus.

Please note that this section has been prepared based on the SEBI Master Circular and the notifications issued by BSE, in relation to the UPI Mechanism. Retail Individual Investors should note that they may use the UPI mechanism to block funds for application value up to UPI Application Limit (to participate in the public issue for an amount up to UPI Application Limit for issue of debt securities pursuant to SEBI Master Circular, or any other investment limit, as applicable and prescribed by SEBI from time to time) submitted through the app/web interface of the Stock Exchange or through intermediaries (Syndicate Members, Registered Stockbrokers, Registrar and Transfer agent and Depository Participants).

ASBA Applicants must ensure that their respective ASBA Accounts can be blocked by the SCSBs, in the relevant ASBA accounts for the full Application Amount. Applicants should note that they may submit their Applications to the Designated Intermediaries at the Designated CDP Locations or the RTAs at the Designated RTA Locations or designated branches of SCSBs as mentioned on the Application Form. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable law or as specified in this Draft Prospectus.

Specific attention is drawn to the SEBI Master Circular which provides for allotment in public issues of debt securities to be made on the basis of the date of upload of each application into the electronic book of the Stock Exchange, as opposed to the date and time of upload of each such application.

Our Company and the Lead Manager(s) do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Prospectus. Investors are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws.

Further, the Company and the Lead Manager(s) are not liable for any adverse occurrences consequent to the UPI Mechanism for application in the Issue.

PLEASE NOTE THAT ALL DESIGNATED INTERMEDIARIES WHO WISH TO COLLECT AND UPLOAD APPLICATION IN THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY THE STOCK EXCHANGE WILL NEED TO APPROACH THE STOCK EXCHANGE AND FOLLOW THE REQUISITE PROCEDURES AS MAY BE PRESCRIBED BY THE STOCK EXCHANGE. THE FOLLOWING SECTION MAY CONSEQUENTLY UNDERGO CHANGE BETWEEN THE DATES OF THE PROSPECTUS, THE ISSUE OPENING DATE AND THE ISSUE CLOSING DATE.

THE LEAD MANAGER, THE CONSORTIUM MEMBERS AND OUR COMPANY SHALL NOT BE RESPONSIBLE OR LIABLE FOR ANY ERRORS OR OMISSIONS ON THE PART OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN CONNECTION WITH THE RESPONSIBILITY OF TRADING MEMBERS/DESIGNATED INTERMEDIARIES IN RELATION TO COLLECTION AND UPLOAD OF APPLICATION FORMS IN RESPECT OF THE ISSUE ON THE ELECTRONIC APPLICATION PLATFORM PROVIDED BY STOCK EXCHANGE. FURTHER, THE RELEVANT STOCK EXCHANGE WILL BE

RESPONSIBLE FOR ADDRESSING INVESTOR GRIEVANCES ARISING FROM APPLICATIONS THROUGH TRADING MEMBERS/DESIGNATED INTERMEDIARIES REGISTERED WITH SUCH STOCK EXCHANGE.

Please note that for the purposes of this section, the term "Working Day" shall mean all days on which the commercial banks in Mumbai are open for business, except with reference to the Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holidays on which commercial banks in Mumbai are open for business. Furthermore, for the purpose the time period between the bid/ issue closing date and the listing of the NCDs, Working Days shall mean all trading days of the Stock Exchange excluding Saturdays, Sundays and bank holidays as specified by SEBI.

The information below is given for the benefit of the investors. Our Company and the Members of Consortium are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

PROCEDURE FOR APPLICATION

Who can apply?

The following categories of persons are eligible to apply in the Issue.

Category I (Institutional Investors)

- Public financial institutions, scheduled commercial banks, Indian multilateral and bilateral development financial institutions which are authorised to invest in the NCDs;
- Provident funds and pension funds each with a minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorised to invest in the NCDs;
- Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- Resident Venture Capital Funds registered with SEBI;
- Insurance companies registered with the IRDAI;
- State industrial development corporations;
- Insurance funds set up and managed by the army, navy, or air force of the Union of India;
- Insurance funds set up and managed by the Department of Posts, the Union of India;
- Systemically Important Non-Banking Financial Company registered with the RBI;
- National Investment Fund set up by resolution no. F.No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; and
- Mutual funds registered with SEBI.

Category II (Non-Institutional Investors)

- Companies within the meaning of Section 2(20) of the Companies Act, 2013;
- Statutory bodies/ corporations and societies registered under the applicable laws in India and authorised to invest in the NCDs;
- Co-operative banks and regional rural banks;
- Trusts including public/private charitable/religious trusts which are authorised to invest in the NCDs;
- Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment: which are authorised to invest in the NCDs;
- Scientific and/or industrial research organisations, which are authorised to invest in the NCDs;
- Partnership firms in the name of the partners; and
- Limited liability partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009).
- Association of Persons; and
- Any other incorporated and/ or unincorporated body of persons.

Category III (High Net-worth Individual Investors)

- Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating to above ₹ 10,00,000 across all options of NCDs in the Issue

Category IV (Retail Individual Investors)

- Resident Indian individuals or Hindu Undivided Families through the Karta applying for an amount aggregating up to and including ₹10,00,000 across all Options/ Series of NCDs in the Issue and shall include Retail Individual Investors, who have submitted bid for an amount not more than UPI Application Limit in any of the bidding options in the Issue (including HUFs applying through their Karta and does not include NRIs) through UPI Mechanism.

Note: Participation of any of the aforementioned categories of persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities by such categories of persons or entities.

Please note that it is clarified that persons resident outside India shall not be entitled to participate in the Issue and any applications from such persons are liable to be rejected.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/ consents/ approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

The Lead Manager(s), Members of Consortium and its respective associates and affiliates are permitted to subscribe in the Issue.

Applications cannot be made by:

The following categories of persons, and entities, shall not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

a. Minors without a guardian name* (A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian; It is further clarified that it is the responsibility of the Applicant to ensure that the guardians are competent to contract under applicable statutory/regulatory requirements);

b. Foreign nationals, NRI *inter-alia* including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;

c. Persons resident outside India and other foreign entities;

d. Foreign Institutional Investors;

e. Foreign Portfolio Investors;

f. Non Resident Indians;

g. Qualified Foreign Investors;

h. Overseas Corporate Bodies**;

i. Foreign Venture Capital Investor; and

j. Persons ineligible to contract under applicable statutory/ regulatory requirements.

** Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872*
The Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange by the Designated Intermediaries.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of such Applications, the Registrar to the

Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded onto the electronic system of the Stock Exchange.

***The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.*

Please refer to *"Issue Procedure - Rejection of Applications"* on page 310 for information on rejection of Applications.

The information below is given for the benefit of Applicants. Our Company and the Lead Manager(s) are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus.

How to apply?

Availability of this Draft Prospectus, the Prospectus, Abridged Prospectus and Application Forms.

Physical copies of the Abridged Prospectus containing the salient features of the Prospectus together with Application Forms and copies of this Draft Prospectus and Prospectus may be obtained from:

a. Our Registered Office and Corporate Office,

b. Office of the Lead Manager(s),

c. Office of the Consortium Members,

d. Offices of the Registrar to the Issue,

e. Designated RTA Locations for RTAs,

f. Designated CDP Locations for CDPs and

g. Designated Branches of the SCSBs.

Additionally, Electronic copies of this Draft Prospectus, the Prospectus, along with the downloadable version of the Application Forms will be available.

a. for download on the website of BSE at www.bseindia.com and the website of the Lead Manager at www.nuvama.com.

b. at the designated branches of the SCSBs and the Syndicate Members at the Specified Locations.

Electronic copies of this Draft Prospectus and Prospectus along with the downloadable version of the Application Form will be available on the websites of the Lead Manager(s), the Stock Exchange, SEBI and SCSBs.

Electronic Application Forms will also be available on the website of the Stock Exchange and on the websites of the SCSBs that permit the submission of Applications electronically. A hyperlink to the website of the Stock Exchange for this facility will be provided on the website of the Lead Manager(s) and the SCSBs. Further, Application Forms will also be provided to Designated Intermediaries at their request. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchange. Further, Application Forms will also be provided to Designated Intermediaries at their request.

Our Company may also provide Application Forms for being downloaded and filled at such websites as it may deem fit. In addition, brokers having online demat account portals may also provide a facility of submitting the Application Forms virtually online to their account holders.

Trading Members of the Stock Exchange can download Application Forms from the websites of the Stock Exchange. Further, Application Forms will be provided to Trading Members of the Stock Exchange at their request.

Please note that there is a single Application Form for, persons resident in India.

Please note that only ASBA Applicants shall be permitted to make an application for the NCDs.

Method of Application

In terms of the SEBI Master Circular an eligible investor desirous of applying in this Issue can make Applications through the ASBA mechanism only.

Applicants are requested to note that in terms of the SEBI Master Circular, SEBI has mandated issuers to provide, through a recognized Stock Exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the SEBI Master Circular, directed recognized Stock Exchange in India to put in necessary systems and infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism infrastructure for the implementation of the SEBI Master Circular and the Direct Online Application Mechanism. The Direct Online Application facility will be available for this Issue as per mechanism provided in the SEBI Master Circular

All Applicants shall mandatorily apply in the Issue through the ASBA process only. Applicants intending to subscribe in the Issue shall submit a duly filled Application form to any of the Designated Intermediaries.

Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a Retail Individual Investor bidding using the UPI mechanism) to the respective SCSB, where such investor has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank.

Applicants should submit the Application Form only at the Bidding Centres, i.e., to the respective Members of the Consortium at the Specified Locations, the SCSBs at the Designated Branches, the Registered Broker at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations. Kindly note that Application Forms submitted by Applicants at the Specified Locations will not be accepted if the SCSB with which the ASBA Account, as specified in the Application Form is maintained has not named at least one branch at that location for the Designated Intermediaries for deposit of the Application Forms. A list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

The relevant Designated Intermediaries, upon receipt of physical Application Forms from Applicants, shall upload the details of these Application Forms to the online platform of the Stock Exchange and submit these Application Forms with the SCSB (except Application Form from RIBs using the UPI Mechanism) with whom the relevant ASBA Accounts are maintained.

For RIBs using UPI Mechanism, the Stock Exchange shall share the bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. An Applicant shall submit the Application Form, which shall be stamped at the relevant Designated Branch of the SCSB. Application Forms in physical mode, which shall be stamped, can also be submitted to be the Designated Intermediaries at the Specified Locations. The SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form. Further, the Application may also be submitted through the app or web interface developed by Stock Exchange wherein the Application is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI mechanism, as applicable.

Our Company, the Directors, affiliates, associates and their respective directors and officers, Lead Manager(s) and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to ASBA Applications accepted by the Designated Intermediaries, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount has been blocked in the relevant ASBA Account. Further, all grievances against Designated Intermediaries in relation to the Issue should be made by Applicants directly to the relevant Stock Exchange.

In terms of the SEBI Master Circular, an eligible investor desirous of applying in this Issue can make Applications through the following modes:

1. *Self-Certified Syndicate Bank (SCSB) or intermediaries (viz. Syndicate members, Registered Stock Brokers,*

Registrar and Transfer agent and Depository Participants)

a. An investor may submit the bid-cum-application form, with ASBA as the sole mechanism for making payment, physically at the branch of a SCSB, i.e. investor's bank. For such applications, the existing process of uploading of bid on the Stock Exchange bidding platform and blocking of funds in investors account by the SCSB would continue.

b. An investor may submit the completed bid-cum-application form to intermediaries mentioned above along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

c. An investor may submit the bid-cum-application form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹5 Lakh or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI mechanism in this case.

2. *Through Stock Exchange*

a. An investor may submit the bid-cum-application form through the App or web interface developed by Stock Exchange (or any other permitted methods) wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism.

b. The Stock Exchange have extended their web-based platforms i.e. 'BSE Direct' to facilitate investors to apply in public issues of debt securities through the web based platform and mobile app with a facility to block funds through Unified Payments Interface (UPI) mechanism for application value upto ₹ 5 Lakh. To place bid through 'BSEDirect' platform / mobile app the eligible investor is required to register himself/ herself with 'BSE Direct'.

c. An investor may use the following links to access the web-based interface developed by the Stock Exchange to bid using the UPI Mechanism: BSE: https://www.bsedirect.com.

d. The BSE Direct application can be downloaded from play store in android phones. Kindly search for 'BSEdirect' on Google Playstore for downloading mobile applications.

e. To further clarify the submission of bids through the App or web interface, BSE has issued operational guidelines and circulars dated December 28, 2020 and May 19, 2022 available at https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-60, and https://www.bseindia.com/markets/MarketInfo/DispNewNoticesCirculars.aspx?page=20201228-61.

Application Size

Each Application should be for a minimum of 10 NCDs and multiples of one NCD thereof.

Applicants can apply for any or all types of NCDs offered hereunder (any/all series) provided the Applicant has applied for minimum application size using the same Application Form.

Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

APPLICATIONS BY VARIOUS APPLICANT CATEGORIES

Applications by Mutual Funds

Pursuant to the SEBI circular SEBI/HO/IMD/IMD-PoD-1/P/CIR/2023/74 dated May 19, 2023 ("**SEBI Mutual Funds Master Circular**"), mutual funds are required to ensure that the total exposure of debt schemes (excluding investments in Bank CDs, triparty repo on Government securities or treasury bills, G-Secs, TBills, short term deposits of Scheduled Commercial Banks and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 20% of the net assets of the scheme. Further, the additional exposure to financial services sector (over and above the limit of 20%) not exceeding 10% of the net assets of the scheme shall be allowed only by way of increase in exposure to Housing Finance Companies (HFCs), which are rated AA and above and are registered with the National Housing Bank. Further, an additional exposure of 5% of the net assets of the scheme has been allowed for investments in securitized debt instruments based on retail housing loan portfolio and/or affordable housing loan portfolio. However, the overall exposure in HFCs shall not exceed the sector exposure limit of 20% of the net assets of the scheme.

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. Applications made by the AMCs or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which the Application is being made. An Application Form by a mutual fund registered with SEBI for Allotment of the NCDs must be also accompanied by certified true copies of (i) its SEBI registration certificates (ii) the trust deed in respect of such mutual fund (ii) a resolution authorising investment and containing operating instructions and (iii) specimen signatures of authorized signatories.

Failing this, our Company reserves the right to accept or reject any Application from a Mutual Fund for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (iv) a letter of authorisation.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Pursuant to SEBI Master Circular SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Systemically Important Non-Banking Financial Companies

Systemically Important Non-Banking Financial Companies can apply in the Issue based upon their own investment limits and approvals. Applications by them for Allotment of the NCDs must be accompanied by certified true copies of (i) their memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) a board resolution authorising investments; and (ii) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Application by Insurance Companies

Insurance companies registered with the IRDAI can apply in the Issue based on their own investment limits and approvals in accordance with the regulations, guidelines and circulars issued by the IRDAI. The Application Form must be accompanied by certified true copies of their (i) i) certificate registered with IRDAI, (ii) memorandum and articles of association/charter of constitution; (iii) power of attorney; (iv) resolution authorising investments/containing operating instructions; and (v) specimen signatures of authorised signatories.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof**.**

Applications by Indian Alternative Investments Funds

Applications made by 'alternative investment funds' eligible to invest in accordance with the Securities and Exchange Board of India (Alternative Investment Fund) Regulations, 2012, as amended (the "**SEBI AIF Regulations**") for Allotment of the NCDs must be accompanied by certified true copies of (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions; and (iii) specimen signatures of authorised persons. The Alternative Investment Funds shall at all times comply with the requirements applicable to it under the SEBI AIF Regulations and the relevant notifications issued by SEBI.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment

In case of Applications made by Applications by Associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, must submit a (i) certified copy of the certificate of registration or proof of constitution, as applicable, (ii) Power of Attorney, if any, in favour of one or more persons thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/ or regulatory provisions. **Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof.**

Applications by Trusts

In case of Applications made by trusts, settled under the Indian Trusts Act, 1882, as amended, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must submit a (i) certified copy of the registered instrument for creation of such trust, (ii) power of attorney, if any, in favour of one or more trustees thereof, (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Further, any trusts applying for NCDs pursuant to the Issue must ensure that (a) they are authorized under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in debentures, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in debentures, and (c) Applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and or regulatory provisions.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof.

Applications by Public Financial Institutions or statutory corporations, which are authorized to invest in the NCDs

The Application must be accompanied by certified true copies of: (i) any Act/ Rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof.

Applications made by companies, bodies corporate and societies registered under the applicable laws in India

The Application must be accompanied by certified true copies of: (i) any act/ rules under which they are incorporated; (ii) Board Resolution authorising investments; and (iii) Specimen signature of authorized person.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof.

Applications made by Indian scientific and/ or industrial research organizations, which are authorized to invest in the NCDs

Applications by scientific and/ or industrial research organisations which are authorised to invest in the NCDs must be accompanied by certified true copies of: (i) any act/rules under which such Applicant is incorporated; (ii) a resolution of the board of directors of such Applicant authorising investments; and (iii) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Applications made by Partnership firms formed under applicable Indian laws in the name of the partners and Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008

Applications made by partnership firms and limited liability partnerships formed and registered under the Limited Liability Partnership Act, 2008 must be accompanied by certified true copies of: (i) the partnership deed for such Applicants; (ii) any documents evidencing registration of such Applicant thereof under applicable statutory/regulatory requirements; (iii) a resolution authorizing the investment and containing operating instructions; and (iv) specimen signature of authorized persons of such Applicant.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Applications under a power of attorney by limited companies, corporate bodies and registered societies

In case of Applications made pursuant to a power of attorney by Applicants from Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form.

Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made pursuant to a power of attorney by Applicants from Category III and Category IV, a certified copy of the power of attorney must be lodged along with the Application Form.

In case of physical ASBA Applications made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the Application Form.

Failing this our Company, in consultation with the Lead Manager(s), reserves the right to reject such Applications. Our Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney along with the Application Forms subject to such terms and conditions that our Company and the Lead Manager(s) may deem fit.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his or her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorized to invest in the NCDs

Applications by provident funds, pension funds, superannuation funds and gratuity funds which are authorised to invest in the NCDs, for Allotment of the NCDs must be accompanied by certified true copies of: (i) any act/rules under which they are incorporated; (ii) a power of attorney, if any, in favour of one or more trustees thereof, (ii) a board resolution authorising investments; (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (iv) specimen signature of authorized person; (v) a certified copy of the registered instrument for creation of such fund/trust; and (vi) any tax exemption certificate issued by Income Tax authorities.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Applications by National Investment Funds

Application made by a National Investment Fund for Allotment of the NCDs must be accompanied by certified true copies of: (i) a resolution authorising investment and containing operating instructions; and (ii) specimen signatures of authorized persons.

Failing this, our Company reserves the right to accept or reject any Applications for Allotment of the NCDs in whole or in part, in either case, without assigning any reason thereof.

Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason thereof.

The Lead Manager(s) and the Consortium Members and their respective associates and affiliates are permitted to subscribe in the Issue.

Payment instructions

Payment mechanism for Applicants

An Applicant shall specify details of the ASBA Account Number in the Application Form and the relevant SCSB shall block an amount equivalent to the Application Amount in the ASBA Account specified in the Application Form.

An Applicant may submit the completed Application Form to designated intermediaries along with details of his/her bank account for blocking of funds. The intermediary shall upload the bid on the Designated Stock Exchange bidding platform and forward the application form to a branch of a SCSB for blocking of funds.

An Applicant (belonging to Category IV) may also submit the Application Form with a SCSB or the intermediaries mentioned above and use his / her bank account linked UPI ID for the purpose of blocking of funds, if the application value is ₹ 5.00 lakh or less. The intermediary shall upload the bid on the Stock Exchange bidding platform. The application amount would be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant in this case.

An Applicant may submit the Application Form through the App or web interface developed by Stock Exchange wherein the bid is automatically uploaded onto the Stock Exchange bidding platform and the amount is blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Upon receipt of an intimation from the Registrar to the Issue, the SCSBs shall, on the Designated Date, transfer such blocked amount from the ASBA Account to the Public Issue Account in terms of the Public Issue Account and Sponsor Bank Agreement. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB within 5 (five) Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application, as the case may be.

For ASBA Applications submitted to the Lead Manager(s) or Consortium Members or Trading Members of the Stock Exchange at the Specified Cities, the ASBA Application will be uploaded onto the electronic system of the Stock Exchange and deposited with the relevant branch of the SCSB at the Specified City named by such SCSB to accept such ASBA Applications from the Lead Manager(s) or Trading Members of the Stock Exchange, as the case may be (a list of such branches is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes). The relevant branch of the SCSB shall perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic system of the Stock Exchange. SCSBs may provide the electronic mode of application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account.

Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Lead Manager(s) or Consortium Members or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities or to the Designated Branches of the SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue shall send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to NCDs allotted to the successful Applicants to the Public Issue Account(s). The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB within 5 Working Days of the Issue Closing Date. The Application Amount shall remain blocked in the ASBA Account until transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Application, as the case may be. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Payment mechanism for Direct Online Applicants

In case of the Direct Online Application facility implemented by the Stock Exchange, relevant “know your customer” details of such Applicants will be validated online from the Depositories, on the basis of the DP ID and Client ID provided by them in the Application Form. On successful submission of a Direct Online Application, the Applicant will receive a system-generated unique application number (“**UAN**”) and an SMS or an email confirmation on credit of the requisite Application Amount paid through the online payment facility with the Direct Online Application. On Allotment, the Registrar to the Issue shall credit NCDs to the beneficiary account of the Applicant and in case of refund, the refund amount shall be credited directly to the Applicant’s bank account. Applicants applying through the Direct Online Application facility must preserve their UAN and quote their UAN in: (a) any cancellation/withdrawal of their Application; (b) in queries in connection with Allotment of NCDs and/or refund(s); and/or (c) in all investor grievances/complaints in connection with the Issue.

Additional information for Applicants

1. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected.

2. No separate receipts will be issued for the money blocked on the submission of Application Form. However, the collection centre of the Designated Intermediaries will acknowledge the receipt of the Application Forms by stamping and returning to the Applicant the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant.

3. Applications should be submitted on the Application Form only. In the event that physical Application Form do not bear the stamp of the Designated Intermediaries, or the relevant Designated Branch, as the case may be, they are liable to be rejected.

4. Application Forms submitted by Applicants shall be for allotment of NCDs only in dematerialized form.

The Investors are advised to read the operational guidelines mentioned for Making Application for Public Issue of Debt Securities through BSE Direct issued by BSE on December 28, 2020 and May 19, 2022, the circulars issued by for Introduction of Unified Payment Interface (UPI) for Debt IPO before investing through the through the app/ web interface of Stock Exchange.

Kindly note, the Stock Exchange shall be responsible for addressing investor grievances arising from Applications submitted online through the App based/ web interface platform of Stock Exchange or through their Trading Members.

Further, the collecting bank shall be responsible for addressing any investor grievances arising from non-confirmation of funds to the Registrar despite successful realization/blocking of funds, or any delay or operational lapse by the collecting bank in sending the Application forms to the Registrar to the Issue.

Applicants are advised not to submit Application Forms to Public Issue Account Banks and the same will be rejected in such cases and the Applicants will not be entitled to any compensation whatsoever.

Pre-Issue Advertisement

Our Company will issue a statutory advertisement on or before the Issue Opening Date. This advertisement will contain the information as prescribed under the SEBI NCS Regulations and Section 30 of the Companies Act, 2013. Material updates, if any, between the date of filing of the Prospectus and the date of release of the statutory advertisement will be included in the statutory advertisement.

Instructions for completing the Application Form

1. Application Forms are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Prospectus and the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Designated Intermediaries will not be liable for errors in data entry due to incomplete or illegible Application Forms.

2. Applications are required to be for a minimum of such NCDs and in multiples of one NCD thereafter as specified in the Issue Documents.

3. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

4. Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details and Applications should be made by Karta in case the Applicant is an HUF. Applicants are required to ensure that the PAN Details of the HUF are mentioned and not those of the Karta.

   If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.

5. Applicants applying for Allotment must provide details of valid and active DP ID, Client ID and PAN clearly and without error. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of the Stock Exchange by the Designated Intermediaries, as the case may be, the Registrar to the Issue will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.

6. Applicants must ensure that their Application Forms are made in a single name.

7. All Applicants should check if they are eligible to apply as per the terms of the Prospectus and applicable laws.

8. The minimum number of Applications and minimum application size shall be of 10 NCDs. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.

9. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the Application Form.

10. Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant's bank records.

11. All Applicants are required to tick the relevant column in the "Category of Investor" box in the Application Form.

12. It shall be mandatory for subscribers to the Issue to furnish their Permanent Account Number and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.

13. Applications for all the series of the NCDs may be made in a single Application Form only.

14. The Applicants should ensure that they have been given a TRS and an acknowledgment as proof of having accepted the Application Form.

15. Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange Applicants should ensure that they first withdraw their

original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

16. ASBA Applicants need to give the correct details of their ASBA Account including bank account number/ bank name and branch/ UPI ID in case of applying through UPI Mechanism.

17. ASBA Application should ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder.

18. ASBA Applicants should ensure that they receive an acknowledgement from the Designated Branch or the concerned Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, for the submission of the Application Form.

Additional Instructions for Retail Individual Investors using the UPI mechanism:

1. Before submission of the application form with the Designated Intermediary, the Retail Individual Investor shall download the mobile app for UPI and create a UPI ID (xyz@bankname) of not more than 45 characters with its bank and link it to his/ her bank account where the funds equivalent to the application amount is available.

2. The Retail Individual Investor shall fill in the bid details in the application form along with his/ her bank account linked UPI ID and submit the application with any of the intermediaries or through the Stock Exchange App/ Web interface.

3. The Designated Intermediary, upon receipt of form, shall upload the bid details along with the UPI ID on the Stock Exchange bidding platform using appropriate protocols.

4. Once the bid has been entered in the bidding platform, the Stock Exchange shall undertake validation of the PAN and Demat account combination details of investor with the depository.

5. The Depository shall validate the aforesaid PAN and Demat account details on a near real time basis and send response to Stock Exchange which would be shared by the Stock Exchange with the Designated Intermediaries through its platform, for corrections, if any.

6. Once the bid details are uploaded on the Stock Exchange platform, the Stock Exchange shall send an SMS to the investor regarding submission of his / her application, at the end of day, during the bidding period. For the last day of bidding, the SMS may be sent the next Working Day.

7. Post undertaking validation with the Depository, the Stock Exchange shall, on a continuous basis, electronically share the bid details along with investors UPI ID, with the Sponsor Bank appointed by the Company.

8. The Sponsor Bank shall initiate a mandate request on the investor i.e. request the investor to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment.

9. The request raised by the Sponsor Bank, would be electronically received by the investor as a SMS / intimation on his / her mobile no. / mobile app, associated with the UPI ID linked bank account.

10. The investor shall be able to view the amount to be blocked as per his / her bid in such intimation. The investor shall be able to view an attachment wherein the bid details submitted by such investor will be visible. After reviewing the details properly, the investor shall be required to proceed to authorize the mandate. Such mandate raised by the Sponsor Bank would be a one-time mandate for each application in the Issue.

11. The investor is required to accept the UPI mandate latest by 5 pm on the third working day from the day of bidding on the Stock Exchange platform except for the last day of the Issue period or any other modified closure date of the Issue period in which case, he / she is required to accept the UPI mandate latest by 5 pm the next Working Day.

12. The investor shall not be allowed to add or modify the bid(s) of the application except for modification of either DP ID/Client ID, or PAN ID but not both. However, the investor can withdraw the bid(s) and reapply.

13. For mismatch bids, on successful validation of PAN and DP ID/ Client ID combination during T+1 (T being the Issue Closing Date) modification session, such bids will be sent to Sponsor Bank for further processing by the

Exchange on T+1 (T being the Issue Closing Date) day till 1 pm.

14. The facility of Re-initiation/ Resending the UPI mandate shall be available only till 5 pm on the day of bidding.

15. Upon successful validation of block request by the investor, as above, the said information would be electronically received by the investors' bank, where the funds, equivalent to application amount, would get blocked in investors account. Intimation regarding confirmation of such block of funds in investors account would also be received by the investor.

16. The information containing status of block request (e.g., accepted / decline / pending) would also be shared with the Sponsor Bank, which in turn would be shared with the Stock Exchange. The block request status would also be displayed on the Stock Exchange platform for information of the intermediary.

17. The information received from Sponsor Bank, would be shared by Stock Exchange with the Registrar to the Issue in the form of a file for the purpose of reconciliation.

18. Post closure of the Issue, the Stock Exchange shall share the bid details with the Registrar to the Issue. Further, the Stock Exchange shall also provide the Registrar to the Issue, the final file received from the Sponsor Bank, containing status of blocked funds or otherwise, along with the bank account details with respect to applications made using UPI ID.

19. The allotment of debt securities shall be done as per SEBI Master Circular.

20. The RTA, based on information of bidding and blocking received from the Stock Exchange, shall undertake reconciliation of the bid data and block confirmation corresponding to the bids by all investor category applications (with and without the use of UPI) and prepare the basis of allotment.

21. Upon approval of the basis of allotment, the RTA shall share the 'debit' file with Sponsor bank (through Stock Exchange) and SCSBs, as applicable, for credit of funds in the public issue account and unblocking of excess funds in the investor's account. The Sponsor Bank, based on the mandate approved by the investor at the time of blocking of funds, shall raise the debit / collect request from the investor's bank account, whereupon funds will be transferred from investor's account to the public issue account and remaining funds, if any, will be unblocked without any manual intervention by investor or their bank.

22. Upon confirmation of receipt of funds in the public issue account, the securities would be credited to the investor's account. The investor will be notified for full/partial allotment. For partial allotment, the remaining funds would be unblocked. For no allotment, mandate would be revoked and application amount would be unblocked for the investor.

23. Thereafter, Stock Exchange will issue the listing and trading approval.

24. Further, in accordance with the Operational Instructions and Guidelines for Making Application for Public Issue of Debt Securities through BSEDirect issued by BSE on December 28, 2020 and May 19, 2022, the investor shall also be responsible for the following:

    i. Investor shall check the Issue details before placing desired bids;

    ii. Investor shall check and understand the UPI mandate acceptance and block of funds process before placing the bid;

    iii. The receipt of the SMS for mandate acceptance is dependent upon the system response/integration of UPI on Debt Public Issue System;

    iv. Investor shall accept the UPI Mandate Requests within the stipulated timeline;

    v. Investor shall note that the transaction will be treated as completed only after the acceptance of mandates by the investor by way of authorising the transaction by entering their UPI pin and successfully blocking funds through the ASBA process by the investor's bank;

    vi. Investor shall check the status of their bid with respect to the mandate acceptance and blocking of funds for the completion of the transaction; and

vii. In case the investor does not accept the mandate within stipulated timelines, in such case their bid will not be considered for allocation.

The series, mode of allotment, PAN, demat account number, etc. should be captured by the relevant Designated Intermediaries in the data entries as such data entries will be considered for allotment.

Applicants should note that neither the Members of the Consortium nor the other Designated Intermediaries, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms. Our Company would allot the NCDs, as specified in the Prospectus for the Issue to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

Applicants' PAN, Depository Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, CLIENT ID, PAN AND UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM) IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, CLIENT ID PAN AND UPI ID GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, CLIENT ID, PAN AND UPI ID AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

On the basis of the DP ID, Client ID, PAN and UPI ID (in case applying through UPI Mechanism) provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Demographic Details of the Applicants including PAN and MICR code. These Demographic Details would be used for giving Allotment Advice and refunds, if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details (including bank account details) as appearing on the records of the Depository Participant and ensure that they are true and correct. Please note that failure to do so could result in delays in despatch/ credit of refunds, if any, to Applicants, delivery of Allotment Advice or unblocking of ASBA Accounts at the Applicants' sole risk, and neither the Members of the Consortium nor the Designated Intermediaries, nor the Registrar, nor the Banker(s) to the Issue, nor the SCSBs, nor our Company shall have any responsibility and undertake any liability for the same.

Applicants should note that in case the DP ID, Client ID, UPI ID (in case applying through UPI Mechanism) and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchange by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID, UPI ID (in case applying through UPI Mechanism) and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

The Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice and for refunds (if any) as applicable. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to this Issue.

By signing the Application Form, Applicants applying for the NCDs would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

Allotment Advice would be mailed by post or e-mail at the address of the Applicants in accordance with the Demographic Details received from the Depositories. Applicants may note that delivery of Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Further, please note that any such delay shall be at such Applicants' sole risk and neither our Company, Banker(s) to the Issue, Registrar to the Issue nor the Lead Manager(s) shall be liable to compensate the Applicant for any losses caused to the Applicants due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under powers of attorney, our Company in its absolute discretion, reserves the right to permit the holder of a power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on and mailing of the Allotment Advice through post, the Demographic Details obtained from the Depository of the Applicant shall be used.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to this Issue will be made into the accounts of the Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the four parameters, namely, DP ID, Client ID,PAN and UPI ID then such Applications are liable to be rejected.

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for Retail Individual Investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

APPLICATIONS FOR ALLOTMENT OF NCDs IN THE DEMATERIALIZED FORM

This section is for the information of the Applicants proposing to subscribe to the Issue. The Lead Manager(s) and our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus, the Prospectus. Applicants are advised to make their independent investigations and to ensure that the Application Form is correctly filled up.

Our Company, our directors, affiliates, associates and their respective directors and officers, Lead Manager(s) and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by and/or uploaded by and/or accepted but not uploaded by Consortium Member, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms from the Applicants in the Issue, or Applications accepted and uploaded without blocking funds in the ASBA Accounts by SCSBs. It shall be presumed that for Applications uploaded by SCSBs, the Application Amount payable on Application has been blocked in the relevant ASBA Account. The list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive Application Forms from the Members of the Syndicate is available on the website of SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Application Forms from the Members of the Syndicate at Specified Locations, see the website of SEBI (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) as updated from time to time or any such other website as may be prescribed by SEBI from time to time. The list of Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the CRTAs at the Designated CRTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchange at www.bseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Application Forms from the Registered Brokers will be available on the website of SEBI (www.sebi.gov.in) and updated from time to time.

Submission of Applications

Applicants can apply for NCDs only using the ASBA facility pursuant to SEBI Master Circular. ASBA Applications can be submitted through either of the following modes:

a. Physically or electronically to the Designated Branches of the SCSB(s) with whom an Applicant's ASBA Account is maintained. In case of ASBA Application in physical mode, the Applicant shall submit the Application Form at the relevant Designated Branch of the SCSB(s). The Designated Branch shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account and shall also verify that the signature on the Application Form matches with the Investor's bank records, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic system of the Stock Exchange. If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such ASBA Application and shall not upload such ASBA Application in the electronic system of the Stock Exchange. If sufficient funds are available in the ASBA Account, the Designated Branch shall block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic system of the Stock Exchange. The Designated Branch of the SCSBs shall stamp the Application Form and issue an acknowledgement as proof of having accepted the Application. In case of Application in the electronic mode, the Applicant shall submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly register such ASBA Applications.

b. Physically through the Consortium Members, Lead Manager(s), or Trading Members of the Stock Exchange only at the Specified Cities i.e. Syndicate ASBA. Kindly note that ASBA Applications submitted to the Consortium Member, Lead Manager(s) or Trading Members of the Stock Exchange at the Specified Cities will not be accepted if the SCSB where the ASBA Account is maintained, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Consortium Member, Lead Manager(s) or Trading Members of the Stock Exchange, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

c. A UPI Investor making an Application in the Issue under the UPI Mechanism, where the Application Amount is upto ₹ 5 lakh, can submit his Application Form physically to a SCSB or a Designated Intermediary. The Designated Intermediary shall upload the application details along with the UPI ID on the Stock Exchange' bidding platform using appropriate protocols. Kindly note that in this case, the Application Amount will be blocked through the UPI Mechanism.

A UPI Investor may also submit the Application Form for the Issue through BSE Direct, wherein the Application will be automatically uploaded onto the Stock Exchange' bidding platform and an amount equivalent to the Application Amount shall be blocked using the UPI Mechanism.

Upon receipt of the Application Form by the Designated Intermediaries, an acknowledgement shall be issued by giving the counter foil of the Application Form to the Applicant as proof of having accepted the Application. Thereafter, the details of the Application shall be uploaded in the electronic system of the Stock Exchange and the Application Form shall be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Designated Intermediaries (A list of such branches is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes). Upon receipt of the ASBA Application, the relevant branch of the SCSB shall perform verification procedures including verification of the Applicant's signature with his bank records and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected. If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB shall block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount shall remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted NCDs to the Public Issue Account(s), or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be.

In case of Application involving an Application by an RIB through UPI Mechanism, if an Applicant submits the Application Form with a Designated Intermediary and uses his/ her bank account linked UPI ID for the purpose of blocking of funds, where the application value is up to UPI Application Limit, the Application Amount will be blocked through the UPI Mechanism once the mandate request has been successfully accepted by the Applicant and the Designated Intermediary shall upload the Application on the bidding platform developed by the Stock Exchange. If an Applicant submits the Application Form through the application or web interface developed by Stock Exchange, the bid will automatically be uploaded onto the Stock Exchange bidding platform and the amount will be blocked using the UPI Mechanism once the mandate request has been successfully accepted by the Applicant.

Applicants must note that:

a. Physical Application Forms will be available with the Designated Branches of the SCSBs and with the Lead Manager(s) and Trading Members of the Stock Exchange at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchange at least one day prior to the Issue Opening Date. Application Forms will also be provided to the Trading Members of the Stock Exchange at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Prospectus is made available on their websites. The physical Application Form submitted to the Designated Intermediaries shall bear the stamp of the relevant Designated Intermediary. In the event the Application Form does not bear any stamp, the same shall be liable to be rejected.

b. The Designated Branches of the SCSBs shall accept ASBA Applications directly from Applicants only during the Issue Period. The SCSB shall not accept any ASBA Applications directly from Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of the SCSBs at Specified Cities can accept ASBA Applications from the Lead Manager(s) or Trading Members of the Stock Exchange, as the case may be, after the closing time of acceptance of Applications on the Issue Closing

Date. For further information on the Issue programme, please see section titled "*Issue Related Information*" on page 256.

c. In case of Applications through Syndicate ASBA, the physical Application Form shall bear the stamp of the Lead Manager(s) or Consortium Members or Trading Members of the Stock Exchange, as the case maybe, if not, the same shall be rejected. Application Forms directly submitted to SCSBs should bear the stamp of SCSBs, if not, the same are liable to be rejected.

Please note that Applicants can make an Application for Allotment of NCDs in the dematerialized form only.

INSTRUCTIONS FOR FILLING-UP THE APPLICATION FORM

General Instructions

A. General instructions for completing the Application Form

1. Applications must be made in prescribed Application Form only.

2. Applicants should ensure that their Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the stock exchange(s) at the Specified Cities, and not directly to the escrow collecting banks (assuming that such bank is not a SCSB) or to the Company or the Registrar to the Issue.

3. Applications through Syndicate ASBA, before submitting the physical Application Form to the Members of the Syndicate or Trading Members of the stock exchange(s), ensure that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at-least one branch in that Specified City for the Members of the Syndicate or Trading Members of the stock exchange(s), as the case may be, to deposit ASBA Forms (A list of such branches is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes)).

4. Application Forms must be completed in block letters in English, as per the instructions contained in this Draft Prospectus and the Prospectus, the Abridged Prospectus and the Application Form.

5. Applications should be in single or joint names and not exceeding three names, and in the same order as their Depository Participant details (in case of Applicants applying for Allotment of the Bonds in dematerialized form) and Applications should be made by Karta in case the Applicant is an HUF. Please ensure that such Applications contain the PAN of the HUF and not of the Karta. If the Application is submitted in joint names, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the depository account held in joint names.

6. Applicants applying for allotment in dematerialized form and must provide details of valid and active DP ID, Client ID and PAN clearly and without error. Invalid accounts, suspended accounts or where such accounts is classified as invalid or suspended may not be considered for allotment of the NCDs. On the basis of such Applicant's active DP ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Members of the Syndicate at the Syndicate ASBA Application Locations and the Trading Members, as the case may be, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.

7. The minimum number of Applications and minimum application size shall be ₹10,000. Applicants may apply for one or more series of NCDs Applied for in a single Application Form.

8. Applications must be for a minimum of 10 (Ten) NCDs and in multiples of 1 NCD thereafter. For the purpose of fulfilling the requirement of minimum application size of 10 (Ten) NCDs, an Applicant may choose to apply for 10 (Ten) NCDs or more in a single Application Form.

9. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

10. Applications should be made by Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.

11. Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any other languages specified in the 8th Schedule of the Constitution needs to be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his/her seal.

12. No separate receipts will be issued for the money payable on the submission of the Application Form. However, the Lead Manager(s), Consortium Member, Trading Members of the Stock Exchange or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Lead Manager(s), Consortium Member, Trading Member of the Stock Exchange or the Designated Branch of the SCSBs, as the case may be.

13. The Designated Intermediaries or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping and returning to the Applicants the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Application Form for the records of the Applicant. Applicants must ensure that the requisite documents are attached to the Application Form prior to submission and receipt of acknowledgement from the relevant Designated Intermediaries or the Designated Branch of the SCSBs, as the case may be.

14. Every Applicant should hold valid Permanent Account Number (PAN) and mention the same in the Application Form and submit the same. Applicant without PAN is liable to be rejected, irrespective of the amount.

15. All Applicants are required to tick the relevant column of “Category of Investor” in the Application Form.

16. ASBA will be the default “Mode of Application” as per the SEBI Master Circular.

17. Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form to the Designated Branch and also ensure that the signature in the Application Form matches with the signature in Applicant’s bank records, otherwise the Application is liable to be rejected.

18. Applicants must provide details of valid and active DP ID, UPI ID, Client ID and PAN clearly and without error. On the basis of such Applicant’s active DP ID, UPI ID, Client ID and PAN provided in the Application Form, and as entered into the electronic Application system of Stock Exchange by SCSBs, the Designated Intermediaries, the Registrar will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment of the NCDs.

19. If the ASBA Account holder is different from the Applicant, the Application Form should be signed by the ASBA Account holder, in accordance with the instructions provided in the Application Form. Not more than five Applications can be made from one single ASBA Account.

20. For Applicants, the Applications in physical mode should be submitted to the SCSBs or a member of the Syndicate or to the Trading Members of the Stock Exchange on the prescribed Application Form. SCSBs may provide the electronic mode for making Application either through an internet enabled banking facility or such other secured, electronically enabled mechanism for Application and blocking funds in the ASBA Account.

21. Application Forms should bear the stamp of the Member of the Syndicate, Trading Member of the Stock Exchange, Designated Intermediaries and/or Designated Branch of the SCSB. Application Forms which do not bear the stamp will be rejected.

22. Applicant should correctly mention the ASBA Account number and UPI ID in case applying through UPI Mechanism and ensure that funds equal to the Application Amount are available in the ASBA Account before submitting the Application Form and ensure that the signature in the Application Form matches with the signature in the Applicant’s bank records.

The series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Lead Manager(s), Consortium Member, Trading Member of the Stock Exchange in the data entries as such data entries will be considered for allotment.

Please note in accordance with SEBI Circular SEBI/HO/DDHS/PoD1/CIR/P/2023/150 dated September 4, 2023, instructions to investors for completing the application form as specified in Annex- II of the aforesaid circular shall be disclosed on the websites of the Company, Lead Manager and Consortium Members during the Issue Period and a copy of the Abridged Prospectus shall be made available on the websites of Company, Lead Manager(s) and Registrar to the Issue and a link for downloading the Abridged Prospectus shall be provided in issue advertisement for Issue.

Applicants should note that neither the Designated Intermediaries nor SCSBs, as the case may be, will be liable for error in data entry due to incomplete or illegible Application Forms.

Our Company would allot the series of NCDs, as specified in the Prospectus to all valid Applications, wherein the Applicants have not indicated their choice of the relevant series of NCDs.

B. Applicant's Beneficiary Account and Bank Account Details

ALL APPLICANTS APPLYING FOR ALLOTMENT OF THE NCDS SHOULD MENTION THEIR DP ID, UPI ID (IN CASE APPLYING THROUGH UPI MECHANISM), CLIENT ID AND PAN IN THE APPLICATION FORM. APPLICANTS MUST ENSURE THAT THE DP ID, UPI ID, CLIENT ID AND PAN GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, UPI ID, CLIENT ID AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IF THE BENEFICIARY ACCOUNT IS HELD IN JOINT NAMES, THE APPLICATION FORM SHOULD CONTAIN THE NAME AND PAN OF BOTH THE HOLDERS OF THE BENEFICIARY ACCOUNT AND SIGNATURES OF BOTH HOLDERS WOULD BE REQUIRED IN THE APPLICATION FORM.

Applicants applying for Allotment in dematerialized form must mention their DP ID ,Client ID, PAN and UPI ID (in case applying through UPI Mechanism) in the Application Form and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialized form is submitted in the first Applicant's name, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialized form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialized form, whose beneficiary accounts are inactive, will be rejected.

On the basis of the DP ID, Client ID, UPI ID (as applicable) and PAN provided by the Applicant in the Application Form for Allotment in dematerialized form and entered into the electronic system of the Stock Exchange, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition ("**MICR**") Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NACH, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither our Company, the Lead Manager(s), Trading Members of the Stock Exchange, Public Issue Account Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchange will bear any responsibility or liability for the same.

Applicants should note that in case the DP ID, Client ID, UPI ID (as applicable) and PAN mentioned in the Application Form, as the case may be and entered into the electronic Application system of the Stock Exchange by the Members of the Consortium or the Designated Intermediaries, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form is liable to be rejected and our Company, the Members of the Consortium and the other Designated Intermediaries shall not be liable for losses, if any.

The Demographic Details would be used for correspondence with the Applicants including mailing of the Allotment Advice and printing of bank particulars on the refund orders, or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders (as applicable) would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories. Applicants may note that delivery of refund orders/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant in the Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Applicants sole risk and neither our Company, the Lead Manager(s), Trading Members By signing the Application Form of the Stock Exchange, Public Issue Account Banks, SCSBs, Registrar to the Issue nor the Stock Exchange shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case of Applications made under power of attorney, our Company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant shall be used. By signing the Application Form, the Applicant would have deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records. The Demographic Details given by Applicant in the Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of NCDs pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

Applicants should note that the NCDs will be allotted to all successful Applicants only in dematerialized form. The Application Forms which do not have the details of the Applicant's depository account, including DP ID, Client ID and PAN and UPI ID (for retail individual investor Applicants bidding using the UPI mechanism), shall be treated as incomplete and will be rejected.

C. Permanent Account Number (PAN)

The Applicant should mention his or her Permanent Account Number (PAN) allotted under the IT Act. For minor Applicants, applying through the guardian, it is mandatory to mention the PAN of the minor Applicant. However, Applications on behalf of the Central or State Government officials and the officials appointed by the courts in terms of a SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim who in terms of a SEBI circular dated July 20, 2006 may be exempt from specifying their PAN for transacting in the securities market. In accordance with Circular No. MRD/DOP/Cir-05/2007 dated April 27, 2007 issued by SEBI, the PAN would be the sole identification number for the participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction. It is to be specifically noted that the Applicants should not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground.

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

D. Joint Applications

Applications can be made in joint names (not exceeding three). In the case of joint Applications, all payments will be made out in favour of the first Applicant. All communications will be addressed to first named in the Application whose name appears in the Application Form and at the address mentioned therein. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form

E. Additional/ Multiple Applications

An Applicant is allowed to make one or more Applications for the NCDs, for the same or other Options of NCDs, subject to a minimum application size of ₹10,000 and in multiples of ₹1,000 thereafter. Any Application for an amount below the aforesaid minimum application size will be deemed as an invalid application and shall be rejected. However, multiple Applications by the same individual Applicant aggregating to a value exceeding ₹1,000,000 shall be deem such individual Applicant to be a HNI Applicant and all such Applications shall be grouped in the HNI Portion, for the purpose of determining the basis of allotment to such Applicant. However, any Application made by any person in his individual capacity and an Application made by such person in his capacity as a karta of a Hindu Undivided family and/or as Applicant (second or third Applicant), shall not be deemed to be a multiple Application. For the purposes of allotment of NCDs under the Issue, Applications shall be grouped based on the PAN, i.e. Applications under the same PAN shall be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first Applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN of the sole or the first Applicant is one and the same.

F. Unified Payments Interface (UPI)

Pursuant to the SEBI Master Circular, the UPI Mechanism is an applicable payment mechanism for public debt issues (in addition to the mechanism of blocking funds maintained with SCSBs under ASBA) for applications by retail individual bidders through Designated Intermediaries. All SCSBs offering the facility of making applications in public issues shall also provide the facility to make applications using UPI. The Company will be required to appoint one SCSB as a Sponsor Bank to act as a conduit between the Stock Exchange and National Payments Corporation of India in order to facilitate the collection of requests and/or payment instructions of the investors.

Electronic registration of Applications

a. The Designated Intermediaries and Designated Branches of the SCSBs, as the case may be, will register the Applications using the on-line facilities of the Stock Exchange. Direct Online Applications will be registered by Applicants using the online platform offered by the Stock Exchange. The Lead Manager(s), our Company, and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to (i) the Applications accepted by the SCSBs, (ii) the Applications uploaded by the SCSBs, (iii) the Applications accepted but not uploaded by the SCSBs, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts or (v) Applications accepted and uploaded by Trading members of the Stock Exchange or (vi) the Applications accepted by and/or uploaded by and/or accepted but not uploaded by Consortium Member, Trading Members, Registered Brokers, CDPs, CRTAs and SCSBs who are authorised to collect Application Forms. In case of apparent data entry error by the Designated Intermediaries or Designated Branches of the SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange. However, the series, mode of allotment, PAN, demat account no. etc. should be captured by the relevant Designated Intermediaries or Designated Branches of the SCSBs in the data entries as such data entries will be considered for allotment/rejection of Application.

b. The Stock Exchange will offer an electronic facility for registering Applications for the Issue. This facility will be available on the terminals of Designated Intermediaries and the SCSBs during the Issue Period. Designated Intermediaries can also set up facilities for off-line electronic registration of Applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, Designated Intermediaries and Designated Branches of SCSBs shall upload the Applications till such time as may be permitted by the Stock Exchange. This information will be available with the Syndicate Members and the other Designated Intermediaries on a regular basis. Applicants are cautioned that a high inflow of high volumes on the last day of the Issue Period may lead to some Applications received on the last day not being uploaded and such Applications will not be considered for allocation. For further information on the Issue programme, please see "*Issue Structure*" on page 256.

c. Based on the aggregate demand for Applications registered on the electronic facilities of the Stock Exchange, a graphical representation of consolidated demand for the NCDs, as available on the websites of the Stock Exchange, would be made available at the Application centres as provided in the Application Form during the Issue Period.

d. At the time of registering each Application, the Designated Intermediaries, shall enter the details of the Applicant, such as the Application Form number, PAN, Applicant category, DP ID, Client ID, number and Option(s) of NCDs applied, Application Amounts and any other details that may be prescribed by the online uploading platform of the Stock Exchange.

e. With respect to Applications submitted directly to the SCSBs at the time of registering each Application, other than Direct Online Applications, the Designated Branches of the SCSBs shall enter the requisite details of the Applicants in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Number of NCDs applied for
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Application amount

f. With respect to Applications submitted to the Designated Intermediaries at the time of registering each Application, the requisite details of the Applicants shall be entered in the on-line system including:

- Application Form number
- PAN (of the first Applicant, in case of more than one Applicant)
- Investor category and sub-category
- DP ID
- Client ID
- UPI ID (if applicable)
- Number of NCDs applied for
- Price per NCD
- Bank code for the SCSB where the ASBA Account is maintained
- Location
- Application amount

g. A system generated Acknowledgement Slip will be given to the Applicant as a proof of the registration of his Application. It is the Applicant's responsibility to obtain the Acknowledgement Slip from the Syndicate Members or the other Designated Intermediaries, as the case may be. The registration of the Applications by the Designated Intermediaries does not guarantee that the NCDs shall be allocated/ Allotted by our Company. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind.

h. The permission given by the Stock Exchange to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, and/or the Lead Manager(s) are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the NCDs will be listed or will continue to be listed on the Stock Exchange.

i. In case of apparent data entry error by the Designated Intermediaries, in entering the Application Form numbers in their respective schedules, other things remaining unchanged, the Application Form may be considered as valid or such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.

j. Only Applications that are uploaded on the online system of the Stock Exchange shall be considered for Allotment. The Designated Intermediaries shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchange. In order that the data so captured is accurate, Designated Intermediaries will be given up to one Working Day after the Issue Closing Date to modify/ verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

General Instructions

Do's and Don'ts Applicants are advised to take note of the following while filling and submitting the Application Form.

Do's

1. Check if you are eligible to apply as per the terms of the Prospectus and applicable law;

2. Read all the instructions carefully and complete the Application Form in the prescribed form;

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of NCDs pursuant to the Issue;

4. Ensure that the DP ID and Client ID and PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange are correct and match with the DP ID, Client ID and PAN available in the Depository database. Ensure that the DP ID and Client ID are correct and beneficiary account is activated. The requirement for providing Depository Participant details shall be mandatory for all Applicants;

5. Ensure that you have mentioned the correct ASBA Account number (i.e., bank account number or UPI ID, as applicable) in the Application Form;

6. Ensure that the Application Form is signed by the ASBA Account holder in case the Applicant is not the ASBA account holder;

7. Ensure that you have funds equal to the Application Amount in the ASBA Account before submitting the Application Form to the respective Designated Branch of the SCSB, or to the Designated Intermediaries, as the case may be;

8. Ensure that the Application Forms are submitted at the Designated Branches of SCSBs or the Bidding Centres provided in the Application Forms, bearing the stamp of the relevant Designated Intermediaries/Designated branch of the SCSB as the case may be;

9. Before submitting the Application Form with the Designated Intermediaries ensure that the SCSB, whose name has been filled in the Application Form, has named a branch in that relevant Bidding Centre;

10. Ensure that you have been given an acknowledgement as proof of having accepted the Application Form;

11. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, ensure that you have first withdrawn your original Application and submit a fresh Application. For instance, as per the notice No: 20120831-22 dated August 31, 2012 issued by BSE, fields namely, quantity, series, application no., sub-category codes will not be allowed for modification during the Issue. In such a case the date of the fresh Application will be considered for date priority for allotment purposes;

12. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India is attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

13. Ensure that you mention your PAN in the Application Form. In case of joint Applicants, the PAN of all the Applicants should be provided, and for HUFs, PAN of the HUF should be provided. Any Application Form without the PAN is liable to be rejected. Applicants should not submit the GIR Number instead of the PAN as the Application is liable to be rejected on this ground;

14. Ensure that the DP ID, the Client ID and the PAN mentioned in the Application Form, which shall be entered into the electronic system of the Stock Exchange, match with the DP ID, Client ID and PAN available in the Depository database;

15. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as 'XYZ Hindu Undivided Family applying through PQR', where PQR is the name of the Karta. However, the PAN of the HUF should be mentioned in the Application Form and not that of the Karta;

16. Ensure that the Applications are submitted to the Lead Manager(s), Consortium Member, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be, before the closure of application hours on the Issue Closing Date. For further information on the Issue programme, please see the section titled "*Issue Related Information*" on page 256;

17. Ensure that the Demographic Details including PAN are updated, true and correct in all respects;

18. Ensure that you have correctly signed the authorisation /undertaking box in the Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Application Form, as the case may be, at the time of submission of the Bid. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

19. Permanent Account Number: Except for Application (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Applicants should provide their PAN. Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;

20. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

21. All Applicants are requested to tick the relevant column "Category of Investor" in the Application Form; and

22. Tick the series of NCDs in the Application Form that you wish to apply for.

23. Check if you are eligible to Apply under ASBA;

24. Retail individual investors using the UPI Mechanism to ensure that they submit bids upto the application value of ₹ 500,000 of upto the UPI Application Limit as applicable and as prescribed by SEBI from time to time;

25. Investor using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form;

26. Investors bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue and submit the application with any of the intermediaries or through the Stock Exchange' App/ Web interface

27. Ensure that you give the correct details of your ASBA Account including bank account number/ bank name and branch;

28. In case of Retail Individual Investor submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment.

29. Retail Individual Investors submitting Application Form using the UPI Mechanism, should ensure that the: (a) bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid, are listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=45

30. Ensure that if the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form;

In terms of SEBI Master Circular, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account.

SEBI Master Circular stipulates the time between closure of the Issue and listing at six Working Days. In order to enable compliance with the above timelines, investors are advised to use ASBA facility only to make payment.

Don’ts:

1. Do not apply for lower than the minimum application size;

2. Do not pay the Application Amount in cash, by cheque, by money order or by postal order or by stock invest;

3. Do not send Application Forms by post; instead submit the same to the Consortium Member, sub-consortium member, Trading Members of the Stock Exchange or Designated Branches of the SCSBs, as the case may be;

4. Do not submit the Application Form to any non-SCSB bank or our Company;

5. Do not submit an Application Form that does not have the stamp of the relevant Designated Intermediary or the Designated Branch of the SCSB, as the case may be;

6. Do not fill up the Application Form such that the NCDs applied for exceeds the Issue size and/or investment limit or maximum number of NCDs that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

7. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

8. Do not submit incorrect details of the DP ID, Client ID, UPI ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

9. Do not submit the Application Forms without ensuring that funds equivalent to the entire Application Amount are available for blocking in the relevant ASBA Account;

10. Do not submit Applications on plain paper or on incomplete or illegible Application Forms;

11. Do not apply if you are not competent to contract under the Indian Contract Act, 1872;

12. Do not submit an Application in case you are not eligible to acquire NCDs under applicable law or your relevant constitutional documents or otherwise;

13. Do not submit Application Forms to a Designated Intermediary at a location other than Collection Centers;

14. Do not submit an Application that does not comply with the securities law of your respective jurisdiction;

15. Do not apply if you are a person ineligible to apply for NCDs under the Issue including Applications by Persons Resident Outside India, NRI (*inter*-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);

16. Do not make an application of the NCD on multiple copies taken of a single form;

17. Payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;

18. Do not send your physical Application Form by post. Instead submit the same to a Designated Branch or the Lead Manager(s) or Trading Members of the Stock Exchange, as the case may be, at the Specified Cities;

19. Do not submit more than five Application Forms per ASBA Account;

20. If you are a Retail Individual Investor who is submitting the ASBA Application with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third-party linked bank account UPI ID;

21. Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/or mobile applications which are not mentioned in the list provided in SEBI; and

22. Do not submit a bid using UPI ID, if you are not a Retail Individual Investor and if the Application is for an amount more than ₹ 5,00,000 of upto the UPI application limit as applicable and as prescribed by SEBI from time to time.

Kindly note that Applications submitted to the Designated Intermediaries will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit such Application Forms. (A list of such branches is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

Please see "*Issue Procedure - Rejection of Applications*" on page 310 for information on rejection of Applications.

Submission of completed Application Forms

For details in relation to the manner of submission of Application Forms, see "*Terms of the Issue*" beginning on page 262.

OTHER INSTRUCTIONS

Depository Arrangements

Our Company has made depository arrangements with NSDL and CDSL for issue and holding of the NCDs in dematerialised form. In this context:

1. Tripartite Agreements dated February 6, 2016 between us, the Registrar to the Issue and CDSL for offering depository option to the Applicants.

2. Tripartite Agreements dated February 4, 2016 between us, the Registrar to the Issue and NSDL for offering depository option to the Applicants.

3. An Applicant must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the Application.

4. The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

5. NCDs Allotted to an Applicant in the electronic form will be credited directly to the Applicant's respective beneficiary account(s) with the DP.

6. Non-transferable Allotment Advice/ refund orders will be directly sent to the Applicant by the Registrar to the Issue.

7. It may be noted that NCDs in electronic form can be traded only on Stock Exchange having electronic connectivity with NSDL or CDSL. The Stock Exchange have connectivity with NSDL and CDSL.

8. Interest or other benefits with respect to the NCDs held in dematerialised form would be paid to those NCD holders whose names appear on the list of beneficial owners given by the Depositories to us as on Record Date. In case of those NCDs for which the beneficial owner is not identified by the Depository as on the Record Date/ book closure date, we would keep in abeyance the payment of interest or other benefits, till such time that the beneficial owner is identified by the Depository and conveyed to us, whereupon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

9. The trading of the NCDs on the floor of the Stock Exchange shall be in dematerialized form in multiples of One NCD only.

Allottees will have the option to rematerialise the NCDs Allotted under the Issue as per the provisions of the Companies Act, 2013 and the Depositories Act.

PLEASE NOTE THAT TRADING OF NCDs ON THE FLOOR OF THE STOCK EXCHANGE SHALL BE IN DEMATERIALISED FORM ONLY IN MULTIPLE OF ONE NCD.

For further information relating to Applications for Allotment of the NCDs in dematerialised form, please see the section titled "*Issue Procedure*" on page 282.

Communications

All future communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue quoting all relevant details as regards the Applicant and its Application.

Applicants can contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue related problems and/or Post-Issue related problems such as non-receipt of Allotment Advice non-credit of NCDs in depository's beneficiary account/ etc. Please note that Applicants who have applied for the NCDs through Designated Intermediaries should contact the Stock Exchange in case of any Post-Issue related problems, such as non-receipt of Allotment Advice / non-credit of NCDs in depository's beneficiary account/ etc.

Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

Interest in case of Delay

Our Company undertakes to pay interest, in connection with any delay in allotment, demat credit and refunds, beyond the time limit as may be prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under such applicable statutory and/or regulatory requirements.

Undertaking by our Company

a. All monies received pursuant to the Issue of NCDs to public shall be transferred to a separate bank account as referred to in sub-section (3) of section 40 of the Companies Act, 2013.

b. Details of all monies utilised out of Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the purpose for which such monies had been utilised.

c. Details of all unutilised monies out of issue of NCDs, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in our Balance Sheet indicating the form in which such unutilised monies have been invested.

d. Details of all utilized and unutilised monies out of the monies collected in the previous issue made by way of public offer shall be disclosed and continued to be disclosed in the balance sheet till the time any part of the proceeds of such previous issue remains unutilized indicating the purpose for which such monies have been utilized, and the securities or other forms of financial assets in which such unutilized monies have been invested.

e. We shall utilize the Issue proceeds only upon creation of security as stated in the section titled "*Terms of the Issue*" on page 262 and after (a) permissions or consents for creation of *pari passu* charge have been obtained from the creditors who have pari passu charge over the assets sought to be provided as Security; (b) receipt of the minimum subscription of 75% of the Base Issue size of the Issue; (c) completion of Allotment and refund process in compliance with Section 40 of the Companies Act, 2013; (d) creation of security and confirmation of the same in terms of NCDs and (e) receipt of listing and trading approval from the Stock Exchange.

f. The Issue proceeds shall not be utilized towards full or part consideration for the purchase or any other acquisition, *inter alia* by way of a lease, of any immovable property.

g. The allotment letter shall be issued, or application money shall be unblocked within 15 days from the closure of the Issue or such lesser time as may be specified by SEBI, or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

h. The Experts named in this Draft Prospectus are not, and has not been, engaged or interested in the formation or promotion or management of the Company.

Other Undertakings by our Company

Our Company undertakes that:

a. Complaints received in respect of the Issue (except for complaints in relation to Applications submitted to Designated Intermediaries) will be attended to by our Company expeditiously and satisfactorily.

b. Necessary cooperation to the relevant credit rating agency(ies) will be extended in providing true and adequate information until the obligations in respect of the NCDs are outstanding.

c. Our Company will take necessary steps for the purpose of getting the NCDs listed within the specified time, i.e., within six Working Days of the Issue Closing Date.

d. Funds required for dispatch of Allotment Advice will be made available by our Company to the Registrar to the Issue.

e. Our Company will forward details of utilisation of the proceeds of the Issue, duly certified by the current statutory auditor, to the Debenture Trustee as per applicable law.

f. Our Company will provide a compliance certificate to the Debenture Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue as contained in the Prospectus;

g. We shall make necessary disclosures/reporting under any other legal or regulatory requirement as may be required by our Company from time to time.

h. We undertake that the assets / receivables on which charge is created, are free from any encumbrances and in cases where the assets are already charged to secure a debt, the permission or consent to create a second or pari-passu charge on the assets of the issuer has been obtained from the earlier creditor, wherever applicable.

i. We shall create a recovery expense fund in the manner as may be specified by the Board from time to time and inform the Debenture Trustee about the same.

j. Our Company will disclose the complete name and address of the Debenture Trustee in its annual report and website.

Rejection of Applications

As set out below or if all required information is not provided or the Application Form is incomplete in any respect, the Board of Directors and/or any committee of our Company reserves it’s 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.

Application may be rejected on one or more technical grounds, including but not restricted to:

- Applications submitted without blocking of the entire Application Amount. However, the Company may allot bonds up to the value of Application monies paid, if such Application monies exceed the minimum Application size as prescribed hereunder;

- In case of partnership firms, the Application Forms submitted in the name of individual partners and/or accompanied by the individual’s PAN rather than the PAN of the partnership firm;

- Applications by persons not competent to contract under the Indian Contract Act, 1872;

- GIR number furnished instead of PAN;

- Applications by OCBs;

- Applications for an amount below the minimum Application size;
- Applications providing details of an inoperative demat account;
- Applications of more than five ASBA forms per ASBA Account;
- In case of ASBA Applicants, payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process;
- UPI Mandate request is not approved by the investor within the prescribed timelines;
- In case of Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/postal order/cash;
- Signature of sole Applicant missing, or, in case of joint Applicants, the Application Forms not being signed by the first Applicant (as per the order appearing in the records of the Depository);
- In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database;
- With respect to ASBA Applications including UPI applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds;
- Applications by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Applications not uploaded on the terminals of the stock exchange(s);
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the stock exchange(s), as applicable;
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form and the Prospectus and as per the instructions in the Application Form;
- Applications by Applicants whose demat accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/ MRD/DP/22/2010;
- Applications tendered to the Trading Members of the stock exchange(s) at centers other than the centers mentioned in the Application Form;
- SCSB making an ASBA Application(a) through an ASBA Account maintained with its own self or (b) through an ASBA account maintained through a different SCSB not in its own name, or (c) through an ASBA Account maintained through a different SCSB in its own name, which ASBA Account is not utilized for the purpose of applying in public issue;
- Application Amount paid being higher than the value of NCDs applied for. However, the Company may allot Bonds up to the number of Bonds applied for, if the value of such Bonds applied for, exceeds the Minimum Application Size;
- Application Amounts paid not tallying with the number of Bonds applied for;
- Applications for amounts greater than the maximum permissible amounts prescribed by applicable regulations;
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI;

- In case of ASBA Applicants, payment of Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts shall not be accepted under the ASBA process.

Kindly note that ASBA Applications submitted to the Lead Manager(s), or Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Lead Manager(s), or Trading Members of the Stock Exchange, Members of the Syndicate, Designated Intermediaries, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes).

For information on certain procedures to be carried out by the Registrar to the Offer for finalization of the basis of allotment, please see below "*Issue Procedure-Information for Applicants*".

Information for Applicants

In case of ASBA Applications submitted to the SCSBs, in terms of the RTA Master Circular, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager(s) and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of Applicants submitted to the Lead Manager(s), Consortium Member and Trading Members of the Stock Exchange at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager(s) and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship).

In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Mode of making refunds

The Registrar to the Issue shall instruct the relevant SCSB or in case of Bids by Retail Individual Investors applying through the UPI Mechanism to the Sponsor Bank, to revoke the mandate and to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful Applications within six Working Days of the Issue Closing Date.

Our Company and the Registrar to the Issue shall credit the allotted NCDs to the respective beneficiary accounts/ dispatch the Letters of Allotment or letters of regret by registered post/speed post at the Applicant's sole risk, within six Working Days from the Issue Closing Date. We may enter into an arrangement with one or more banks in one or more cities for refund to the account of the applicants through Direct Credit/RTGS/NEFT/NACH.

Further,

a. Allotment of NCDs in this Issue shall be made within the time period stipulated by SEBI;

b. Credit to dematerialized accounts will be given within one Working Day from the Date of Allotment;

c. Interest at a rate of 15% per annum will be paid if the Allotment has not been made and/or the refund effected within five Working days from the Issue Closing Date, for the delay beyond five Working days; and

d. Our Company will provide adequate funds to the Registrar to the Issue for this purpose.

Retention of oversubscription

As specified in the Prospectus.

Basis of Allotment

As specified in the Prospectus.

Allocation Ratio

Reservations shall be made for each of the Portions as specified in the Prospectus.

In case of ASBA Applications submitted to the SCSBs, in terms of the RTA Master Circular, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchange and all SCSBs and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager(s) and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected. In case of Applicants submitted to the Lead Manager(s), Consortium Members and Trading Members of the Stock Exchange at the Specified Cities, the basis of allotment will be based on the Registrar's validation of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of the SEBI circular CIR/CFD/DIL/1/2011dated April 29,2011.The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, our Company, in consultation with the Designated Stock Exchange, the Lead Manager(s) and the Registrar to the Issue, reserves the right to proceed as per Depository records or treat such ASBA Application as rejected. Based on the information provided by the Depositories, our Company shall have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for a higher number of NCDs than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Unblocking of funds

The Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within the applicable regulatory timelines.

Issuance of Allotment Advice

Our Company shall ensure dispatch of Allotment Advice as per the Demographic Details received from the Depositories. Instructions for credit of NCDs to the beneficiary account with Depository Participants upon approval of Basis of Allotment.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities and approvals for the commencement of trading at the Stock Exchange where the NCDs are proposed to be listed are taken within six Working Days from the Issue Closing Date.

Allotment Advices shall be issued, or Application Amount shall be unblocked within 15 (fifteen) days from the Issue Closing Date or such lesser time as may be specified by SEBI or else the application amount shall be unblocked in the ASBA Accounts of the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent. per annum for the delayed period.

Our Company will provide adequate funds required for dispatch of Allotment Advice, as applicable, to the Registrar to the Issue.

Investor Withdrawals and Pre-closure

<u>Investor Withdrawal:</u> *Applicants are allowed to withdraw their Applications at any time prior to the Issue Closing Date.*

Withdrawal of Applications after the Issue Period: In case an Applicant wishes to withdraw the Application after the Issue Closing Date or early closure date, the same can be done by submitting a withdrawal request to the Registrar prior to the finalization of the Basis of Allotment but not later than 2 (two) Working days from the Issue Closing Date or early closure date, as applicable.

Applicants can withdraw their ASBA Applications till the issue closure date by submitting a request for the same to the Consortium Members, Trading Member of the Stock Exchange or the Designated Branch, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Lead Manager, Consortium Members, or Trading Members of the Stock Exchange at the Specified Cities, upon receipt of the request for withdrawal from the Applicant, the Lead Manager, or Trading Member of the Stock Exchange, as the case may be, shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, upon receipt of the request for withdraw from the Applicant, the relevant Designated Branch shall do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic system of the Stock Exchange and unblocking of the funds in the ASBA Account directly.

<u>Pre-closure/ Early Closure:</u> *Our Company, in consultation with the Lead Manager(s) reserves the right to close the Issue at any time prior to the Issue Closing Date, subject to receipt of minimum subscription which is 75% of the Base Issue size of the Issue before the Issue Closing Date. Our Company shall allot NCDs with respect to the Applications received at the time of such pre-closure in accordance with the Basis of Allotment as described hereinabove and subject to applicable statutory and/or regulatory requirements.*

In the event of such early closure of the Issue, our Company shall ensure that public notice of such early closure is published on or before such early date of closure or the Issue Closing Date of the Issue, as applicable, through advertisement(s) in all those newspapers in which pre-Issue advertisement and advertisement for opening or closure of the Issue have been given.

Further, the Issue will also be withdrawn by our Company in the event that the aggregate Applications received for the NCDs is lesser than the minimum subscription which is 75% of the Base Issue of the Issue before the Issue Closing Date.

Under Section 39(3) of the Companies Act, 2013 read with Rule 11(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 if the stated minimum subscription amount has not been subscribed or received, as applicable, within the specified period, the application money received is to be unblocked/credited only to the bank account in/from which the subscription was blocked/remitted. To the extent possible, where the required information for making such refunds is available with our Company and/or Registrar, refunds will be made to the account prescribed. However, where our Company and/or Registrar does not have the necessary information for making such refunds, our Company and/or the Registrar will follow the guidelines prescribed by SEBI in this regard.

Revision of Applications

As per the notice no: 20120831-22 dated August 31, 2012 issued by BSE, cancellation of one or more orders (series) within an Application is permitted during the Issue Period as long as the total order quantity does not fall under the minimum quantity required for a single Application. However, please note that in case of cancellation of one or more orders (series) within an Application, leading to total order quantity falling under the minimum quantity required for a single Application will be liable for rejection by the Registrar.

Applicants may revise/ modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchange, by submitting a written request to the Designated Intermediary, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. In case of any revision of Application in connection with any of the fields which are not allowed to be modified on the electronic Application platform of the Stock Exchange as per the procedures and requirements prescribed by each relevant Stock Exchange, Applicants should ensure that they first withdraw their original Application and submit a fresh Application. In such a case the date of the new Application will be considered for date priority for Allotment purposes.

Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on Issue Closing Date. However, in order that the data so captured is accurate, the Designated Intermediaries will be given up to one Working Day after the Issue Closing Date (till 1:00 PM) to modify/ verify certain selected fields uploaded in the online system during the Issue Period, after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

SECTION VIII - SUMMARY OF KEY PROVISIONS OF ARTICLES OF ASSOCIATION

PART A

1. **APPLICABILITY OF TABLE F**

The regulations contained in Table "F" in the First Schedule to the Companies Act, 2013, as far as the same are applicable to a public company except provisions which are applicable only to a One Person Company, shall apply to the Company except in so far as they are contradictory to, or inconsistent with, the operative provisions of the Act or specifically excluded hereunder or modified or altered by these Articles.

The regulations for the management of the Company and for the observance of the Members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal of, alteration of, or addition to, its regulations by resolution, as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles.

2. DEFINITIONS AND INTERPRETATION

A. Definitions

Unless the context otherwise requires or unless otherwise defined or provided herein, the capitalised terms shall have the following meanings:

i. **"Act"**

"The Act" means the Companies Act, 2013 including the Rules, circulars and notifications framed thereunder or any statutory modification or re-enactment thereof, for the time being in force, and earlier enactment to the extent applicable.

ii. **"Alter"**

'Alter' and 'Alteration' shall include the making of additions, omissions and substitution[1].

iii. **"Applicable Law"**

"Applicable Law" means Applicable Law enacted, formulated or drafted by any Governmental Authority, national, state or local authority or a court of competent jurisdiction in India, including any statute, act, ordinance, regulation, bye-law, rule, code, order or direction, including applicable financial standards or any approvals, as may be applicable from time to time and having a force of law

iv. **"Articles"**

"The Articles" means these Articles of Association of the Company or as altered from time to time.

v. **'Annual General Meeting"**

"Annual General Meeting" means a General Meeting of the members held in accordance with Section 96 of the Act.

vi. **"Auditors"**

'Auditors' means those Auditors appointed under the Act.

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[1]**Amended vide special resolution passed by the Members of the Company at the 9th Annual General Meeting held on 27 September 2018.*

vii. ***"Authorized Capital" or "Nominal Capital"***

"Authorized Capital" or "Nominal Capital" means such capital as is authorized by the Memorandum of Association of the Company to be the maximum amount of share capital of the Company.

viii. ***"Beneficial Owner"***

"Beneficial Owner" means Beneficial Owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.

ix. ***"Body Corporate or Corporation"***

'Body Corporate' or 'Corporation' includes a company incorporated outside India but does not include, a co-operative Society registered under any law relating to Co-operative Societies, and any other body corporate (not being a Company as defined in the Act) which the Central Government may, by notification, specify in that behalf.

x. ***"Board"***

"Board" means the board of directors of the Company, as constituted from time to time

xi. ***"Chief Executive Officer"***

"Chief Executive Officer" means an Officer of the Company, who has been designated as such by the Company.

xii. ***"Chief Financial Officer"***

"Chief Financial Officer" means a person appointed as the Chief Financial Officer by the Company.

xiii. ***"The Company" or "This Company"***

'The Company' or 'This Company' means **Indostar Capital Finance Limited**, a public company limited by shares incorporated under the Companies Act, 1956.

xiv. ***"Debenture"***

'Debenture' includes Debenture stock, bonds or any other instrument of a Company evidencing a debt, whether constituting a charge on the assets of the Company or not.

xv. ***"Depository"***

"Depository" means a Depository as defined in clause I of subsection (1) of Section 2 of the Depositories Act, 1996.

xvi. ***"Directors"***

'Directors' means a Director appointed to the Board of the Company.

xvii. ***"Dividend"***

'Dividend' shall include interim dividend.

xviii. ***"Extraordinary General Meeting"***

"Extraordinary General Meeting" means an Extraordinary General Meeting of the members duly called and constituted as per the Act and any adjourned holding thereof.

B. ***"*Issued** ***Capital"***

xix. "Extraordinary General Meeting" means an Extraordinary General Meeting of the members duly called and constituted as per the Act and any adjourned holding thereof.

xx. ***"Listing Agreement"***

"Listing Agreement" means an agreement entered with the Stock Exchange(s) where the Company is listed.

xxi. ***"Meeting" or "General Meeting"***

"Meeting" or "General Meeting" means a meeting of members.

xxii. ***"Memorandum" or "MOA"***

"Memorandum" or "MOA" means the Memorandum of Association of the Company as originally framed or as altered from time to time in pursuance of any previous Company law or of the Act.

xxiii. ***"Paid-up Share Capital" or "Share Capital Paid-up"***

"Paid-up Share Capital" or "Share Capital Paid-up" means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid-up in respect of Shares issued and also includes any amount credited as paid-up in respect of Shares of the Company, but does not include any other amount received in respect of such shares, by whatever name called.

xxiv. ***"Rules"***

xxv. "Rules" means applicable rules for the time being in force, as prescribed under relevant Sections of the Act.

xxvi. ***"Seal"***

"The Seal" means the common seal of the Company.

xxvii. ***"Person"***

"Person" means any natural person, partnership firm, limited liability partnership firm, company, government authority, joint venture, association or body of individuals whether incorporated or not, and any other entity (whether or not having a separate legal personality)

xxviii. ***"Share"***

"Share" means a share in the share capital of the Company and includes stock.

xxix. ***"Subscribed Capital"***

"Subscribed Capital" means such part of the capital which is for the time being subscribed by the members of the Company.

C. **Interpretation:**

"**In writing**" or "**Written**" include printing, lithography and other modes of representing or reproducing words in visible form.

The words "**including**" and "**include**" shall mean including without limitation and include without limitation, respectively;

Any reference importing a gender includes the other gender and words importing the singular include the plural and vice versa;

A reference to a day, month or year is relevant to a day, month or year in accordance with the Gregorian calendar; unless otherwise specified in these Articles;

any reference to Rs. Is to Indian Rupees and any reference to $ is to United States dollars;

Any reference to a document is to that document as amended, varied or novated from time to time otherwise than in breach of these Articles or that document;

Any reference, express or implied, to an enactment includes:

i. that enactment as re-enacted, amended, extended or applied by or under any other enactment;

ii. any enactment which that enactment re-enacts (with or without modification); and;

iii. any subordinate legislation made under any enactment, as re-enacted, amended, extended or applied as described in (i) above, or under any enactment referred to in (ii) above,

Provided that no such enactment or subordinate legislation made after the date of these Articles shall increase the liability of any Shareholder under these Articles, and “enactment” includes any legislation in any jurisdiction;

Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

The term “Article” refers to the specified Article of these Articles;

PUBLIC COMPANY

1. **Public Company**

The Company is a public company as defined in Section 2(71) of the Act.

SHARE CAPITAL

2. **Share Capital**

The Authorised Share Capital of the Company is, or, shall be such amount as stated in Clause V(a) of the Memorandum of Association, for the time being or as may be varied, from time to time, under the provisions of the Act, and divided into such numbers, classes and descriptions of Shares and into such denomination as stated therein.

Subject to the provisions of the Act and these Articles, the Company may, by ordinary resolution:

(a) increase its Authorised Share Capital by such amount, to be divided into Shares of such amount, as may be specified in the resolution;

(b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(c) convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination;

(d) sub-divide its Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;

(e) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person, and diminish the amount of its share capital by the amount of the Shares so cancelled.

3. **Shares under Control of Board**

Subject to the provisions of the Act and these Articles, the Board, may, increase, issue, reduce, cancel, sub-divide, repay, or divide the share capital into several classes and attach thereto any rights, privileges or conditions and to vary, modify or abrogate any such rights, privileges or conditions, consolidate, reorganize, classify or re-classify the same in to any class of Shares.

4. ***Kinds of Share Capital***

The Company may issue the following kinds of Shares in accordance with these Articles, the Act, the Rules and other Applicable Law:

(a) equity share capital:

(i) with voting rights; and / or;

(ii) with differential rights as to Dividend, voting or otherwise

(b) preference share capital

5. ***Further issue of Share Capital and Shares at the Disposal of the Directors***

Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Board who may issue, allot, or otherwise dispose off the same to such Persons, in such proportion and with or without any preferential, deferred, qualified or special rights, privileges or conditions attached thereto, either at par or premium during such time and for such consideration as the Board thinks fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that the Board shall not give the option or right to call on Shares to any Person or Persons without the sanction of the Company in the General Meeting.

Subject to the provisions of section 43 and the Rules made thereunder, the Company may issue any equity shares with differential rights as to Dividend, voting or otherwise.

The Board, may, in accordance with the Act and the Rules, issue further Shares to:

(a) Persons who, at the date of offer, are holders of equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital Paid on those Shares at that date;

(b) the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

(c) such offer shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to him or any of them in favour of any other Person and the notice referred to in clause (b) shall contain a statement of this right; or

(d) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner which is not dis-advantageous to the Shareholders and the Company.

(e) Employees under any scheme of Employees' Stock Option subject to special resolution passed by the Company and subject to the Act and Rules; or

(f) [#]Any persons, when authorized by a special resolution, whether or not those person include the persons referred to in clause (a) or (e) above subject to compliance with the Act and the relevant Rules made thereunder.

(g) Nothing in this Article shall apply to the increase of the Subscribed Capital of the Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into Shares in the Company.

(h) Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in a General Meeting.

6. **[#]Mode of further issue of Securities**

A further issue of Shares or other securities may be made in any manner whatsoever as the Board may determine including by way of public issue through prospectus, private placement, preferential offer, rights issue, bonus issue or in any other manner that the Board may deem fit, subject to and in accordance with Applicable Law."

7. **Power to issue preference shares**

Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted into equity shares, on such terms and conditions and in such manner as may be determined by the Board in accordance with the Act.

8. **[#]Allotment of Shares or other securities by Directors for consideration other than cash**

Subject to the provisions of the Act and these Articles, the Board may issue and allot Shares or other securities in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any Shares or other securities which may be so allotted and may be issued as fully paid-up or partly paid-up, otherwise than for cash and if so issued be deemed to be fully paid up or partly paid up Shares or other security, as the case may be.

9. **Acceptance of Shares**

Any application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Share therein, shall be an acceptance of Shares within the meaning of these Articles; and every person who thus or otherwise accepts any share and whose name is on the Register of Members shall, for the purposes of these Articles, be a Member.

10. **[i]Acceptance of Securities:**

Any application signed by or on behalf of an applicant for warrants or other securities in the Company, followed by an allotment of any warrant or other such security therein, shall be an acceptance of the warrants or other

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[#]*Amended vide special resolution passed by the Members of the Company at the Extraordinary General Meeting held on 22 March 2024.*

[#] *Amended vide special resolution passed by the Members of the Company at the Extraordinary General Meeting held on 22 March 2024*

[i] *Inserted vide special resolution passed by the Members of the Company at the Extraordinary General Meeting held on 22 March 2024.*

such securities within the meaning of these Articles.

11. **Liability of Members**

Every member, or his heirs, executors or administrators or other representative, shall pay to the Company the portion of the capital represented by his Share or Shares, which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Directors shall, from time to time, in accordance with these Articles, Act, Rules and other Applicable Law, require or fix for the payment thereof.

12. **Conversion of Shares into Stock**

Where Shares are converted into stock:

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at Meetings of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the Dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

(c) such of the regulations of the Company as are applicable to paid-up Shares shall apply to stock and the words “Share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

13. **Recognition by the Company as holding any Share**

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as by these Articles or by law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

14. **Variation of Shareholder’s rights**

Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class whether or not the Company is being wound up, may be varied (unless otherwise provided by the terms of issue of the Shares of that class), with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a special resolution passed at a separate Meeting of the holders of the Shares of that class.

To every such separate Meeting, the provisions of these Articles relating to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued Shares of the class in question.

15. **Issue of further Shares not to affect rights of existing members**

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

16. **Commission for placing securities**

The Company may exercise the powers of paying commission, conferred by sub-section (6) of section 40, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act.

17. **No Commission on Securities not offered to Public**

Company shall not pay any commission to any underwriter on securities which are not offered to public for subscription.

18. **Power to pay Brokerage**

Nothing in Article 19 shall affect the power of the Company to pay such brokerage, in connection with subscription to its securities, as it may consider reasonable and lawful.

19. **Mode of Payment of commission**

The Mode of payment of commission may be such as fixed by the Board in accordance with the Act, Rules and Applicable Law.

20. **Buy back of Shares or other specified securities**

Notwithstanding anything contained in these Articles but subject to the provisions of the Act and Applicable Law, the Company may purchase its own Shares or other specified securities.

Explanation: specified securities include employees' stock option or other securities as may specified by the Central Government from time to time.

21. **Reduction of share capital**

The Company may by resolution, as prescribed by the Act and the Rules, reduce in any manner in accordance with the provisions of the Act and with, and subject to, any incident authorised and consent required by law:

(i) Its share capital

(ii) Any capital redemption reserve account;

(iii) Any securities premium account; or

(iv) Any other reserve in the nature of share capital.

22. **Provisions relating to the redemption of preference shares**

Whenever any preference shares are issued by the Company which are or at the option of the Company are liable to be redeemed, the same shall be redeemed in accordance with the provisions of the Act.

23. **Power to make compromise, arrangement, consolidation, demerger, amalgamation and mergers**

Subject to the provisions of the Act, the Company shall have the power to make compromise or make arrangements with creditors and members, consolidate, demerge, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other Applicable Laws

SHARE CERTIFICATES

24. ***One Certificate for Shares held jointly***

Every person whose name is entered as a member in the register of members shall be entitled to receive within the time prescribed under the Act and Applicable Law:

(a) one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his/her name without payment of any charges; or

(b) several certificates, each for one or more of his/her Shares, upon payment of such charges as may be fixed by the Board for each certificate.

25. ***Certificate to bear Seal***

Every certificate of Shares shall be under the Seal of the Company and shall specify the number and distinctive number of Shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe and approve.

26. ***One certificate for Shares held jointly***

In respect of any Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all such holders.

27. ***Company entitled to Dematerialize its Securities***

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its Shares, Debentures and other securities pursuant to the Depositories Act, 1996 and to offer its further Shares, Debentures and other securities for subscription in a dematerialised form.

28. ***Option to receive Share certificate or hold Shares with Depository***

The Company shall cause to keep a register and index of Beneficial Owners in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of Shares held in dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. Subject to the applicable provisions of the Act, either the Company or a person subscribing to Shares offered by the Company shall have the option to issue, deal in, hold the securities (including Shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996, as amended from time to time or any statutory modification thereto or re-enactment thereof.

29. ***Limitation of time for issue of Certificates***

The Company shall, unless prohibited by any provision of law or any order of Court, Tribunal or other authority, deliver the certificates of all securities allotted, transferred or transmitted:

(a) within a period of two months from the date of allotment, in the case of any allotment of any of its Shares;

(b) within a period of one month from the date of receipt by the Company of the instrument of transfer or, as the case may be, of the intimation of transmission, in the case of a transfer or transmission of securities;

(c) within a period of six months from the date of allotment in the case of any allotment of Debenture

Provided that where the securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such securities

30. ***Issue of New Certificate in place of one defaced, lost or destroyed***

If any certificate be worn out, defaced, mutilated, torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate in lieu thereof may be issued.

If any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on such indemnity as the Board deems adequate being given, a new certificate in lieu thereof shall be given to the party entitled. A sum as may be fixed by the Board (not exceeding such fee as may be prescribed under Applicable Law), shall be paid to the Company for every certificate issued under this Article, provided that no fee shall be charged for issue of new certificate in replacement of those which are old, worn out, defaced, mutilated or if there be no further space on the back thereof for endorsement of transfer.

The Company shall issue certificates or receipts or advices, as applicable, of subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof or issuance of new certificates or receipts or advices, as applicable, in cases of loss or old decrepit or worn out certificates or receipts or advices, as applicable within a period of thirty days from the date of such lodgement.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the Rules made under the Act or rules made under Securities Contracts (Regulation) Act,1956 or any other act, or rules applicable thereof in this behalf.

31. ***Endorsement on Certificate***

Every endorsement upon the certificate of any Share in favour of any transferee thereof shall be signed by such person for the time being authorised by the Board in that behalf.

32. ***Shares to be numbered progressively***

Every Share in the Company shall be distinguished by its distinctive number, provided that nothing shall apply to a Share held by a person whose name is entered as holder of Beneficial Owner in such Share in the records of Depository.

33. ***Provisions as to issue of Certificate to apply mutatis mutandis to other Securities***

The provisions of the forgoing Article relating to issue of Certificate shall mutatis mutandis apply to issue of Certificate for any other securities including Debentures (except where the Act otherwise requires) of the Company.

CALLS ON SHARES

34. **Board may make calls**

The Board may, from time to time, make such calls on uniform basis, as it thinks fit, upon the members in respect of all moneys unpaid on the Shares (whether on account of the nominal value of the Shares or by way of premium) held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each such member shall pay the amount of every call so made on him, within such time as prescribed by the Board in the notice of call ("Call Notice"), and in accordance with these Articles.

A call may exceed one-fourth of the nominal value of the Shares and be payable at any time regardless of the date fixed for the payment of the last preceding call.

35. **Sums deemed to be calls**

If by the terms of issue of any Shares or otherwise, any amount is made payable at any fixed time, whether on account of the nominal value of the Shares or by way of premium, every such amount of instalment shall be made payable as if it were a call duly made by the Board and of which due notice had been given and all provisions herein contained in respect of calls related to such amount or instalment shall apply.

In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

36. **Notice of Call**

Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.

37. **Board may extend time for payment of any call**

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstance.

38. **Revocation or postponement of call**

A call may be revoked or postponed at the discretion of the Board.

39. **Call to take effect from date of resolution**

A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.

40. **Liabilities of joint holders of Shares**

The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

41. **Call to carry Interest**

If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate as may be fixed by the Board.

42. **Board may waive Interest**

The Board shall be at liberty to waive payment of any such interest wholly or in part.

43. **Partial payment not to preclude forfeiture**

Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member in respect of any Share either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company to enforce a forfeiture of such Shares as provided in these Articles.

44. **Payment in anticipation of calls may carry interest**

The Board:-

(i) may, subject to the provisions of the Act, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the monies due and unpaid beyond the sums actually called for upon any Shares held by him or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance is made; and

(ii) upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. The Board may at any time repay the amount so advanced.

Nothing contained in this Article shall confer on the member (a) any right to Dividend and/or participate in profits or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.

45. **Provisions as to calls to apply mutatis mutandis to other securities**

The provisions of these Articles relating to calls shall mutatis mutandis apply to other securities including

Debentures of the Company.

FORFEITURE OF SHARES

46. ***If money payable on Share not paid, notice to be given to Member***

If any member fails to pay any call, or instalment of a call or any money due in respect of any Share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all the expenses that may have been incurred by the Company by reason of non-payment.

47. ***Form of Notice***

The notice aforesaid shall:-

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the Shares in respect of which the call was made shall be liable to be forfeited.

48. ***In default of payment, Shares to be forfeited***

If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

49. ***Receipt of part amount or grant of indulgence not to affect forfeiture***

Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his Shares, nor any indulgence that may be granted by the Company, in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such Shares as provided by this Article. Such forfeiture shall include all Dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture. Provided that there will be no forfeiture of unclaimed Dividends before the claim becomes barred by law.

50. ***Entry of forfeiture in Register of Member***

When any Share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of member but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

51. ***Certificate of forfeiture***

A duly verified declaration in writing that the declarant is a Director, Manager or Secretary of the Company, and that Share(s) in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share(s).

52. ***Forfeited Shares to be property of the Company and may be sold etc.***

A forfeited Share shall be deemed to be the property of the Company and may be (i) cancelled from the Issued, Subscribed and Paid up Share Capital of the Company; or (ii) sold or re-allotted or otherwise disposed off either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit.

53. ***Consideration for forfeiture and transfer of forfeited Share***

The Company may receive the consideration, if any, given for the Share(s) on any sale, re-allotment or disposal thereof and may execute a transfer of Share in favour of the person to whom the Share is/are sold, allotted or disposed of.

54. ***Transferee to be registered as holder***

The transferee shall thereupon be registered as the holder of the Share.

55. ***Transferee not affected***

The transferee shall not be bound to see the application of the purchase money, if any, nor shall his title to the Share(s) be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of Share(s).

56. ***Cancellation of Forfeiture***

At any time before any Shares so forfeited shall have been sold, re-allotted or disposed off, the Board may cancel the forfeiture on such terms as it thinks fit.

57. ***Member still liable to pay money owing at the time of forfeiture***

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, but shall, notwithstanding the forfeiture, remain liable to pay and shall pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the Shares.

The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the moneys due, without any allowance for the value of the Shares at the time of forfeiture or waive payment in whole or in part.

58. ***Cessation of liability***

The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the Shares.

59. ***Effect of forfeiture***

The forfeiture of Share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the Share and other rights incidental to the Share. Provided that there will be no forfeiture of unclaimed Dividends before the claim becomes barred by law

60. ***Evidence of forfeiture***

A certificate in writing under the hand of a Director, Manager or Secretary of the Company that the call in respect of a Share or Shares was made and notice thereof given, and that default in payment of the call was made and that the forfeiture of the Share was made by a resolution of the Directors to that effect, shall be sufficient evidence of the facts stated therein as against all persons entitled to such Share or Shares.

61. ***Validity of sale***

Upon any sale after forfeiture or for enforcing a lien, the Board may, if necessary, appoint some person to execute an instrument for transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold and after his name has been entered the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person.

62. ***Cancellation of share certificates in respect of forfeited Shares***

Upon any sale, re-allotment or other disposal under the provisions of this Article, the certificate(s), if any, originally issued in respect of the relative Shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue duplicate certificate(s) in respect of the said Shares to the person(s) entitled thereto.

63. ***Surrender of Share***

The Board, may, subject to the provisions of the Act, accept a surrender of any Share from or by any Member desirous of surrendering the same on such terms as it may think fit.

64. ***Sums deemed to be calls***

The provisions of this Article as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

65. ***Provisions as to forfeiture of Shares to apply mutatis mutandis to other securities.***

The provisions of this Article relating to forfeiture of Shares shall mutatis mutandis apply to any other securities including Debentures of the Company.

LIEN

66. **Company's Lien on Shares**

The Company shall have a first and paramount lien: -

(i) on every Share (not being a fully paid Share), registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that Share and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares; and

(ii) on all Shares (not being fully paid Shares) standing registered in the name of a Member, for all monies presently payable by him or his estate to the Company:

Unless otherwise agreed, the registration of a transfer of Shares shall operate as a waiver of the Company's lien if any, on such Shares. Provided that the Board of Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article.

The Company shall have no lien on its fully paid-up Shares and in case of partly paid-up Shares, the Company's lien will be restricted to moneys called or payable at a fixed time in respect of such Shares.

67. **Lien to extend to Dividends, Bonus etc.**

The Company's lien, if any, on a Share shall extend to all Dividends payable and bonuses declared from time to time in respect of such Shares.

68. **Company to enforce Lien by sale**

The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien:

Provided that no sale shall be made:-

(a) unless a sum in respect of which the lien exists is presently payable;

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency or otherwise.

69. **Validity of sale**

To give effect to any such sale, the Board may authorize such person to transfer the Shares sold to the purchaser thereof.

70. **Validity of the Company's receipt**

The receipt of the Company for the consideration (if any) given for the Share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the Share and the purchaser shall be registered as the holder of the Share comprised in any such transfer.

71. **Purchaser to be registered holder**

The purchaser shall be registered as the holder of the Shares comprised in any such transfer.

72. **Purchaser not affected**

The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

73. **Application of proceeds of sale**

The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

74. **Payment of residual money**

The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the person entitled to the Shares, at the date of the sale.

75. **Outsider's Lien not to affect Company's Lien**

In exercising the lien, the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not (except as ordered by any statute) be bound to recognize any equitable or other claim to, or interest in, such Share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.

76. **Provisions as to lien to apply mutatis mutandis to other securities etc.**

The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities including Debentures issued by the Company from time to time.

TRANSFER OF SHARES

77. ***Instrument of transfer to be executed by transferor and transferee***

(a) The instrument of transfer of any Share in the Company shall be in writing and be duly executed by or on behalf of both the transferor and the transferee. The Company shall use a common form of transfer.

(b) The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the register of members in respect thereof.

No fee shall be payable to the Company, in respect of the registration of transfer or transmission of Shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents.

78. ***Board may refuse to register transfer***

Subject to the provisions of sections 58 and 59 of the Act, these Articles and other applicable provisions of any other law for the time being in force, the Board may, subject to the right of appeal conferred by the Act, whether in pursuance of any power of the Company under these Articles or otherwise, decline to register the transfer of, or the transmission by operation of law of the right to, any

Shares or interest of a member in the Company The Company shall within thirty days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided further that the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on Shares or the transfer of a Share, not being a fully paid Share, to a person of whom they do not approve.

79. ***Board may decline to recognize instrument of transfer***

In case of Shares held in physical form, the Board may decline to recognise any instrument of transfer unless –

(i) the instrument of transfer is duly executed in the form as prescribed in rules made under sub-section (1) of section 56 of the Act;

(ii) the instrument of transfer is accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(iii) the instrument of transfer is in respect of only one class of Shares.

80. ***Transfer of partly paid Shares***

Where the application is made by the transferor alone and relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a manner prescribed under the Act and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

81. ***Transfer of Shares when suspended***

On giving of previous notice in accordance with the Act and Applicable Law, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

82. ***Provisions as to transfer of Shares to apply mutatis mutandis to other securities.***

The provisions of these Articles relating to transfer of Shares shall *mutatis mutandis* apply to any other securities including Debentures of the Company.

TRANSMISSION OF SHARES

83. **Title to Shares on death of a member**

On the death of a member, the survivor or survivors or legal representative of the last survivor where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the Shares.

84. **Estate of deceased member**

Nothing in the above Article shall release the estate of a deceased joint holder from any liability in respect of any Share which had been jointly held by him with other persons.

85. **Transmission**

Any person becoming entitled to a Share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:

(i) to be registered himself as holder of the Share; or

(ii) to make such transfer of the Share as the deceased or insolvent member could have made.

86. **Board's right unaffected**

The Board shall, in either of the cases specified above, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the Share before his death or insolvency.

87. **Indemnity to the Company**

The Company shall be fully indemnified by such legal heir, from all liability, if any, arising by actions taken by the Board to give effect to such registration or transfer.

88. **Right to election of holder of Share**

If the person so becoming entitled shall elect to be registered as holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

89. **Manner of testifying election**

If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing a transfer of the Share.

90. **Limitations applicable to notice**

All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

91. **Claimant to be entitled to same advantage**

A person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a member in respect of the Share, be entitled in respect of it to exercise any right conferred by the membership in relation to Meetings of the Company.

92. **Provisions as to transmission to apply mutatis mutandis to other securities**

The provisions of these Articles relating to transmission by operation of law shall mutatis mutandis apply to any other securities including Debentures of the Company.

JOINT HOLDERS

93. **Joint-holders**

Where two or more persons (not more than three) are registered as joint holders of any Share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the provisions as contained in these Articles.

94. **Liability of Joint- holders**

The joint-holders of any Share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such Share.

95. **Death of one or more joint-holders**

On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the Share but the Directors may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on Shares held by him jointly with any other person.

96. **Delivery of certificate and giving of notice to first named holder**

Only the person whose name stands first in the register of members as one of the joint-holders of any Share shall be entitled to the delivery of certificate, if any, relating to such Share or to receive notice entitled to be received by a member (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders.

97. **Receipt of one holder sufficient**

Any one of two or more joint holders of a Share may give effectual receipts of any Dividends, bonuses or other monies payable in respect of such Share.

98. **Voting by joint holders**

Any one of two or more joint-holders may vote at any Meeting either personally or by attorney or by proxy in respect of such Shares as if he were solely entitled thereto and if more than one of such joint holders be present at any Meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first in the register in respect of such Shares shall alone be entitled to vote in respect thereof.

99. **Provisions as to joint holders as to Shares to apply mutatis mutandis to other securities**

The provisions of these Articles relating to joint holders of Shares shall mutatis mutandis apply to any other securities including Debentures of the Company registered in joint names.

BORROWING POWERS

100. **Borrowing Powers**

Subject to the provisions of the Act and these Articles, the Board shall have the power, from time to time and at their discretion, to borrow / raise money or secure the payment of any sum of money so borrowed in such manner and upon such terms and conditions in all respects as they think fit and appropriate.

Subject to the provisions of the Act and these Articles, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or Debenture–stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future.

Provided however that the Board shall not, except with the consent of the Company by way of a Special Resolution in General Meeting mortgage, charge or otherwise encumber upon all or any assets or properties of the Company including uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.

ISSUE OF DEBENTURES

101. **Issue of Debentures**

Subject to the provisions of the Act and these Articles, any bonds, Debentures, Debenture-stock or other securities may, if permissible under the Act and Applicable law, be issued at par, discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider fit and with or without a condition that they or any part of them may be convertible into Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, drawing, allotment of Shares, , appointment of Directors or otherwise.

Provided that Debentures with rights to allotment of or conversion into Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a special resolution

102. **Consolidation and Re-issuance of Debt Securities**

Subject to the provisions of the Act and the SEBI (Issue and Listing of Debt Securities) Regulations, 2008 or any other statutory enactment(s), modification(s) or amendment(s), thereof, the Board or Committee thereof shall have the power to consolidate or re-issue its debt securities from time to time, upon such terms and conditions and in such manner as the Board or Committee thereof may consider fit.

CAPITALISATION OF PROFITS

103. **Capitalisation**

The Company in a General Meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in Article 106 __ amongst the members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.

104. **Sum how applied**

(a) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provisions contained in clause (b), either in or towards:

   (i) paying up any amounts for the time being unpaid on any Shares held by such Members respectively;

   (ii) paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such Members in the proportions aforesaid;

   (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii);

(b) A securities premium account, capital redemption reserve account or any other permissible reserve account, for the purpose of this Article, be applied in paying-up of unissued Shares to be issued to members of the Company as fully paid bonus Shares;

(c) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

105. **Powers of the Board for capitalization**

Whenever such a resolution as aforesaid shall have been passed, the Board shall:

(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid Shares if any; and

(b) generally do all acts and things required to give effect thereto.

106. **Board's power to issue fractional Certificate /coupon**

The Board shall have power:

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares becoming distributable infractions; and

(b) to authorize any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further Shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing Shares.

(c) Any agreement binding on such authority shall be effective and binding on such members.

GENERAL MEETINGS

107. **Annual General Meeting**

Subject to the provisions of the Act, an Annual General Meeting of the Members of the Company shall be held every year in accordance with the provisions of the Act and Rules

108. **Extraordinary General Meeting**

All General Meetings other than Annual General Meeting shall be called Extraordinary General Meeting.

109. **Power of Board to call Extraordinary General Meeting and conduct Postal Ballot**

The Board may, whenever it thinks fit, call an Extraordinary General Meeting. The Company can pass any resolution permitted by the Act through Postal Ballot and such resolution(s) shall be deemed to have been duly passed at a General Meeting convened in that behalf on the date of announcement of results of Postal Ballot.

If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any two members of the company may call an Extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a Meeting may be called by the Board.

110. **Provisions as to General Meetings to apply mutatis mutandis to each Meeting.**

To every such separate Meeting, the provisions of these Articles relating to General Meetings shall mutatis mutandis apply.

PROCEEDINGS AT GENERAL MEETING

111. **Notice for calling Meeting**

A General Meeting of the Company may be called by giving not less than clear 21 (twenty one) days' notice to all such persons entitled to receive the same in accordance with the Act. However, a General Meeting may be called after giving a shorter notice in accordance with the Act.

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at Meeting and not on others, those members shall be taken into account for the purposes of this Article in respect of the former resolution or resolutions and not in respect of the latter.

112. **Omission to give notice or non-receipt of notice shall not invalidate proceedings**

The accidental omission to give notice to or the non-receipt of notice by, any member or other person to whom it should be given shall not invalidate the proceedings at the Meeting.

113. **Proxy**

In every notice calling a Meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy or where that is allowed one or more proxies, to attend and vote instead of himself and that a proxy need not be a member.

114. **Business confined to election of Chairperson whilst chair vacant**

No business shall be discussed or transacted at any General Meeting except election of Chairperson whilst the chair is vacant.

115. **Quorum of General Meeting**

The quorum for the General Meetings shall be as prescribed in the Act.

116. **Chairperson of the Meetings**

The Chairperson, if any, of the Board shall preside as Chairperson at every General Meeting of the Company.

117. **Directors to elect a Chairperson**

If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the General Meeting, or is unwilling to act as Chairperson of the General Meeting, the Directors present shall elect one of their members to be Chairperson of the General Meeting.

118. **Members to elect a Chairperson**

If at any General Meeting no Director is willing to act as Chairperson or if no Director is present within fifteen minutes after the time appointed for holding the General Meeting, the members present shall choose one of them to be Chairperson of the General Meeting.

119. **Casting vote of Chairperson**

On any business at any General Meeting, in case of equality of votes, whether on a show of hands or electronically or on a poll, Chairperson shall have a second or casting vote in addition to the vote or votes to which he may entitled to as a member.

ADJOURNMENT OF MEETING

120. **Chairperson may adjourn the Meeting**

The Chairperson may, as per the provisions of the Act, adjourn the Meeting from time to time and from place to place and shall adjourn the Meeting, if required, in accordance with the Act.

121. **Adjournment of Meeting when quorum not present**

If, within half an hour from the time appointed for holding the Meeting, a quorum of members is not present, the Meeting if convened by or upon requisition of members shall be dissolved, but in any other case it shall stand adjourned pursuant to the provisions of the Act.

122. **Business at adjourned Meeting**

No business shall be transacted at any adjourned Meeting other than the business left unfinished at the Meeting from which the adjournment took place.

123. **Notice of adjourned Meeting**

When a meeting is adjourned for thirty days or more, notice of the adjourned Meeting shall be given as in the case of an original Meeting.

124. **Notice of adjourned Meeting not required**

Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.

In case at the adjourned Meeting also, quorum is not present within half-an-hour from the time appointed for holding the Meeting, the members present shall be the quorum and may transact the business and decide upon all matters which could properly have been disposed of at the Meeting from which the adjournment took place, if a quorum had been present.

125. **Chairperson's decision conclusive**

The Chairperson of the Meeting shall be the sole judge of the validity of every vote tendered at such Meeting either by show of hands or by poll.

126. **Postal Ballot**

Subject to the provisions of the Act, the Company may, if it decides, or where the Company is required under the Act and Applicable Law, adopt the mode of postal ballot, in accordance with the provisions of the Act and Applicable Law, for obtaining the approval of the members of the Company.

VOTING RIGHTS

127. **Voting**

A member may exercise his vote at a Meeting by electronic means or voting through poll or by show of hands in accordance with the provisions of the Act.

128. **Equal rights of members of the same class**

Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.

129. **Number of votes to which member is entitled**

Subject and without prejudice to any special privileges or restrictions or conditions for the time being attached to or affecting the preference or other special classes of Shares, if any, issued by and for the time being forming part of the capital of the Company, every member, entitled to vote under the provisions of the Act and these Articles and not disqualified shall on a show of hands have one vote and upon a poll every member, present in person or proxy or agent duly authorised by a power-of-attorney or representative duly authorised and not disqualified, shall have voting rights in proportion to his Share of the Paid-up equity Share Capital of the Company subject however to any limits imposed by law. But no member shall have voting right in respect of any moneys paid in advance.

130. **Votes of Joint holder**

In case of joint holders, the vote of the senior who tenders, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

131. **Indebted members not to vote**

No member shall be entitled to exercise any voting right on any question either personally or by proxy or upon poll (including voting by electronic means) in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has or has exercised any right of lien.

132. **Votes in respect of Shares of deceased or insolvent members, etc.**

Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the Article with respect to Transmission to any Shares may vote at any General Meeting in respect thereof as if he was the registered holder of such Shares, provided that at least 48 (forty eight) hours before the time of holding the Meeting or adjourned Meeting, as the case may be, at which he proposes to vote, he shall duly satisfy the Board of his right to such Shares unless the Board shall have previously admitted his right to vote at such Meeting in respect thereof.

133. **Restriction on exercise of voting rights in other cases to be void**

A member is not prohibited from exercising his voting on the ground that he has not held his Share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article or the Applicable Law.

134. **Vote of person of unsound mind and of minor**

A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or at a poll, by his committee or other legal guardian, and not otherwise, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his Share or Shares shall be casted by his guardian.

135. **Representation of corporations**

A Member being a Body Corporate (whether a company within the meaning of the said Act or not) may by resolution of its Board of Directors or other governing body authorise such persons as it thinks fit to act as its representative at any Meeting of the Company, or at any Meeting of any class of members of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the Body Corporate which he represents as that body could exercise if it were a member.

136. **No voting by proxy on show of hands**

No member not personally present shall be entitled to vote on a show of hands unless such member is a Body Corporate and duly represented under Section 113 of the Act in which case such representative may vote on a show of hands as if he were a member of the Company.

137. **Instrument of Proxy and Rights of Proxy**

(a) Any member entitled to attend and vote at a General Meeting of the Company may do so either personally or through his constituted attorney or through another person (whether a member or not) as his proxy as per the provisions of the Act, to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the Meeting and shall not be entitled to vote except on a poll.

(b) The instrument appointing a proxy whether for a specified Meeting or otherwise shall be in Form as prescribed in the Act.

(c) The instrument appointing a proxy and a notarized copy of the power-of-attorney or other authority (if any) under which it is signed, shall have been deposited at the Registered Office of the Company not less than forty-eight hours before the time appointed for holding the Meeting or adjourned Meeting at which the persons named in the instrument proposes to vote.

138. Validity of Vote casted by the Proxy

A vote given in pursuance of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or any power-of-attorney under which such proxy was signed or the transfer of the Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received at the Registered Office of the Company before the commencement of Meeting or adjourned Meeting at which the proxy is used.

In case of e-voting, a Member shall be deemed to have exercised his voting rights by himself, even if any other person had voted using the login credentials of that Member.

No objection shall be made to the validity of any vote except at the Meeting or adjourned Meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy, and not disallowed at such Meeting or poll, shall be deemed valid for all purposes of such Meeting or poll whatsoever.

Any such objection made in due time shall be referred to the Chairperson of the Meeting, whose decision shall be final and conclusive.

139. Business may proceed pending poll

Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

140. Chairperson's declaration of result of voting by electronic means, poll or by show of hands (if any) conclusive

A declaration of result by the Chairperson on electronic voting, poll or show of hands (if any) that a resolution has or has not been carried either unanimously or by a particular majority and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number of proportion of the votes cast in favour of or against such resolution.

BOARD OF DIRECTORS

141. Number of Directors

Until otherwise determined by the members of the Company through special resolution, the Board shall comprise of such number of Directors, excluding the Directors, if any, nominated or appointed by Central or State Government, a local authority, bank or any financial Institutions, or any person or persons or any Body Corporate, in pursuance of any agreement entered into with the Company, provided that the number of Directors on the Board shall not exceed 15 (Fifteen).

142. First Directors

The following shall be the first Directors of the Company:-

Mr. Vishal Agrawal

Mr. Rohit Choudhary.

143. Qualification Shares

The Directors shall not be required to hold any qualification Shares

144. Rotation of Directors

Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

Explanation:- for the purposes of this Article "total number of Directors" shall not include Independent Director, whether appointed under the Act or any other law for the time being in force on the Board of the Company.

145. **Provision regarding Directors retiring by rotation**

(a) Subject to the provisions of Section 152 of the Act at every Annual General Meeting, one-third of such of Rotational Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office.

(b) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. A retiring Director shall be eligible for re-election.

(c) At the Annual General Meeting at which a Director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.

(d) If the place of the retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a holiday, at the same time and place.

(e) If at the adjourned Meeting also, the place of the retiring Director is not filled up and that Meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting unless :-

(i) at the Meeting or at the previous Meeting a resolution for the re- appointment of such Director has been put to the Meeting and lost;

(ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed;

(iii) he is not qualified or is disqualified for appointment;

(iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment by virtue of any provisions of the said Act; or

(v) Section 162 of the Act is applicable to the case.

146. **Notice of candidature when to be given**

A person who is not a retiring Director shall subject to the provisions of the Act, be eligible for appointment to the Office of Director at any General Meeting in accordance with the provisions of Section 160 of the Act and the Rules framed thereunder.

147. **Same individual may be appointed as Chairperson and Managing Director /Chief Executive Officer**

The same individual may, at the same time, be appointed as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company.

148. **Independent Director**

The Board shall consist of at least such number of Independent Directors as are statutorily required and such Directors shall possess such qualification as may be prescribed under the Act and Applicable Law and shall be appointed for such tenure as prescribed by the Act and the Rules and they shall not be liable to retire by rotation.

149. **Directors may appoint Additional Directors**

The Directors shall have power, at any time and from time to time, to appoint any person other than a person who fails to get appointed as a director in a General Meeting, as an Additional Director at any time. Each such Additional Director shall hold office only up to the date of the next Annual General Meeting, or the last date on which the Annual General Meeting should have been held, whichever is earlier, but shall be eligible for appointment by the Company at that Meeting as a Director as per the provisions of the Act.

150. **Nominee Director**

Notwithstanding anything to the contrary, whenever the Company enters into an agreement or contract with the Central or State Government, a local authority, bank or any financial Institutions, or any person or persons or any Body Corporate (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for underwriting Shares or Debentures or other securities of the Company, the Board shall have, the power to agree that such appointer shall have and to the extent provided by the terms of such agreement or contract, the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board, for such period and upon such conditions as may be mentioned in the agreement or contract. The Board may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer, may appoint another or others in his or their place and also fill any vacancy which may occur as a result or any Director or Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company, including payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with the appointer. A Director appointed under this Article is herein referred as "Nominee Director" and the term "Nominee Director" means any director for time being in office under this Article.

151. **Appointment of Alternate Director and Vacating of Office**

The Board of Directors may appoint a person, not being a person holding any alternate directorship for any other Director in the Company, as an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from India.

(a) No person shall be appointed as an Alternate Director for an Independent Director unless he is qualified to be appointed as an Independent Director as per the provisions of the Act.

(b) An Alternate Director shall be entitled to notice of Meetings of the Directors, and to attend and vote thereat accordingly.

(c) An Alternate Director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India.

(d) If the term of office of the Original Director is determined before he so returns to India as aforesaid any provision for the automatic re- appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director.

152. **Filling up of casual vacancies**

(a) If the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may be filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by members in the immediate next General Meeting.

(b) The Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it has not been vacated as aforesaid.

153. **Register of Directors etc. and of Directors Shareholdings**

The Company shall arrange to maintain Register of Directors, Key Managerial Personnel, containing the particulars and in the form and manner as prescribed by the Act.

154. **Remuneration to require members' consent**

The remuneration payable to the Directors, including any managing Director or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act by a resolution passed by the Company in General Meeting as prescribed under the Act.

155. **Sitting fees to the Directors**

The Board may from time to time fix the sitting fee, within the limit permissible under the Act, to be paid to the Directors for every Board meeting and / or Committee(s) meeting attended by them.

156. **Remuneration for extra services rendered by the Director.**

If any Director be called upon to perform extra services or special exertion or efforts (which expression shall include work done by a Director as member of any committee formed by the Directors) the Board may, subject to the provisions of the Act and Rules, arrange with such Directors for such special remuneration for such extra services or special exertions or either by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration.

157. **Expenses to be reimbursed**

The Board of Directors may allow and pay to the Directors, travelling, hotel and other expenses properly incurred in connection with the business of the Company and in attending and returning from the meeting(s) of the Board or Committee thereof or General Meeting(s) of the Company.

158. **Authority to sign cheques, negotiable instruments, etc.**

All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

159. **Attendance register**

Every Director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

160. **Appointment of Directors to be voted on individually**

(a) At a General Meeting of the Company a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a proposal to move such a resolution has first been agreed to by the Meeting without any vote being given against it.

(b) A resolution moved in contravention of clause (a) above shall be void, whether or not objection was taken at the time to its being so moved;

161. **Removal of Director**

The Company may by an ordinary resolution remove any Director (not being a Director appointed by the Tribunal in pursuance of Section 242 of the Act) in accordance with the provisions of Section 169 of the Act. A Director so removed shall not be re- appointed as a Director by the Board of Directors.

APPOINTMENT OF CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER

162. **Key Managerial Personnel**

In accordance with the provisions of the Act and the Rules, the Company shall have Key Managerial Personnel as mentioned in the Act.

163. **Appointment of Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer**

Subject to the provisions of the Act:

(a) The Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer, may be appointed by the Board for such term at such remuneration and upon such conditions as it may think fit and the Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer so appointed may be removed by means of a resolution of the Board Meeting.

(b) A Director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.

(c) A provision of the Act or these Articles requiring or authorizing a thing to be done by or to a Director and Chief Executive Officer, manager, company secretary or Chief Financial Officer shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, Chief Executive Officer, manager, company secretary or Chief Financial Officer.

MANAGING DIRECTOR

164. **Power to appoint Managing Director**

Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint, from time to time, any of its member as a Managing Director or Joint Managing Director, Whole Time Director, Manager or Chief Executive Officer of the Company on such terms and conditions as the Board thinks fit, and subject to the provisions of these Articles, the Board may, by resolution, vest in such Managing Director or Joint Managing Director, Whole Time Director, Manager or Chief Executive Officer of the Company such of the powers hereby vested in the Board generally, as it thinks fit, and such powers may be made exercisable for such period or periods; and upon such conditions and subject to such restrictions, as it may determine. The remuneration of a Managing Director, Joint Managing Director, Whole Time Director, Manager or Chief Executive Officer may be by way of salary and/or allowances, commission or participation in profits or perquisites of any kind, nature or description, or by any or all of these modes, or by any other mode(s) not expressly prohibited by the Act.

165. **Powers and duties of Managing Director**

The Board of Directors may from time to time entrust to and upon a Managing Director or Joint Managing Director for the time being such of the powers exercisable under the Act and these Articles by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers, unless and until otherwise determined that a Managing Director may exercise all the powers exercisable by the Directors, save such powers as by the Act or by these Articles shall be exercisable by the Directors themselves.

PROCEEDINGS OF BOARD OF DIRECTORS

166. **Meeting of Board**

A minimum number of four meetings of the Directors to be held in every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. The Directors may meet together for the conduct of business, adjourn and otherwise regulate their meeting and proceedings, as they think fit, subject to the provisions of the Act.

167. **Meeting through video conferencing**

The Board of Directors or any committee of the Board of Directors thereof shall be entitled to hold its meeting through video conferencing or audio visual means or other permitted means and in conducting the Board/committee meetings through such video conferencing or audio visual or other permitted means the procedures and the precautions as laid down in the Act and the relevant Rules shall be adhered to with regard to every meeting conducted through video conferencing or audio visual means or other permitted means.

168. **Notice of Meetings**

(a) Subject to provisions of Section 173 (3) of the Act, notice of not less than seven days of every meeting of the Board of Directors of the Company shall be given in writing to every Director at his address registered with the Company and shall be sent by hand delivery or by post or through electronic means.

(b) The meeting of the Board may be called at a shorter notice to transact urgent business subject to the condition that at least one Independent Director of the Company shall be present at the meeting. In the event, any Independent Director is not present at the meeting called at shorter notice, the decision taken at such meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director.

169. **Quorum for Meetings**

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one third being rounded off as one), or two Directors whichever is higher and the Directors participating by video conferencing or by other permitted means shall also be counted for the purposes of this Article.

Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than two, shall be the quorum during such time.

Explanation: The expressions "interested Director" shall have the meanings given in Section 184(2) of the Act and the expression "total strength" shall have the meaning as given in Section 174 of the Act.

170. **Directors may act notwithstanding vacancy**

The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below three, the continuing Directors may act for the purpose of increasing the number of Directors to the said number, or of summoning a General Meeting of the Company, but for no other purpose.

171. **Procedure of meeting adjourned for want of Quorum**

If a meeting of the Board could not be held for want of a quorum then the meeting shall automatically stand adjourned to the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a National Holiday at the same time and place.

172. **Who to preside at meetings of the Board**

The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

173. **Directors to elect a Chairperson**

If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the Directors present may choose one of their numbers to be Chairperson of the meeting.

174. **Question at Board Meeting how decided**

Save as otherwise provided in the Act, questions arising at any meeting of the Directors shall be decided by a majority of votes.

175. **Board may constitute Committees**

Subject to the provisions of the Act, the Directors may delegate any of their powers, other than powers which by reason of the provisions of the said Act and Applicable Law cannot be delegated, to committees consisting of such member or members as they may think fit, and they may from time to time revoke and discharge any such Committee either wholly or in part, and either as to persons or purposes. Every Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors, and all acts done by any such Committee in conformity with such regulations and in fulfilment of the purpose of their appointment, but not otherwise, shall have the like force and effect as if done by the Board.

176. **Chairperson of Committee**

A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee.

177. **Who to preside at meetings of Committee**

If no such Chairperson is elected, or if at any committee meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the committee meeting.

178. **Committee to meet**

A Committee may meet and adjourn as it thinks fit.

179. **Questions at Committee**

Save as otherwise provided in the Act, questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present

180. **Casting vote of Chairperson at Committee meeting**

In case of an equality of votes, the Chairperson of the Committee shall not have a second or casting vote.

181. **Resolution in writing signed by all Directors shall be valid**

Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

182. **Validity of acts of Directors**

All acts done in any meeting of the Board of Directors or of a committee thereof or by any person as a Director shall be valid, notwithstanding that it may be afterwards discovered that appointment of anyone or more of the Directors was invalid by reason of any defect or disqualification or had terminated by virtue of any provision contained in the said Act or in these Articles. Provided that this Article shall not give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

183. **Minutes of proceedings of the Board and the Committee to be Valid**

The Directors shall cause minutes to be duly entered in a book or books provided for the purpose in accordance with these presents and section 118 of the Act.

POWERS OF BOARD

184. ***General Power of the Board***

(a) Subject to the provisions of the Act and these Articles, the Board of Directors of the Company shall be entitled to exercise all such powers, give all such consents, make all such arrangements, be nearly do all such things as the Company is authorized to exercise and do.

Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or Applicable Law or by the Memorandum of Association of the Company or these Articles or otherwise, to be exercised or done by the Company in General Meeting.

Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in this behalf in Act or Applicable Law or in the Memorandum of Association or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in General Meeting.

(b) All acts and deeds as required under these Articles to be done by the Board shall be deemed to include to be done by Committee(s) duly constituted by the Board, unless the Act, Rules and Applicable Law specifically provides them to be done by the Board itself.

(c) No regulation made by the Company in General Meeting shall invalidate any prior act of the Board, which would have been valid, if that regulation had not been made.

185. ***Power to delegate***

Save as provided by the Act or by these Articles and subject to any restrictions imposed by the Act, the Board may delegate all or any powers by the said Act or by the Memorandum of Association or by these Articles reposed in them to any of the Committees, the managing director, the manager or any other officer of the Company.

DIVIDENDS AND RESERVE

186. ***Company in General Meeting may declare Dividend***

The Company in General Meeting may declare Dividend, but no Dividend shall exceed the amount recommended by the Board but the Company in General Meeting may declare a lesser Dividend.

187. ***Interim Dividend***

Subject to the provisions of the Act, the Board may from time to time pay to the members such interim Dividend of such amount and at such times as it may think fit.

188. ***Dividends only to be paid out of profits***

The Board may, before recommending any Dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising Dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time, think fit.

189. ***Carry forward of profits***

The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

190. ***Division of profits***

Subject to the rights of persons, if any, entitled to Shares with special rights as to Dividends, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the Dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, Dividends may be declared and paid according to the amounts of the Shares.

191. ***Payments in advance***

No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this Article as paid on the Share.

192. ***Dividends to be apportioned***

All Dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the Dividend is paid; but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date such Share shall rank for Dividend accordingly.

193. ***No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement there from***

The Board may deduct from any Dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.

194. ***Retention of Dividends***

The Board may retain Dividends payable upon Shares in respect of which any person is, under the Article with respect to Transmission hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such Shares.

195. ***Dividend how remitted and unpaid or unclaimed Dividend***

Any Dividend, interest or other monies payable in cash in respect of Shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

Where the Company has declared a Dividend but which has not been paid or claimed within 30 days from the date of declaration, the Company shall, within seven days from the date of expiry of the 30 day period, transfer the total amount of Dividend which remains so unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend Account".

The Company shall transfer any money transferred to the unpaid Dividend account of the Company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Investor Education and Protection Fund established under the Act.

No unclaimed or unpaid Dividend shall be forfeited by the Board before the claim becomes barred by law.

196. ***Instrument of payment***

Subject to the provisions of the Act and Applicable Law, every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

197. ***Discharge to Company***

Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.

198. ***No interest on Dividends***

No Dividend shall bear interest against the Company.

199. ***Waiver of Dividends***

The waiver in whole or in part of any Dividend on any Share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the Share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

ACCOUNTS AND AUDIT

200. **Books of Account**

The Company shall maintain such books of accounts and other books and papers as prescribed under the provisions of the Act. Such books of accounts and papers shall be kept at such place as prescribed under the Act or as the Board of Directors think fit, subject to compliance with the applicable provisions of the Act.

201. **Inspection by Directors**

The books of accounts and other books and papers shall be open to inspection of Directors as per the provisions of the Act.

202. **Inspection by members**

No member (not being a Director) shall have any right of inspecting any books of account or other books or document or papers of the Company except as conferred by law or authorised by the Board.

203. **Financial Statements to be laid before the member**

Subject to the provisions of the Act, at every Annual General Meeting of the Company the Directors shall lay before the Members of the Company, Financial Statements for each financial year.

204. **Contents of Financial Statements**

The Financial Statements shall give a true and fair view of the state of affairs of the Company at the end of the period of the account. Financial Statements should be in compliance with the provisions of the Act.

205. **Financial Statements how to be signed**

Financial Statement shall be signed in accordance with the provisions of the Act.

206. **Right of Members to copies of Financial Statements and Auditors' Report**

Every member shall have a right to copies of Financial Statements, Auditor's Report and every other document required by the Act to be annexed or attached to the Financial Statements in terms of the provisions of the Act, Rules and Applicable Law.

207. **Accounts to be Audited**

The financial statements, book of accounts and other relevant books and papers of the Company shall be examined and audited in accordance with the provisions of the Act and the Rules.

208. **Provisions relating to Auditors**

Appointment, re-appointment, rotation, removal, resignation, eligibility, qualification, disqualification, remuneration, powers and duties etc. of the Auditors whether Statutory, Branch and Internal Auditor, shall be in accordance with the provisions of the Act and the Rules.

209. **When accounts to be deemed finally settled**

Every account when audited and approved by a General Meeting shall be conclusive.

210. **Secretarial Audit**

In case the Company is required to get its secretarial records audited by a Secretarial Auditor, the same shall be audited, in the manner prescribed under the provisions of the Act and the Rules.

211. **Secretarial Auditors**

Appointment, re-appointment, rotation, removal, resignation, eligibility, qualification, disqualification, remuneration, powers and duties etc. of the Secretarial Auditors shall be in accordance with the provisions of the Act and the Rules.

THE SEAL

212. **[#]The Seal, its custody and use**

(a) The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereto and the Directors shall provide for the safe custody of the Seal.

(b) The Seal of the Company shall be affixed to any instrument only if so authorised by a resolution of the Board or of a Committee of the Board and in the presence of one Director or any one person as the Board may appoint for the purpose. The Seal of the Company may be used outside India.

Provided that certificates of Shares or Debentures or any other security of the Company may be sealed and signed in the manner and in conformity with the provisions of the Act.

MINUTES

213. **Minutes**

The Company shall cause minutes of the proceedings of every General Meeting or of any class of Members or Creditors and every resolution passed by a Postal Ballot and of all proceedings of every meeting of its Board of Directors or of every Committees, to be prepared, kept and signed in such manner as may be prescribed by the Act and the Rules.

214. **Presumption to be drawn where minutes duly drawn and signed**

Where minutes of the proceedings of any General Meeting of the Company or of any meeting of the Board or of a Committee have been kept in accordance with the provisions of the Act and these Articles then, until the contrary is proved, the meeting shall be deemed to have been duly called and held and all proceedings thereat to have duly taken place and the resolution passed by circulation, postal ballot or other permitted means, shall be construed to have been duly passed and in particular all appointments of Directors, Key Managerial Personal or Auditors or Company Secretary in practice made at the meeting shall be deemed to be valid.

215. **Minutes to be evidence of proceedings record**

Minutes of proceedings of every General Meeting / resolutions passed by postal ballot and of the proceeding of every meetings of the Board / Committees kept in accordance with the Act and these Articles shall be evidence of the proceedings recorded therein.

216. **Inspection of minutes book of General Meeting**

[#] *Amended vide special resolution passed by the Members of the Company at the Extraordinary General Meeting held on 22 March 2024.*

The books containing the minutes of the proceedings of General Meetings of the Company and the minutes of the resolution passed by postal ballot, shall be kept at the Registered Office of the Company or such other place as may be approved by the Board and shall be open for inspection by the Members in accordance with the provisions of the Act.

217. **Members may obtain copy of General Meeting minutes**

Any member shall be entitled to be furnished, within time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, if any, as per the provisions of the Act and Rules, with a copy of the minutes of General Meeting.

Provided that a member who has made request for provision of soft copy of the minutes of any previous General Meeting held during the period immediately preceding three financial years, shall be entitled to be furnished with the same free of cost.

STATUTORY REGISTERS AND THEIR INSPECTION

218. **Statutory Register**

The Company shall keep and maintain all Statutory Registers as prescribed under the Act (in physically or electronic mode), at its Registered Office or such other place as per the Act and for such duration, as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act.

219. **Foreign Register**

(a) The Company may exercise the powers conferred on it by the Act with regard to keeping of a Foreign Register and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such Register.

(b) The Foreign Register shall be open for inspection and may be closed, and extracts may be taken there from and copies thereof may be required, in the same manner, mutatis mutandis, as is applicable to the Register of Members.

NOTICES AND SERVICE OF DOCUMENTS

220. **Members to notify Address for registration**

(a) It shall be imperative on every member to notify to the Company for registration of his place of address in India and if he has no registered address within India to supply to the Company an address within India for giving of notices to him.

(b) A member may notify his email address if any, to which the notices and other documents of the company shall be served on him by electronic mode.

(c) The Company's obligation shall be satisfied when it transmits the email and the Company shall not be responsible for failure in transmission beyond its control.

221. **[#]Transfer of successors in title of members bound by notice given to previous holders**

Every person, who by operation of law, transfer or other means whatsoever, shall become entitled to any Share or any other security, shall be bound by any and every notice and other document in respect of such Share or security which previous to his name and address being entered upon the register shall have been duly given to the person from whom he derives his title to such Share or security.

[#] *Amended vide special resolution passed by the Members of the Company at the Extraordinary General Meeting held on 22 March 2024.*

222. **When notice may be given by advertisement**

Any notice required to be given by the Company to the members or any of them and not expressly provided for by these Articles or Act, Rules or Applicable Law, shall be sufficiently given, if given by advertisement, once in English and once in a vernacular daily newspaper circulating in the city, town or village in which the registered office of the Company is situate.

223. **[#]Service of notice good notwithstanding death of holder**

Any notice or document served in the manner hereinbefore provided shall notwithstanding such holder of security be then dead and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any Share or any other security, whether held solely or jointly with other persons by such security holder, until some other person be registered in his stead as the holder or joint-holder thereof and such service, for all purposes of these Articles be deemed a sufficient service of such notice or documents on his heirs, executors, administrators and all person (if any) jointly interested with him in any such Shares or other securities.

224. **Signature to notice**

Any notice given by the Company shall be signed (digitally or electronically) by a Director or by the Secretary or some other officer appointed by the Directors and the signature thereto may be written, facsimile, printed, lithographed, Photostat.

225. **Service of documents on Company**

A document may be served on the Company or on an officer thereof by sending it to the Company or officer at the Registered Office of the Company by Registered Post, speed post or courier service or by leaving it at its Registered Office, or by means of such electronic mode or other mode as may be specified in the Act and the relevant Rules.

INDEMNITY AND INSURANCE

226. **Directors and officers right to indemnity**

Subject to the provisions of the Act and Applicable Law, every Director, managing director, manager, company secretary, Auditor or other officer of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in which relief is granted to him by the Court or Tribunal.

227. **Insurance**

The Company shall, and shall procure that each subsidiary of the Company shall, at all times keep insured with a reputable insurer its Directors and officers against any liability incurred by them in the lawful performance of their duties on terms approved by the Board.

SECRECY

228. **Secrecy**

Every Director, Manager, Auditor, Member of a Committee, officer, servant, agent, accountant, consultant or other person employed or engaged in the business of the Company, shall observe strict secrecy respecting all transactions and affairs of the Company and shall not reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Board of Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

WINDING UP

229. **Winding up of Company**

Subject to the applicable provisions of the Act –

(a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any Shares or other securities whereon there is any liability.

GENERAL POWERS

230. **General Power**

Where any provisions of the Act, Rules and Applicable Law provides that the Company shall do such act, deed, or thing, or shall have a right, privilege or authority to carry out a particular thing or matter, only if it is so authorised in its Articles, in respect of all such acts, deeds, things, rights, privileges and authority, this Article hereby authorises the Company to carry out the same, without the need for any specific or explicit Article in that behalf.

PART B[2]

233.APPLICATION OF PART B OF THE ARTICLES

233.1. Subject to the requirements of Applicable Law, as long as Part B remains a part of these Articles, in the event of any conflict or inconsistency between the provisions of Part A and Part B, the provisions of Part B shall prevail and apply to the extent of the conflict or inconsistency. No rules of harmonious construction shall be applied to resolve conflicts between: (a) Part A on the one hand; and (b) Part B, on the other.

234.DEFINITIONS AND INTERPRETATION

234.1. Definitions: Capitalised terms used but not defined in Part B of these Articles shall have the meaning ascribed to them in **Schedule A** (Definitions).

234.2. Interpretation: The terms of interpretation as set out in **Schedule B** (Interpretation) of these Articles shall apply to this Part B of these Articles.

235.BUSINESS AND OBJECTIVES

Subject to the terms of these Articles, the Company shall undertake and engage in the Business in accordance with the terms of the Business Plan and Applicable Law.

236.BOARD COMPOSITION AND CORPORATE GOVERNANCE

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[2] *Amended vide special resolution passed by the Members of the Company at the 11th Annual General Meeting held on 24 September 2020.*

[2] *Amended vide special resolution passed by the Members of the Company by means of Postal Ballot on 10 February 2022.*

[3] *Amended vide special resolution passed by the Members of the Company by means of Postal Ballot on 28 June 2024.*

236.1. **Powers of the Board**

Subject to the provisions of these Articles and Applicable Law, the Board shall be responsible for: (a) the supervision and direction of the Company and the Business, in accordance with these Articles and the Business Plan, as may be adopted in accordance with the terms hereof; (b) procuring that the supervision and direction of the Subsidiaries (by their respective boards) and their Business, is in accordance with the terms of Part B of these Articles and the Business Plan, as may be adopted in accordance with the terms hereof. The Board may exercise all the powers of the Company and do all such acts and things as the Company is authorised to do, save as otherwise provided in these Articles and under Applicable Law. The Board shall be responsible for determining the overall policies, objectives and activities of the Company and/or its Subsidiaries (to the extent required), in compliance with Applicable Law and these Articles.

236.2. **Size and Composition of the Board**

236.2.1. Subject to Applicable Law, the Board shall comprise of a maximum of 9 (nine) Directors[3].

236.2.2. Subject to Article 236.3 below, the Board shall be re-constituted as follows[3]:

(i) 2 (two) non-executive Directors nominated by Brookfield ("**Brookfield Nominee Directors**");

(ii) 2 (two) non-executive Directors nominated by the ICM Group ("**ICM Nominee Directors**");

(iii) 3 (three) Independent Directors appointed in the manner set out in Article 236.4.9 below; and 2 (two) executive Directors.

236.3. **Right to Nominate Directors**

236.3.1. Subject to Article 246 (*Event of Default*), each of Brookfield and the ICM Group shall have the right (but not the obligation) to nominate such number of nominee Directors (who satisfy the eligibility criteria under Applicable Laws), which correspond with the Threshold Shareholding Requirement specified in the table below:

S. No.	**Threshold Shareholding Requirement (% of the Share Capital)**	**Number of Directors**
1	Equal to or more than 20%	2
2	Equal to or more than 10% but less than 20%	1
3	Less than 10%	0

Provided however that Brookfield shall have the right but not the obligation to nominate a total of:

(i) 3 (three) Brookfield Nominee Directors, subject to Brookfield holding at least 25.1% (twenty five point one percent) of the Share Capital, in the event that the ICM Group ceases to hold the right to nominate 1 (one) ICM Nominee Director i.e., the ICM Group ceases to own and hold at least 20% (twenty percent) of the Share Capital; and

(ii) 4 (four) Brookfield Nominee Directors in the event that the ICM Group falls before 10% (ten percent) of the Share Capital.

Provided that in the event of a Shareholder Change of Control of ICM or such of its Affiliates as are specified in sub-para (a) of para 109 of Schedule A (Definitions) below, Brookfield shall have the right to nominate a total of 4 (four) Brookfield Nominee Directors.

236.3.2. Notwithstanding the above, if, as a result of compliance with the MPS Obligation (which has been notified to Brookfield in accordance with Article 245.3.3 (*Restrictions on Disposals*)), the ICM Group's shareholding in the Company is less than or equal to 20% (twenty percent) of the Share Capital, then subject to Article 246 (*Events of Default*), the ICM Group (and not Brookfield) shall have the right (but not the obligation) to nominate such number of nominee Directors (who satisfy the eligibility criteria under Applicable Law), which correspond with the Threshold Shareholding Requirement specified in the table below:

S. No.	**Threshold Shareholding Requirement (% of the Share Capital)**	**Number of Directors**
1	Equal to or more than the Revised Threshold Shareholding I	2
2	Equal to or more than 10% but less than the Revised Threshold Shareholding I	1
3	Less than 10%	0

Correspondingly, in such case, Brookfield shall have the right but not the obligation to nominate a total of:

(iii) 3 (three) Brookfield Nominee Directors, subject to Brookfield holding at least 25.1% (twenty five point one percent) of the Share Capital, in the event that the ICM Group ceases to hold the right to nominate 1 (one) ICM Nominee Director i.e., the ICM Group ceases to own and hold at least the Revised Threshold Shareholding I; and

(iv) 4 (four) Brookfield Nominee Directors in the event that the ICM Group's shareholding falls below 10% (ten percent) of the Share Capital.

Provided that in the event of a Shareholder Change of Control of ICM or such of its Affiliates as are specified in sub-para (a) of para 109 of **Schedule A** (*Definitions*) below, Brookfield shall have the right to nominate a total of 4 (four) Brookfield Nominee Directors.

236.4. **Appointment and Removal of Directors**

236.4.1. The right of Brookfield and the ICM Group to nominate the Brookfield Nominee Directors and the ICM Nominee Directors (subject to Article 236.3 above and Article 246 (*Event of Default*)), as the case may be, under Part B of these Articles shall include the right of such Party to remove or replace, at any time, the respective Brookfield Nominee Directors or the respective ICM Nominee Directors, from office as a Director and the right at any time and from time to time to determine the period during which such Person shall hold the office of Director.

236.4.2. The Brookfield Nominee Director or an ICM Nominee Director may only be removed or replaced by Brookfield or the ICM Group, respectively, and neither SHA Party shall exercise, unless required by Applicable Law, any voting rights or other power to remove or replace a Director appointed by the other SHA Party, except:

(i) where the shareholding of Brookfield or the ICM Group, as the case may be, falls below the Threshold Shareholding Requirement in Article 236.3 above, and the nominating Party has failed to procure the resignation of such number of its nominee Directors from the Board to comply with Article 236.3 above, within 5 (five) Business Days from the date on which the shareholding of such Party falls below the relevant Thresholding Shareholding Requirement;

(ii) where a Director is, or becomes, disqualified or ineligible to act as a Director under any Applicable Law.

236.4.3. Without prejudice to Article 236.4.2 above, in the event that a Brookfield Nominee Director or an ICM Nominee Director is removed or replaced under this Article 236.4 or ceases to hold office for any other reason, Brookfield or the ICM Group, as the case may be, shall be entitled to nominate another Director in his or her place, and the Parties will procure that he or she is appointed as promptly as practicable.

236.4.4. In the event that any Brookfield Nominee Director or ICM Nominee Director is required to retire by rotation under Applicable Law, then such Directors shall be re-appointed at the same General Meeting in which they retire, unless otherwise agreed by Brookfield or the ICM Group, as the case may be, in which case, Brookfield and/or ICM Group shall replace the respective nominee Director with another nominee Director in accordance with Articles 236.4.6 and 236.4.7 and Applicable Law.

236.4.5. The Brookfield Nominee Directors and the ICM Nominee Directors shall be non-executive Directors of the Board and shall not be responsible for the day-to-day management of the Company and/or considered person (s)-in-charge or manager(s) or officer(s)-in-default under Applicable Law.

236.4.6. To appoint or remove/ replace a nominee Director under Part B of these Articles, Brookfield and/or the ICM Group, as the case may be, shall provide written notice to the Company (with a copy to the other Parties and the concerned Director) to this effect, and Brookfield and/or the ICM Group shall procure the appointment or removal/ replacement of such Director in accordance with such request. The notice shall specify the identity of the Director that is to be appointed or removed.

236.4.7. The notice referred to in Article 236.4.6 above shall also:

(i) in the case of an appointment of a nominee Director, be accompanied by a signed written consent from such person agreeing to act as a Director; and

(ii) in the case of a removal/ replacement of a nominee Director, except where such removal/replacement is not with the consent of the person resigning, be accompanied by a signed written resignation from that person setting out the reasons for resignation and acknowledging that such person has no claim whatsoever against the Company in respect of fees, remuneration, compensation for loss of office or otherwise (and the nominating SHA Party shall be deemed to have discharged its obligations hereunder if it has used reasonable efforts to procure such letter from the relevant Director).

236.4.8. Subject to Article 246 (*Event of Default*), the appointment of any Independent Director of the Company shall be, at all times, in accordance with Applicable Law and:

(i) at least 1 (one) Independent Director shall be appointed by the Board taking into consideration a list of profiles (along with credentials and requisite expertise and qualifications) of potential Independent Directors shared by Brookfield;

(ii) at least 1 (one) Independent Director shall be appointed by the Board taking into consideration a list of profiles (along with credentials and requisite expertise and qualifications) of potential Independent Directors shared by the ICM Group, subject to the ICM Group maintaining the Threshold Shareholding Requirement; and

(iii) the third Independent Director shall be appointed by the Board;

provided however that the above shall not be deemed or construed as seeking any prior approval of Brookfield or the ICM Group for any nomination or appointment of an Independent Director.

236.4.9. Each SHA Party shall promptly notify each other and the Company upon becoming aware of any actual or potential conflict of interest that has, or would be reasonably likely to have, an adverse impact on any prospective or current, as the case may be, Director's independence (as mandated under Applicable Law).

236.4.10. (deleted)[3]

236.4.11. Subject to Applicable Law, any Director (excluding an Independent Director) shall be entitled to appoint an alternate Director (each an "**Alternate Director**") from time to time, and to act as an Alternate Director to such appointing Director, in place of such Director during his or her absence from India, or remove such person who has been appointed as his/her Alternate Director. The appointment of the Alternate Director shall be in accordance with the provisions of the Act and shall be the first matter to be decided at any Board Meeting. It is hereby clarified that the presence of an Alternate Director shall be considered for quorum requirements set out in Article 237.6 (*Board Meetings*) and such Alternate Director shall be entitled to attend and vote at such meetings in place of the appointing Director in his or her absence. Upon the appointment of an Alternate Director, all notices, agendas and supporting documents shall also be circulated to such Alternate Director.

236.4.12 Subject to Article 246 (*Event of Default*), so long as the ICM Group holds equal to or more than 25% (twenty five percent) of the Share Capital, Brookfield and the ICM Group shall jointly propose the chairperson of the Board (being an Independent Director) to the Board in accordance with Applicable Law, which the Board shall consider. In the event the ICM Group ceases to own and hold at least 25% (twenty five percent) of the Share Capital, Brookfield shall be solely entitled to propose to the Board, the chairperson of the Board (being an Independent Director), in accordance with Applicable Law, which the Board shall consider; *provided however that* the above shall not be deemed or construed as seeking any prior approval of Brookfield or the ICM Group for any nomination or appointment of a chairperson.

Provided however that, if as a result of compliance with the MPS Obligation (which has been notified to Brookfield in accordance with Article 245.3.3 (*Restrictions on Disposals*)) the ICM Group's shareholding in the Company is more than 20% (twenty percent) of the Share Capital but less than or equal to 25% (twenty five percent) of the Share Capital, then the ICM Group shall be entitled, so long as the ICM Group holds at least the Revised Threshold Shareholding II, to propose (jointly with Brookfield) the chairperson of the Board (being an Independent Director) to the Board in accordance with Applicable Law, which the Board shall consider. It is clarified that Brookfield shall be solely entitled to nominate the chairperson of the Board (being an Independent Director) only upon the ICM Group's shareholding falling below the Revised Threshold Shareholding II.

236.4.13 Subject to the provisions of these Articles and to the fullest extent permitted by Applicable Law, each SHA Party at all times, undertakes and covenants that it shall not veto, oppose or otherwise obstruct the exercise of rights in accordance with this Article 236 and each SHA Party shall exercise its rights and take all necessary steps and actions to give effect to the provisions contained in this Article 236 and the Company shall and the SHA Parties shall procure that the Company shall, complete all filings as may be required under Applicable Law, to give effect to the provisions contained in this Article 236.

236.5. **Payment and Fees to Directors**

Subject to Applicable Law and unless otherwise agreed by the Parties:

(i) the Company shall pay the sitting fees payable to an Independent Director from time to time;

(ii) the Company shall reimburse the Directors for reasonable travel and stay expenses incurred in connection with the meetings attended by such Directors;

(iii) subject to sub-clause (i) of this Article 236.5, no Director shall be entitled to any remuneration, fees or benefits from the Company, other than those to which such Director may be entitled as an executive or employee of the Company; and

[3] *Deleted vide special resolution passed by the Members of the Company by means of Postal Ballot on 10 February 2022.*

(iv) the Company shall reimburse the Directors in respect of all expenses reasonably incurred by them in connection with performance of their duties as a Director, subject to such limits as may be approved by the Board.

236.6. **Directors and Officers Liability**

The Company shall extend the cover of its existing 'directors and officer's liability insurance' for the directors (including the Brookfield Nominee Directors) of the Group, for a minimum cover amount of ₹ 50,00,00,000 (Indian Rupees Fifty Crore), on terms which are in accordance with market and industry standards and are satisfactory to the SHA Parties.

236.7. **Indemnification of Directors**

The Company and/or the Subsidiaries shall indemnify all the directors of the Company and/or the Subsidiaries, as the case may be, to the fullest extent permissible under Applicable Law in relation to liabilities and expenses, incurred by such directors in the course of, or related to his or her activities or position as a director, including in respect of any act, omission, or conduct of, or by, the Company and/ or the Subsidiaries, save and except in cases where such directors are by a final adjudication, found to be guilty of fraud, negligence, misfeasance, breach of duty or breach of trust, as the case may be, in relation to the Company and/or the Subsidiaries, as the case may be.

237. BOARD MEETINGS

237.1. **Frequency of Meetings**

The Board shall meet as necessary to discharge its duties, but in any case no less frequently than 4 (four) times per calendar year, with the interval between any 2 (two) meetings not exceeding the time period prescribed under Applicable Law.

237.2. **Notice**

Any Director may at any time request in writing that a Board Meeting be called. Subject to Applicable Law, except in the case of urgency (in which case the notice convening the meeting must indicate the nature of, and the reasons for, the urgency and appropriate waivers or consents must be obtained in accordance with the Applicable Laws), or any adjourned meeting held in accordance with Article 237.6 below, at least 7 (seven) Business Days written notice of each meeting of the Board must be given to each Director, in accordance with Applicable Law.

237.3. **Agenda**

A notice calling a Board Meeting must be accompanied by an agenda (along with all supporting documents) of all the business to be transacted at such meeting, along with necessary background and all other related information and/or supporting documents pertaining to the business proposed to be transacted at such meeting. Matters, business or items (other than the Reserved Matters) not being part of the agenda of the original Board Meeting may be dealt with at a Board Meeting, with the permission of the chairman of the Board *provided however that* if the Reserved Matter has been approved in accordance with Article 240.2 (*Reserved Matters*), such Reserved Matter not being part of the agenda of the original Board Meeting may also be dealt with at a Board Meeting.

237.4. **Location**

Each Board Meeting must be held at the time and place set out in the notice of meeting, on a Business Day.

237.5. **Use of Technology**

The Board Meetings may be conducted by video-conferencing or other audio-visual means or such other methods, in accordance with Applicable Law.

237.6. **Quorum**

237.6.1. Subject to Article 240 (*Reserved Matters*), Article 246 (*Event of Default*), Article 247.1 (*Term and Termination*) and Applicable Law, the quorum for a Board Meeting shall be the presence of (including participation in accordance with Article 237.5 above) one-third of the total number of Directors or 3 (three) Directors, whichever is higher and shall include:

(i) at least 1 (one) Brookfield Nominee Director, unless waived in writing by Brookfield; and

(ii) at least 1 (one) ICM Nominee Director, unless waived in writing by the ICM Group.

237.6.2. If a quorum is not present at a duly convened Board Meeting within 30 (thirty) minutes of the time appointed for the start of the meeting ("**Initial Board Meeting**"), the Board shall adjourn the meeting to a date no less than 5 (five) Business Days, and no more than 10 (ten) Business Days thereafter and shall specify the time and place for such adjourned meeting. The quorum for any such adjourned meeting shall be one-third of the total number of Directors or 3 (three) Directors, whichever is higher, *provided that* the Board shall only be authorized to transact business other than Reserved Matters at such adjourned meeting, as provided in the notice of the Initial Board Meeting, *provided further* in the event a Reserved Matter has been approved in accordance with Article 240.2 (*Reserved Matters*), such Reserved Matter may also be taken up at an adjourned meeting.

237.7. **Voting Rights**

237.7.1. Each Director shall be entitled to 1 (one) vote on any matter placed before the Board.

237.7.2. The chairman of the Board shall not have a second or casting vote in any circumstances, including in the case of an equality of votes.

237.8. **Board Decisions**

Subject to Article 240 (*Reserved Matters*), Article 244 (*Deadlock*) and Applicable Law, all resolutions at meetings of the Board and/or the Board Committees shall be decided by a majority of votes cast by the Directors present in the meeting in accordance with Applicable Law.

237.9. **Circular Resolutions**

Subject to Article 240 (*Reserved Matters*) and Applicable Law, no resolution shall be deemed to have been duly passed by the Board or a Board Committee thereof by circulation or written consent, unless the resolution has been circulated in draft by e-mail, together with the information required to make a fully-informed good faith decision with respect to such resolution, to all Directors, or to all members of the relevant Board Committee to the e-mail addresses of such Directors as provided to the Company and such resolution has been approved by a majority of the Directors entitled to vote on the resolution; *provided however that* if such a resolution pertains to a Reserved Matter, then prior written consent of each SHA Party (subject to such SHA Party meeting the Threshold Shareholding Requirement) shall be obtained in order to adopt such resolution by circulation. The document may be in counterparts, signed or approved by one or more Directors, and may be circulated by e-mail. Any resolution passed by circulation under this Article 237.9 shall be noted at the subsequent Board Meeting, and made part of the minutes of such meeting.

238. GENERAL MEETINGS

238.1. **Chairperson**

The chairperson of the Board (being an Independent Director) shall be the chairperson of the General Meeting, unless otherwise agreed between the SHA Parties in writing (in case of vacancy or unavailability of the chairperson of the Board). *Provided that* if the ICM Group holds less than 25% (twenty five percent) of the Share Capital, then in case of vacancy or unavailability of the chairperson of the Board, the chairperson of the General Meeting shall be proposed by Brookfield in accordance with Applicable Law. *Provided further that*, if as a result of compliance with the MPS Obligation (which has been notified to Brookfield in accordance with Article 245.3.3 (*Restrictions on Disposals*)), the ICM Group's shareholding in the Company is more than 20% (twenty percent) of the Share Capital but less than or equal to 25% (twenty five percent) of the Share Capital, then in case of vacancy or unavailability of the chairperson of the Board, the chairperson of the General Meeting (being an Independent Director) shall be proposed by Brookfield in accordance with Applicable Law only if the shareholding of the ICM Group falls below the Revised Threshold Shareholding II.

238.2. **Frequency and Location of General Meetings**

The Board may convene a General Meeting and the shareholders may requisition a General Meeting, at any time and at any place, in accordance with the Applicable Law.

238.3. **Quorum**

238.3.1. Subject to Article 240 (*Reserved Matters*), Article 246 (*Event of Default*), Article 247.1 (*Term and Termination*) and Applicable Law, the quorum for a General Meeting shall be in accordance with the requirements specified under Applicable Law except when a Reserved Matter is being discussed, in which case, the quorum shall require the presence in person, or by proxy, of at least 1 (one) representative of each of Brookfield and the ICM Group at such meeting, unless waived in writing by the relevant SHA Party.

238.3.2. Subject to Applicable Law, if a quorum is not present at a General Meeting within 30 (thirty) minutes of the time appointed for the start of the meeting, the meeting will be adjourned to the same time and place on the same day in the following week, or to such other date and such other time and place as the Board may determine. If a valid quorum is not present at such adjourned General Meeting, notwithstanding anything to the contrary contained in this Article 238.3 and subject to Applicable Law, the only business that may be validly transacted at such adjourned meeting shall be such business as may be provided in the notice of the original General Meeting but shall exclude any Reserved Matters (unless waived in writing by the relevant SHA Party).

238.4. **Voting Rights**

238.4.1. Each Shareholder shall be entitled to, on a poll, 1 (one) vote for each Equity Share held by that Shareholder.

238.4.2. Unless otherwise required under Applicable Law, voting at General Meetings shall be by way of a poll.

238.5. **Shareholder Decisions**

238.5.1. No matter shall be placed at a General Meeting unless such matter: (i) has been placed before and voted on by the Board (save and except in case of a waiver having been obtained from the SHA Parties, in writing, subject to such SHA Parties meeting the Threshold Shareholding Requirement); and (ii) is required to be approved by shareholders of the Company under Applicable Law.

238.5.2. Subject to Article 240 (*Reserved Matters*), Article 244 (*Deadlock*), and Applicable Law, a resolution of the shareholders of the Company may only be carried if it is passed by a majority of votes entitled to be cast on the resolution.

239. MANAGEMENT AND DECISION MAKING

239.1. **Committees of the Board**

239.1.1. Subject to Applicable Law, the Board may constitute, and delegate any of its powers to committees of the Board ("**Board Committee(s)**") to assist it in its decision making on specific matters, comprising such representatives as it deems fit, and having such authority, powers and terms of reference as the Board may determine at the time of the establishment of the Board Committee. Each Board Committee shall report to the Board on a regular basis.

239.1.2. Subject to Applicable Law and Article 247.1 (*Term and Termination*), the composition of the Board Committees shall be determined by the Board, *provided that* the proportion of the Brookfield Nominee Directors and the ICM Nominee Directors on each Board Committee shall at all times be in the same proportion as the Brookfield Nominee Directors and the ICM Nominee Directors on the Board at the relevant time, unless otherwise agreed by the Parties in writing.

239.1.3. The procedural requirements applicable to the meetings of the Board, including requirements relating to calling of meetings, providing notice of meetings and waiver of notice and agenda requirements, passing of resolutions, and recording of minutes shall apply *mutatis mutandis* to the meetings of the Board Committees, subject to Applicable Law. The voting and quorum requirements for Board Committee meetings shall be the same as for Board Meetings, and in accordance with Applicable Law. If any Board Committee cannot agree on any matter, the Board Committee shall refer the matter to the Board. No Reserved Matter and/ or a Deadlock Matter shall form part of the agenda of any meeting of a Board Committee or be actioned, discussed, taken up, undertaken or decided at a Board Committee unless such Reserved Matter has been approved in the manner set out in Article 240 (*Reserved Matters*).

239.1.4. Subject to Applicable Law, the SHA Parties shall jointly nominate (either a nominee Director or an Independent Director), as the chairperson of each of the Board Committees, so long as the ICM Group holds equal to or more than 25% (twenty five per cent) of the Share Capital. In the event the ICM Group ceases to own and hold at least 25% (twenty five per cent) of the Share Capital, Brookfield shall be solely entitled to nominate the chairperson of each Board Committee, in accordance with Applicable Law.

Provided that, if as a result of compliance with the MPS Obligation (which has been notified to Brookfield in accordance with Article 245.3.3 (*Restrictions on Disposals*)) the ICM Group's shareholding in the Company is more than 20% (twenty percent) of the Share Capital but less than or equal to 25% (twenty five percent) of the Share Capital, then subject to Article 246 (*Events of Default*), then so long as the ICM Group holds at least the Revised Threshold Shareholding II, the SHA Parties shall jointly nominate (either a nominee Director or an Independent Director), as the chairperson of each of the Board Committees. It is clarified that Brookfield shall be solely entitled to nominate the chairperson of each Board Committee (either a nominee Director or an Independent Director) only upon the ICM Group's shareholding falling below the Revised Threshold Shareholding II.

239.2. **Executive Management**

239.2.1. The chief executive officer, chief financial officer, and such other positions as the Board (or a duly authorized committee thereof) from time to time deems necessary or desirable, shall constitute the executive management of the Company (the "**Executive Management**").

239.2.2. The Executive Management shall be responsible for the day-to-day operations and running of the business of the Company, subject to Article 240 (*Reserved Matters*) and Article 244 (*Deadlock*) and the directions and supervision of the Board.

239.2.3. Subject to Article 240 (*Reserved Matters*) and Article 244 (*Deadlock*), the Board shall appoint candidates with the requisite qualifications and experience to fill vacancies for the positions of chief executive officer, and any other positions of Executive Management, from a list of persons recommended by a search firm appointed jointly by the SHA Parties (so long as such SHA Party meets the Threshold Shareholding Requirement) and approved by the nomination and remuneration Committee of the Company, subject to and in accordance with Applicable Law.

239.3. **Company Committees**

239.3.1. The Board and the Company shall jointly be empowered to constitute and maintain any other committees ("**Company Committee**") as it deems fit or as may be required under Applicable Law.

239.3.2. Subject to Article 247.1 (*Term and Termination*) and Applicable Law, the composition of the Company Committees shall be determined by the Board and/or the Executive Management of the Company; *provided however that* each SHA Party shall be entitled to appoint members on such Company Committees in proportion to their *inter-se* shareholding in the Company.

239.3.3. Subject to Article 247.1 (*Term and Termination*), the procedural requirements in relation to the operations and functions of the Company Committees, including requirements relating to calling of meetings, providing notice of meetings and waiver of notice and agenda requirements, passing of resolutions, and recording of minutes shall be determined by the Board and the Executive

Management *provided however that* the SHA Parties shall be entitled to determine any changes to the procedural requirements.

239.3.4. Notwithstanding anything to the contrary contained herein, no Reserved Matter shall be actioned or dealt with at a Company Committee or form part of the agenda of any meeting of a Company Committee, unless such Reserved Matter has been approved in the manner set out in Article 240 (*Reserved Matters*).

240. RESERVED MATTERS

240.1. Reserved Matters of SHA Parties

Notwithstanding anything to the contrary in Part B of these Articles, none of the Reserved Matters shall be approved, acted upon or undertaken by, or in respect of, the Company and/or the Subsidiaries or their respective boards, shareholders, officers, employees and/or managers (whether at a meeting of the shareholders, meeting of the board of directors, Board Committees, Company Committees, or by way of resolutions by circulation or otherwise), in a single transaction or a series of transactions, directly or indirectly, without having received the prior written approval of each SHA Party (subject to such SHA Parties meeting the shareholding thresholds specified in **Schedule C** (*Reserved Matters*)).

Provided that, if as a result of compliance with the MPS Obligation (which has been notified to Brookfield in accordance with Article 245.3.3 (*Restrictions on Disposals*)) the ICM Group's shareholding in the Company is:

(A) less than or equal to 20% (twenty percent) of the Share Capital, then (with regard to ICM Group and not Brookfield) the Reserved Matters set out in:

(i) Part B of **Schedule C** (*Reserved Matters*) shall be available to ICM at or above the Revised Threshold Shareholding I; and

(ii) Part C of **Schedule C** (*Reserved Matters*) shall be available to ICM at shareholding of 10% (ten percent) or more but less than the Revised Threshold Shareholding I; and

(B) more than 20% (twenty percent) of the Share Capital but less than or equal to 25% (twenty five percent) of the Share Capital, then (with regard to ICM Group and not Brookfield) the Reserved Matters set out in:

(i) Part A of **Schedule C** (*Reserved Matters*) shall be available to ICM at or above the Revised Threshold Shareholding II;

(ii) Part B of **Schedule C** (*Reserved Matters*) shall be available to ICM if the ICM Group's shareholding is equal to or more than 20% (twenty percent) of the Share Capital but less than the Revised Threshold Shareholding II; and

(iii) Part C of **Schedule C** (*Reserved Matters*) shall be available to ICM at shareholding of 10% (ten percent) or more but less than 20% (twenty percent) of the Share Capital.

240.2. Manner of Approving a Reserved Matter

240.2.1. Decisions in relation to any Reserved Matter shall first be considered by the SHA Parties. Only such Reserved Matter to which both the SHA Parties have consented in writing may be considered by the Board and, if required under Applicable Law, the shareholders of the Company.

240.2.2. If a Reserved Matter is proposed to be considered by the Board or a Board Committee or a Company Committee, each SHA Party shall be given a written notice of such item together with necessary background information and supporting documents at least 5 (five) Business Days prior to the date on which the agenda for the Board Meeting or a Board Committee or a Company Committee or the materials for the circular resolutions are proposed to be sent to the Directors. Subject to Article 247.1 (*Term and Termination*), a SHA Party shall be entitled to provide its consent/dissent at any time prior to the agenda for the Board Meeting or the relevant Board Committee or the relevant Company Committee or the materials for the circular resolution being circulated.

240.2.3. If: (i) both SHA Parties consent in writing to such Reserved Matter in accordance with Article 240.2.1, then the Reserved Matter shall be included as part of the agenda for the Board Meeting or Board Committee or Company Committee or considered to be passed as a circular resolution (as the case may be); and (ii) either SHA Party dissents in writing in relation to such Reserved Matter, then neither the Board nor the Group (including, in any shareholders' meeting) shall take any further action in relation to such Reserved Matter (except in respect of Deadlock Matters which shall be dealt with in accordance with the process set out in Article 244 (*Deadlock*)).

240.2.4. Where a Reserved Matter is placed before the shareholders of the Company in accordance with the procedure specified in Articles 240.2.1 to 240.2.3 above, the SHA Parties shall be bound to vote in favour of such Reserved Matter.

240.3. **Block Rights**

240.3.1. Each SHA Party (along with any Affiliates and/or permitted assigns if any) shall each be considered as a single block of shareholders for the purposes of Part B of these Articles (including but not limited to Reserved Matters), and shall act and vote as a single block of shareholders, and exercise all the rights available to them as a single block.

240.3.2. Notwithstanding any other provision of these Articles:

(i) each SHA Party and its Affiliates shall act as a single block in relation to exercise of its/their rights under Part B of these Articles and shall be jointly and severally liable for all their liabilities and obligations hereunder;

(ii) the representative of a SHA Party shall be duly authorized to communicate all decisions, approvals, consents or waivers, and receive any notices for and on behalf of such SHA Party, required to be issued under Part B of these Articles; and

(iii) it is clarified that in relation to Article 245.2 (*Restrictions on Disposals*), each member of the shareholder block shall be required to tender their respective Securities, as if they are individually bound by the provisions of Article 245.2 (*Restrictions on Disposals*).

240.3.3. The exercise of rights in respect of Reserved Matters shall be without prejudice to the mechanism for resolution of Deadlock Matters as specified in Article 244 (*Deadlock*).

240.4. **Representation before Governmental Authorities**

Each SHA Party shall have the right to make representations with respect to itself only (whether as a Shareholder or Promoter or otherwise) before any Governmental Authorities without binding, by word or action, the Company and/or the other SHA Party in any manner and in each case, making reasonable efforts to ensure that neither the Company nor the other SHA Party is subject to any reputational harm. The Company shall have the right to make representations with respect to itself only before any Governmental Authorities without binding, by word or action, the SHA Party in any manner and in accordance with the terms and the principles enshrined in Part B of these Articles (to the extent relevant) unless expressly agreed by the SHA Party in writing.

240.5. **De-promoterization**

240.5.1. Brookfield and the ICM Group shall be classified as Promoters until their de-promoterization in accordance with this Article 240.5; *provided however that* a SHA Party shall not be liable in respect for any act or omission of the other SHA Party solely by virtue of the SHA Parties being Promoters or classified as Promoter Group member or 'persons acting in concert' with respect to the Company.

240.5.2. In the event that the shareholding of any SHA Party and/ or its Affiliates in the Company falls below 10% (ten percent) and upon satisfying the conditions for de-promoterization under Applicable Law which permits such Party to be de-promoterized:

(i) such SHA Party and/ or its Affiliates, shall, submit an application to the Company in accordance with the provisions of Applicable Law, to approve the de-promoterization of the concerned SHA Party and/ or its Affiliates (and if the shareholding of any SHA Party and/ or its Affiliates in the Company falls below any other higher threshold as may be prescribed under Applicable Law, the relevant SHA Party and/ or its Affiliates shall, at its option, submit such application for de-promoterization);

(ii) the Company shall and the SHA Parties shall procure that the Company shall take all necessary steps and provide all necessary support to the relevant SHA Party to implement their de-promoterization in accordance with the provisions of Applicable Law, including calling for the necessary Board and shareholder meetings, within the prescribed time-periods, for approval to implement such de-promoterization in accordance with Applicable Law; and

(iii) the SHA Parties shall co-operate with each other, exercise their respective voting rights (and require their respective nominee Directors to exercise their rights), and take all requisite actions (including submission of any application and documents to SEBI and/ or the Stock Exchanges) as are required or deemed necessary to cause the de-promoterization of such SHA Party (and/or its Affiliates), as the case may be**,** in the manner prescribed under Applicable Laws.

241.BUSINESS PLAN

241.1. **Form of Business Plan**

By August 23, 2020, the Board shall procure that the chief executive officer of the Company (or, if no chief executive officer has been appointed by the Company, an interim chief executive officer of the Company or a member of the Executive Management) presents a draft business plan of the Group to the Board for its consideration and approval ("**Initial Business Plan**"), subject to Article 240 (*Reserved Matters*) and Article 244 (*Deadlock*), which shall comprise:

(i) a detailed business plan for the relevant Financial Year;

(ii) a summary business plan in respect of the following 5 (five) years, on a rolling basis which contains:

(a) a description of the current and planned marketing and business development activities and objectives of the Group in reasonable detail;

(b) a detailed funding plan, setting out the estimated amount, timing and kind of funding required to enable the Group to meet the expenditure under paragraph (iii) below;

(c) detailed projections for capital expenditure, operating expenditure, any other expenditure that might be planned or provided; and

(d) such other information as the Board requires from time to time;

(iii) an operating forecast setting out for each calendar month in that Financial Year projected revenue, operating expenditure, capital expenditure, financing plan and working capital requirements;

(iv) a cash flow forecast for each calendar month of the relevant Financial Year and a projected consolidated balance sheet as at the end of each such calendar month; and

(v) such other information as the Board may deem fit to include.

241.2. On the date falling at least 60 (sixty) days prior to the expiry of each Financial Year on a going forward basis, the Board shall procure that the chief executive officer (or, if no chief executive officer has been appointed, an interim chief executive office or a member of the Executive Management) presents a draft business plan to the Board for its consideration and approval, subject to Article 240 (*Reserved Matters*), which shall be in the same form as the Initial Business Plan (or such other form as the Board requires) including the matters set out in

Article 241.1 above and a performance report for the previous Financial Year, and any business plan as so subsequently considered and approved shall be the "**Business Plan**" for the purposes of Part B of these Articles.

242.DIVIDEND POLICY

Subject to Article 240 (*Reserved Matters*) and Applicable Law, in respect of each Financial Year, the Company shall, if the Board so resolves, distribute dividends in accordance with its dividend policy as approved in accordance with Applicable Law. Each SHA Party will vote at general meetings in favour of the distribution of any dividends approved in accordance with this Article 242.

243.INFORMATION RIGHTS

Subject to Applicable Law, the Company shall:

(i) maintain accurate and complete accounting and other financial records in accordance with Applicable Law; and

(ii) prepare the notifications, accounts and reports set out in the second column of the table in **Schedule D** (*Information Rights*) and provide copies of those notifications, accounts and reports to each SHA Party (so long as such SHA Party has the right to nominate a nominee Director on the Board) as soon as they are available and in any event within the period specified in the third column of the table in **Schedule D** (*Information Rights*).

244.DEADLOCK

244.1. **Deadlock Event**

A deadlock ("**Deadlock Event**") shall be deemed to have occurred between Brookfield and ICM if either Brookfield or ICM (or their nominee directors on the Board) refuses or fails to give its consent to any Deadlock Matters or fails to permit the Deadlock Matters from being on the agenda for the meeting of the Board, any Board Committee or shareholders, as the case may be, on the request in writing by the other SHA Party or the Board.

244.2. **Deadlock Resolution Mechanics**

244.2.1. Within 3 (three) Business Days of the occurrence of a Deadlock Event, a committee ("**First Deadlock Committee**") shall be constituted to consist of 2 (two) members, of which: (i) 1 (one) member shall be a Brookfield Nominee Director; and (ii) 1 (one) member shall be an ICM Nominee Director. The First Deadlock Committee shall meet once to discuss the Deadlock Matter and to resolve the Deadlock Event within 7 (seven) Business Days from the date of constitution of the First Deadlock Committee.

244.2.2. Within 10 (ten) Business Days of the date of service of a notice by either SHA Party to the other SHA Party that the Deadlock Event continues to be unresolved despite the meeting of the First Deadlock Committee ("**Deadlock Notice**"), a committee ("**Second Deadlock Committee**") shall be constituted to consist of 3 (three) members, of which: (i) 1 (one) member shall be nominated by Brookfield; (ii) 1 (one) member shall be nominated by the ICM Group; and (iii) 1 (one) member shall be jointly nominated by Brookfield and the ICM Group, each acting reasonably.

244.2.3. The Second Deadlock Committee shall convene 1 (one) meeting to discuss the Deadlock Matter and resolve the Deadlock Event, within a period of 5 (five) Business Days from the date of constitution of the Second Deadlock Committee.

244.2.4. Within 10 (ten) Business Days from the date of the Deadlock Notice, each SHA Party shall prepare and send to the other SHA Party a memorandum stating, without limitation, its understanding of the Deadlock Event, its position in relation to the Deadlock Event, its reasons for taking that position and any proposals for resolving the Deadlock Event, and Brookfield and the ICM Group shall use all reasonable endeavours to resolve the Deadlock Event by way of discussions between the Second Deadlock Committee and/or senior management of Brookfield and the ICM Group.

244.2.5. Notwithstanding anything to the contrary contained in these Articles, if, (a) within 20 (twenty) Business Days after the date of service of a Deadlock Notice, the Second Deadlock Committee and/or the senior management of Brookfield and the ICM Group fail to resolve the Deadlock Event, or (b) within 30 (thirty) Business Days of the occurrence of a Deadlock Event if ICM Group or the ICM Nominee Director or the ICM Group nominee on the Second Deadlock Committee fail to participate at the relevant meetings and co-operate in the deadlock resolution process; *then* the ICM Group (or the ICM Nominee Directors, as the case may be) shall vote or approve the Deadlock Matter as per the directions (in writing) provided by Brookfield, following which the lock-in obligations of the ICM Group in terms of Article 245.1 (*Restrictions on Disposals*) shall fall away.

244.2.6. It is hereby clarified that any matter which is reasonably necessary to implement a decision made pursuant to the process set out in this Article 244 shall not be subject to Article 240 (*Reserved Matters*) once deadlock decision is made in accordance with the terms hereof.

245.RESTRICTIONS ON DISPOSALS

245.1. **Transfer Lock-in Period**

Notwithstanding anything to the contrary contained herein and subject to Article 244.2.5 (*Deadlock*), Article 245.4 (*Restrictions on Disposals*) and Article 246 (*Event of Default*), Brookfield (including Affiliates) and ICM (including Affiliates) shall not Dispose of Securities in a manner which results in the aggregate total shareholding (calculated on a Fully Diluted Basis) of Brookfield (including Affiliates) and ICM (including Affiliates) falling below 51% (fifty-one percent) of the Share Capital ("**Lock-in Quantum**"), during the Transfer Lock-in Period.

It is clarified that the Lock-in Quantum shall be adjusted to the extent of Brookfield's shareholding in the Company on account of actual tendering in the MTO.

Provided however that, (i) during the Transfer Lock-in Period, to the extent that Brookfield continues to hold all of the Securities acquired by it as of July 9, 2020 as mentioned above, Brookfield (including Affiliates) shall not be under any obligation to purchase additional Equity Shares for any deficit in the Lock-in Quantum for any reason whatsoever. It is clarified for the avoidance of doubt that the ICM Group's contribution to the Lock-in Quantum shall be 51% (fifty-one percent) *less* the Securities held by Brookfield (on a Fully Diluted Basis) as of July 9, 2020; and (ii) in any event the ICM Group shall be required to contribute 11% (eleven percent) towards the Lock-in Quantum during the Transfer Lock-in Period.

245.2. **Right of First Offer**

245.2.1. Subject to Article 245.1 and the proviso herein below, until the earlier of: (i) July 8, 2022; and (ii) the ICM Group ceasing to hold at least 10% (ten percent) of the Share Capital, any Disposal of Securities by either SHA Party (and/or their respective Affiliates) ("**Selling Shareholder**"), whether pursuant to a single transaction or a series of transactions, shall be subject to a right of first offer in favour of the other SHA Party (and/ or its Affiliates), as the case may be ("**Non-Selling Shareholder**"). *Provided however that* any Disposal of Securities constituting 1% (one percent) of the Share Capital or less by a SHA Party (and/or their respective Affiliates) in one or more transactions shall not be subject to a right of first offer in favour of the other SHA Party (and/ or its Affiliates) under this Article 245, so long as such Disposals, on a cumulative basis, do not exceed 3% (three percent) of the Share Capital at the time of undertaking such Disposal unless the Securities that have been Disposed were offered to the other SHA party in accordance with Article 245.2.2.

245.2.2. The process to be followed for the exercise of the Right of First Offer under this Article 245.2 shall be as follows:

(i) The Selling Shareholder shall give a written notice ("**Sale Notice**") to the Non-Selling Shareholder. The Sale Notice shall state the number of Securities proposed to be Disposed of by the Selling Shareholder ("**Sale Securities**").

(ii) The Non-Selling Shareholder shall have the right, but not the obligation, to make an offer to the Selling Shareholder for acquiring all (and not less than all) the Sale Securities by serving a written notice ("**ROFO Indication of Interest**") to the Selling Shareholder within 5 (five)

Business Days from the date of receipt of the Sale Notice ("**ROFO Period**") which notice shall contain the per Sale Security price ("**ROFO Price**") at which the Non-Selling Shareholder proposes to acquire the Sale Securities; *provided however that* the Non-Selling Shareholder shall be entitled to make an offer for acquiring less than all of the Sale Securities set out in the Sale Notice ("**Reduced Sale Securities**") in the event that: (a) the acquisition of all the Sale Securities by the Non-Selling Shareholder would trigger a mandatory tender offer under the Takeover Regulations; or (b) for any other reason as may be deemed fit by the Non-Selling Shareholder.

(iii) If the ROFO Indication of Interest for purchase of the Reduced Sale Securities is due to the mandatory tender obligation under the Takeover Regulations, then the Reduced Sale Securities shall be the maximum number of Sale Securities that may be acquired by the Non-Selling Shareholder without triggering a mandatory tender offer. If the ROFO Indication of Interest is for purchase of Reduced Sale Securities for any other reason, then the Selling Shareholder shall in good faith consider such ROFO Indication of Interest for Reduced Sale Securities and upon due consideration have the right to decline such ROFO Indication of Interest.

(iv) If the Selling Shareholder accepts the ROFO Price for Disposal of the Sale Securities or the Reduced Sale Securities, as the case may be, the Selling Shareholder shall convey such acceptance within 5 (five) Business Days from the date of receipt of the ROFO Indication of Interest ("**ROFO Acceptance Period**") by giving a written notice to this effect to the Non-Selling Shareholder ("**ROFO Acceptance Notice**"). Upon receipt of the ROFO Acceptance Notice by the Non-Selling Shareholder, the Non-Selling Shareholder shall acquire the Sale Securities or the Reduced Sale Securities, as the case may be, set out in the ROFO Indication of Interest at the ROFO Price and the Selling Shareholder shall Dispose of its Sale Securities or the Reduced Sale Securities, as the case may be, to the Non-Selling Shareholder. The Non-Selling Shareholder and the Selling Shareholder shall complete the sale and acquisition of the Sale Securities or the Reduced Sale Securities, as the case may be, at the ROFO Price set out under the ROFO Indication of Interest within a period of 20 (twenty) Business Days from the date of the Sale Notice ("**ROFO Completion Period**").

(v) If:

(a) no ROFO Indication of Interest is received by the Selling Shareholder within the ROFO Period, or

(b) the Selling Shareholder declines the offer set out under ROFO Indication of Interest at the ROFO Price, or

(c) the sale of the Sale Securities or the Reduced Sale Securities, as the case may be, to the Non-Selling Shareholder is not completed within the ROFO Completion Period,

then, in each case, the Selling Shareholder shall have the right to Dispose of the Sale Securities to a third party (not being a Restricted Transferee) ("**Proposed Transferee**") at a price that is not less than the ROFO Price. The Selling Shareholder shall also have the right to freely Dispose of the Sale Securities remaining after the sale of the Reduced Sale Securities to the Non-Selling Shareholder to a Proposed Transferee at a price that is not less than the ROFO Price**.**

(vi) If completion and sale of such Sale Securities to a Proposed Transferee does not take place within 30 (thirty) Business Days from the date of the Sale Notice in the circumstances set out in sub-cause (v) (a) and (v) (b) above and within 40 (forty) Business Days from the date of the Sale Notice in the circumstances set out in sub-clause (v) (c) above, the Selling Shareholder shall again be required to offer such Sale Securities to the Non-Selling Shareholder in accordance with this Article 245.2.2.

245.2.3. The Selling Shareholder shall be deemed to have warranted that it is transferring the Sale Securities free from all Encumbrances and together with all rights, benefits and advantages attached to them, and with full title guarantee along with requisite authority and capacity to undertake the transaction.

For transfer of Sale Securities on the floor of the Stock Exchanges, the Non-Selling Shareholder and the Selling Shareholder/the Proposed Transferee shall duly appoint registered stock brokers and instruct such stock brokers to execute the transfer of Sale Securities on the floor of the Stock Exchanges in accordance with Applicable Law.

245.2.4. On or after the date on which the last of the Sale Securities is transferred to the Non-Selling Shareholder/ Proposed Transferee, the Non-Selling Shareholder and the Selling Shareholders shall make the relevant filings in accordance with the Takeover Regulations and the PIT Regulations.

245.2.5. The Parties will do or will procure to be done all such acts and things as may be reasonably required to give effect to the provisions of this Article 245.2.

245.2.6. If the Non-Selling Shareholder has provided a ROFO Indication of Interest in accordance with this Article 245.2, it shall be entitled to nominate an Affiliate to purchase such Sale Securities. The Selling Shareholder shall Dispose the Sale Securities or the Reduced Sale Securities, as the case may be, to such nominated Affiliate in accordance with this Article 245 and in such case the references above to the Non-Selling Shareholder in the preceding clauses shall also include references to the ROFO Nominee. A Non-Selling Shareholder who nominates an Affiliate to participate in this process shall ensure that such Affiliate complies in full with all of its obligation in connection with the purchase of the relevant Sale Securities, as if it were the Selling Shareholder.

245.2.7. Notwithstanding anything to the contrary contained herein, no Proposed Transferee who acquires the Sale Securities shall be entitled to any rights under Part B of these Articles; including by way of Shareholder Change of Control of Brookfield *provided however that* upon the earlier of: (i) July 8, 2024; and (ii) the ICM Group ceasing to hold at least 10% (ten percent) of the Share Capital, Brookfield shall be entitled to transfer its rights under Part B of these Articles subject to: (a) the combined rights of Brookfield and the Proposed Transferee under Part B of these Articles not exceeding the rights of Brookfield under Part B of these Articles, immediately prior to such Transfer or Shareholder Change of Control (as applicable), as per the Threshold Shareholding Requirement applicable to Brookfield at such time; (b) the ICM Group having the tag along right to sell/Dispose all of the Securities held by it in the Company to the Proposed Transferee, simultaneously with the transfer of rights/Securities by Brookfield ("**Brookfield Co-Sale Shares**") at the same price and on the same terms and conditions. In the event that Brookfield proposes to transfer its rights to a Proposed Transferee, then it shall provide a notice in writing to ICM and the ICM Group shall have the right to exercise its tag along right pursuant to this Article 245.2.7 by issuing a written notice to Brookfield, specifying the number of Securities it wishes to sell/Dispose and upon the delivery of such notice, the ICM Group shall be deemed to have effectively exercised its tag along right. The ICM Group shall not be required to make any representation, provide any covenants or undertakings, grant any indemnification or incur any obligations to the Proposed Transferee or any other Person other than a representation and resultant indemnification on the clear title of the Securities proposed to be sold by the ICM Group ("**ICM Co-Sale Shares**") pursuant to its tag along right. Brookfield shall ensure that all of the terms of the proposed transfer offered by the Proposed Transferee are also offered to the ICM Group for the same consideration and upon the same terms and conditions as applicable to the Brookfield Co-Sale Shares; *provided that* the ICM Group may choose to receive (in its absolute discretion) the cash equivalent of any such consideration which is in a form other than cash. If for any reason, the Proposed Transferee acquiring the Brookfield Co-Sale Shares is unable to or refuses to acquire the ICM Co-Sale Shares, then Brookfield shall not be entitled to transfer any of its rights and/or the Securities held by Brookfield in the Company to such Proposed Transferee. Brookfield shall not transfer any rights in connection with sale of the Brookfield Co-Sale Shares other than in the manner as set out in Article 245 and if purported to be made, such sale shall be void and shall not be binding on the Company and shall be deemed to be a breach of the terms of Part B of these Articles.

245.2.8. It is clarified that the provisions of this Article 245.2 shall not apply to the exercise of rights by a SHA Party under Article 246 (*Event of Default*) of Part B of these Articles.

245.2.9. No SHA Party shall be permitted to Dispose of any Securities to any Restricted Transferee. *Provided however that* the SHA Party shall not be considered to be in breach of this obligation if a Restricted Transferee purchases Securities of the Company by way of anonymized trades on the floor of the

Stock Exchanges and the SHA Party, after having made due-enquiry, is not aware of the identity of the Restricted Transferee, while undertaking the transaction with such Restricted Transferee.

245.2.10. The time periods in this Article 245.2 shall exclude any time reasonably taken for obtaining any Authorisation from any Governmental Authority for the transactions contemplated herein. To the extent any Authorisation from any Governmental Authority are required to be obtained for any of the transactions contemplated herein, all Parties shall extend reasonable cooperation in procuring the same, including but not limited to executing any documents that may be required in connection herewith.

245.3. **Minimum Public Shareholding Requirements**

245.3.1. So long as the ICM Group is classified as a part of the Promoter and Promoter Group of the Company, if the Company:

(i) is in breach of the minimum public shareholding ("**MPS**") requirement stipulated under Applicable Law pursuant to the MTO; or

(ii) requires headroom to facilitate the conversion of CCPS held by Brookfield,

the ICM Group shall be solely responsible for ensuring such compliance with the MPS requirement under Applicable Law (together, the **"MPS Obligation**")

245.3.2. If conversion of all the CCPS held by Brookfield can be undertaken by Brookfield in one tranche without triggering a mandatory tender offer under the Takeover Regulations, then Brookfield shall undertake such conversion in the 18th month of the Tenure of the CCPS (instead of in two or more tranches during the Tenure) in accordance with *Schedule II* (Terms of Subscription CCPS) of the SSA, *provided that* Brookfield shall be entitled to convert any of the CCPS held by it prior to the 18th month of the Tenure of the CCPS as long as such conversion does not cause the Promoter and Promoter Group shareholding in the Company to exceed the MPS requirement under Applicable Law or trigger a mandatory tender offer under the Takeover Regulations.

245.3.3. Following every transaction consummated in compliance the ICM Group's MPS Obligation, ICM shall notify Brookfield of the ICM Group's shareholding in the Company on a Fully Diluted Basis together with the relevant workings.

245.3.4. The ICM Group's MPS Obligation as set out in this Article 245.3.1 shall fall away upon the earliest to occur of: (i) any mandatory tender offer being triggered under the Takeover Regulations by Brookfield upon conversion of CCPS held by Brookfield or otherwise in breach of Article 245.5 and subject to the ICM Group being in compliance with the provisions of Article 245.5; (ii) the date on which the ICM Group ceases to hold any Securities in the Company; (iii) the date on which the ICM Group ceases to be part of the Promoter and Promoter Group of the Company; and (iv) the date on which the SHA is terminated.

245.4. **Permitted Transfers**

Notwithstanding anything to the contrary contained herein, the restrictions set out in Article 245 shall not apply in the following cases:

(i) sell-down effected by a SHA Party in accordance with Article 245.3 above;

(ii) any Disposal of the Securities by a SHA Party to any of their Affiliates ("**Permitted Transferee**"), during the Transfer Lock-in Period or any time thereafter during the term of Part B of these Articles, under Regulation 10(1)(a)(iii) of the Takeover Regulations; subject to execution of a Deed of Adherence by the Affiliate. *Provided however that* the Disposal of Securities shall be reversed by such Permitted Transferee to the SHA Party, prior to the Permitted Transferee ceasing to be an Affiliate of the relevant SHA Party; or

(iii) any Disposal of the Securities by one SHA Party to the other SHA Party, on and from the date of expiry of 3 (three) years from July 9, 2020, under Regulation 10(1)(a)(ii) of the Takeover Regulations;

(iv) creation of any Encumbrance by a SHA Party over all or some of the Securities (other than the Securities under lock-in under Article 245.1) held by it ("**Pledged Shares**"), in favour of a Qualified Lender, subject to compliance by the relevant SHA Party with its obligation under Article 245.1 above. In the event a Qualified Lender invokes its rights in respect of the Pledged Shares: (i) that results in a reduction of shareholding of such SHA Party below the Threshold Shareholding Requirement, the specified corresponding rights of such SHA Party under Part B of these Articles shall terminate immediately in accordance with **Schedule E** (*Termination of Rights*); and (ii) it shall not be entitled to any rights under Part B of these Articles.

245.5. **Valid/ Invalid Transfers or Purchases**

245.5.1. The Securities held by each of the SHA Parties (and/ or their respective Affiliates) shall be freely transferrable/Disposable, other than as specifically set out in Part B of these Articles or under any Applicable Law.

245.5.2. Any Disposal of Securities, which is in violation of the terms of these Articles shall be void *ab initio* and the Company shall not register such a Disposal of Securities by a SHA Party. It is clarified for the avoidance of doubt that Disposal of shares or other securities of ICM by its shareholders shall not be restricted under Part B of these Articles; *provided however that* ICM and/or its Affiliates (who are shareholders of the Company) undergoing a Shareholder Change of Control shall result in the consequences provided under Part B of these Articles for such Disposal of Securities by ICM.

245.5.3. So long as both the SHA Parties are part of the Promoter and Promoter Group of the Company, a SHA Party shall not and shall procure that its Affiliates shall not, and whether in a single tranche or over multiple tranches, acquire in any financial year in excess of such number of Equity Shares, which when taken together with any Equity Shares acquired by the other SHA Party in such financial year require the latter SHA Party to make an open offer under the Takeover Regulations; *Provided however that* the Securities that each SHA Party may acquire in any financial year shall be subject to Applicable Law and shall be in proportion to the shareholding of each SHA Party as on July 9, 2020 (for the financial year ended March 31, 2021) or the last day of the previous financial year (for each financial year succeeding the financial year ended March 31, 2021). *Provided further that* neither SHA Party shall acquire any Securities until the SHA Parties have complied with their obligation to sell-down Securities pursuant to Article 245.3.

245.6. It is clarified that the provisions of Article 245 are enforceable solely between the SHA Parties and shall not survive in respect of the continuing SHA Party following the termination of Part B of these Articles vis-à-vis the other SHA Party.

246.EVENT OF DEFAULT

246.1. **Event of Default**

The following events shall be deemed to be an “**Event of Default**”:

(i) occurrence of an Insolvency Event in relation to a SHA Party;

(ii) breach of covenants in Article 245.2 (*Restrictions on Disposals*) or Article 245.5 (*Restrictions on Disposals*), which remain uncured at the expiry of the Default Cure Period;

(iii) breach by a SHA Party or its Affiliates of Anti-Corruption Laws and Obligations applicable to it or them, clauses 14.1.2 and 14.2.1 (*Business Ethics and Sanctions*) of the SHA which have a material adverse impact on the reputation of the Group or on the Business or the other SHA Party, as the case may be, which has been judicially determined pursuant to a final, non-appealable order of a Court of competent jurisdiction;

(iv) breach by a SHA Party of covenants in Article 249.1 (*Non-Compete and Non-Solicitation*) which has a material adverse impact on the Business or the Group (in whole or in part) or the hiring by any SHA Party, for itself or any of its other portfolio companies that it Controls, of Key Employees of the Business in breach of the obligations in Article 249.2 (*Non-Compete and Non-Solicitation*);

(v) breach of the requirements under Article 244.2.5 (*Deadlock*);

(vi) any Shareholder Change of Control in respect of a SHA Party which has not been notified in writing to the other SHA Party;

(vii) fraud by a SHA Party against the Group or the other SHA Party which has a material adverse reputational impact or material adverse impact on the Business or the Group (in whole or in part), which has been judicially determined pursuant to a final, non-appealable order of a Court of competent jurisdiction. It is clarified that any fraud by nominee Directors of a SHA Party shall not automatically imply fraud by the SHA Party which has nominated the said nominee Director unless determined otherwise pursuant to a final, non-appealable order of a Court of competent jurisdiction.

246.2. **Consequences of Event of Default**

246.2.1. On occurrence of an Event of Default by a SHA Party (the "**Defaulting Party**"):

(i) the Defaulting Party shall immediately inform the other SHA Party (the "**Non-Defaulting Party**") of the occurrence of such Event of Default and shall specify steps if any being taken by the Defaulting Party to cure or remedy or mitigate the Event of Default;

(ii) the Non-Defaulting Party shall notify the Defaulting Party and the other Parties by notice in writing ("**Default Notice**") requesting the Defaulting Party to remedy such default within 30 (thirty) days from the Defaulting Party's receipt of such Default Notice ("**Default Cure Period**"). It is clarified that Default Cure Period shall not be required in respect of the matters specified in Articles 246.1(iii) and 246.1(vii);

(iii) Upon the expiry of the Default Cure Period the Non-Defaulting Party, at its/their sole discretion, have the right to exercise any or all or any combination of the following remedies without prejudice to any other remedies available under Applicable Law (including by way of a claim for damages whether under contract or tort or pursuant to equitable remedies):

(a) to invoke the Call Option at the then prevailing market price as on the date of the default in case of an Event of Default under Article 246.1(i);

(b) to invoke the Call Option at a discount of 25% (twenty five percent) to the then prevailing market price as on the date of the default or to suspend all or part of the Defaulting Party's rights (including the right to nominate Directors under Part B of these Articles (without prejudice to any obligations, accrued or otherwise, of the Defaulting Party under Part B of these Articles) with immediate effect until the default / breach in question has been remedied, in case of an Event of Default under Article 246.1 (ii), Article 246.1 (v) or Article 246.1 (vi);

(c) to invoke the Call Option at a discount of 10% (ten percent) to the then prevailing market price as on the date of the default or to suspend all or part of the Defaulting Party's rights (including the right to nominate Directors under Part B of these Articles (without prejudice to any obligations, accrued or otherwise, of the Defaulting Party under Part B of these Articles) with immediate effect until the default / breach in question has been remedied in case of an Event of Default under Article 246.1(iii), Article 246.1(iv) and Article 246.1(vii);

(d) as an alternative to or in combination with the invocation of the Call Option (as per this Article 246), to cause the Company to buy-back all or part of the securities from the Defaulting Party subject to and in accordance with the Applicable Law.

246.2.2. **Call Option**

(i) On the occurrence of an Event of Default, the Non-Defaulting Party shall have the right but not the obligation ("**Call Option**") to require the Defaulting Party to sell to the Non-Defaulting Party, free from all Encumbrances and with all rights and benefits attaching thereto, all (and not some only) of the Securities held by the Defaulting Party (and/or its Affiliates) ("**Call Securities**") and the Defaulting Party shall sell the Call Securities to the Non-Defaulting Party, in accordance with the terms hereof.

(ii) The Non-Defaulting Party shall have the right to exercise the Call Option within a period of 60 (sixty) days from the expiry of the Default Cure Period (if the notified Event of Default is capable of remedy but is not remedied by the Defaulting Party) or the date of issuance of Default Notice (if the notified Event of Default is not capable of remedy) by issuing a notice in writing to the Defaulting Party ("**Call Option Notice**").

(iii) The Non-Defaulting Party shall be entitled to:

(a) conclude the acquisition of the Call Securities in one or more tranches on the floor of the Stock Exchange or in an off market transaction, at the discretion of the Non-Defaulting Party whether to avoid a mandatory open offer or otherwise, at such discount ("**Discounted Price**") as specified in Article 246.2.1(iii), on one or more dates to be specified by the Non-Defaulting Party in the Call Option Notice (which conclusion of acquisition of Call Securities may not be later than 13 (thirteen) months from the date of receipt of the Call Option Notice by the Defaulting Party, or such other period as may be mutually agreed (the "**Call Option Long Stop Date**")); or

(b) nominate a third party or an Affiliate, not being a Restricted Person, to acquire the Call Securities from the Non-Defaulting Party at the Discounted Price which shall be concluded on a date to be specified by the Non-Defaulting Party in the Call Option Notice (which may not be later than the Call Option Long Stop Date).

(iv) The Call Option Notice shall set out:

(a) the number of the Call Securities;

(b) whether the Non-Defaulting Party requires the transfer of the Call Securities to be concluded in accordance with sub-clause (iii) (a) or sub-clause (iii) (b) of Article 246.2.2 above;

(c) the mode of purchase of the Call Securities;

(d) the Discounted Price;

(e) whether the transfer shall take place in one or more tranches; and

(f) the date(s) on which the Non-Defaulting Party requires the transfer of the Call Securities to be concluded (the "**Call Option Completion Date**").

(v) The sale and purchase of the Call Securities shall be on the following terms:

(a) if the Non-Defaulting Party proposes to conclude the transfer of the Call Securities in accordance with sub-clause (iii) (a) of Article 246.2.2 above, the Defaulting Party shall transfer the legal and beneficial title to the Call Securities together with all rights attaching to them, free from all Encumbrances, to the Non-Defaulting Party at the Discounted Price within the time period specified in sub-clause (iii) (a) of Article 246.2.2 above;

(b) if the Non-Defaulting Party proposes to conclude the transfer of the Call Securities in accordance with sub-clause (iii) (b) of Article 246.2.2 above, the Defaulting Party shall be required, on the Call Option Completion Date, to transfer the legal and beneficial title to the Call Securities together with all rights attaching to them, free from all Encumbrances, to the third party or Affiliates nominated by it under sub-clause (iii) (b) of Article 246.2.2);

(c) the Defaulting Party shall be deemed to warrant to the Non-Defaulting Party (and/ or the third party or Affiliates nominated by it under sub-clause (iii) (b) of Article 246.2.2 above), (x) its title to the Call Securities and its capacity to sell the Call Securities; and (y) that such Call Securities are free from Encumbrances; and

(d) on the Call Option Completion Date, the Non-Defaulting Party (and/or the third party or Affiliates nominated by it under sub-clause (iii) (b) of Article 246.2.2 above) shall pay to the Defaulting Party by wire transfer of immediately available funds the Discounted Price per Call Security ("**Call Option Consideration**"), and simultaneous with the receipt of the Call Option Consideration, the Defaulting Party shall transfer the legal and beneficial title to the Call Securities together with all rights attaching to them, free from all Encumbrances, on the terms set out in this Article 246.2.2 and by executing and delivering all such documents as may be required to transfer the legal and beneficial title to the Call Securities to the Non-Defaulting Party (and/ or the third party or Affiliates nominated by it under sub-clause (iii) (b) of Article 246.2.2).

(vi) Stamp duty and/ or any costs and expenses for the transfer of the Call Securities shall be borne entirely by the Non-Defaulting Party.

(vii) The time periods in this Article 246.2 shall be extended by any time reasonably taken for obtaining any Authorisations from any Governmental Authority to the extent required for the transactions contemplated herein. To the extent any Authorisations from any Governmental Authority are required to be obtained for any of the transactions contemplated herein, all Parties shall extend reasonable cooperation in procuring the same, including but not limited to executing any documents that may be required in connection herewith.

246.2.3. Notwithstanding anything to the contrary in Article 245.1 (*Restrictions on Disposals*), it is clarified that Securities may be acquired *via* the Call Option prior to the expiry of the Transfer Lock-in Period.

246.3. It is clarified that the provisions of Article 246.1 and 246.2 are enforceable solely between the SHA Parties and shall not survive in respect of the continuing SHA Party following the termination of Part B of these Articles vis-à-vis the other SHA Party.

247.TERM AND TERMINATION

247.1. **Termination of Rights**

Certain specified rights of each SHA Party shall fall-away in accordance with this Article 247 read with **Schedule E** (*Termination of Rights*) or as may be otherwise specified in Part B of these Articles, in the event such SHA Party does not meet the Threshold Shareholding Requirement on a Fully Diluted Basis.

247.2. **Term and Termination of Part B of these Articles**

The Part B of these Articles shall remain in force and effect and shall bind the Parties in accordance with its terms until terminated in accordance with this Article 247.

247.3. **Circumstances for Termination**

247.3.1. The Part B of these Articles may be terminated upon termination of the SHA in case the SHA is terminated:

(i) by any of the SHA Parties, on the date on which the Company is wound up;

(ii) by mutual written agreement of the SHA Parties; or

(iii) vis-à-vis a SHA Party, if and to the extent that any SHA Party (and/or its Affiliates) ceases to hold at least 10% (ten percent) of the Share Capital.

247.4. **Effect of Termination**

247.4.1. Notwithstanding anything contained in these Articles, if Part B of these Articles terminates:

(i) the provisions of and the rights and obligations of each Party under this Article 247.4 and each of the Surviving Articles shall survive termination of the Part B of these Articles;

(ii) each Party shall be released from its obligations to further perform Part B of these Articles.

247.4.2. In the event of termination of Part B of these Articles *vis-a-vis* a particular SHA Party ("**Exiting SHA Party**") for any reason, it is clarified that the other SHA Party shall not have any rights or obligations *vis-a-vis* the Exiting SHA Party from the date of the said termination (other than as agreed between the SHA Parties), and the rights of the other SHA Parties shall continue as per the terms hereof (subject to any amendments as may be mutually agreed between the continuing Parties and Article 247.4.3).

247.4.3. It is clarified that in the event of termination of Part B of these Articles *vis a vis* the Exiting SHA Party for any reason, Part B of these Articles shall continue to apply vis a vis the continuing SHA Party and the Company and the obligations of the continuing SHA Party under Article 249.1 (*Non-Compete and Non-Solicitation*), Article 249.2 (*Non-Compete and Non-Solicitation*) Article 245 (*Restrictions on Disposals*) and other obligations as agreed between the SHA Parties shall automatically fall away.

247.4.4. In the event that Part B of these Articles is terminated pursuant to sub-clause (iii) of Article 247.3.1 above, any and all rights of the Exiting SHA Party (including the right to nominate Directors) shall automatically and correspondingly accrue to the non-Exiting SHA Party.

248.SHAREHOLDER CHANGE OF CONTROL

In the event that a SHA Party undergoes a Shareholder Change of Control, such SHA Party shall notify the other SHA Party and the Company in writing of such Shareholder Change of Control setting out brief details of the Shareholder Change of Control, including the identity of the new Ultimate Holding Entity of such SHA Party and where there is no such new Ultimate Holding Entity, then the identity of all Persons who, directly or indirectly, hold at least a 25% (twenty five percent) interest (including via any partnership interests) in such SHA Party or who Control such SHA Party. Specifically in relation to ICM, in the event of a Shareholder Change of Control, all rights under Part B of these Articles vis-à-vis the ICM Group shall terminate effective immediately with no further force or effect.

249.NON-COMPETE AND NON-SOLICITATION

249.1. **Non-Compete**

249.1.1. Each SHA Party covenants and undertakes to the other SHA Party that it shall, and shall procure that: (i) in case of Brookfield, the Affiliate undertaking the private equity business in India; and (ii) in case of ICM, the Affiliates of ICM (in each case referred to as the "**Relevant Affiliates**"), shall, for so long as such SHA Party:

(i) owns and holds equal to or more than 20% (twenty percent) of the Share Capital, not acquire, directly or indirectly, any securities or voting rights in a Competitor which results in such SHA Party (or its Relevant Affiliates) owning or holding, directly or indirectly, more than 20% (twenty percent) of the share capital of such Competitor (on a Fully Diluted Basis) and/or acquiring governance rights; *provided however that* if such SHA Party acquires securities or voting rights exceeding such threshold or governance rights, then all rights of such SHA Party under Part B of these Articles shall fall away, other than the right to nominate 1 (one) non-executive Director on the Board; and

(ii) owns and holds less than 20% (twenty percent) of the Share Capital, be entitled to acquire, directly or indirectly, any securities or voting rights in a Competitor including which may result in such SHA Party (or its Relevant Affiliates), owning or holding, directly or indirectly, more than 20% (twenty percent) of the share capital of the Competitor (on a Fully Diluted Basis) and/or acquiring governance rights (including the right to nominate director(s)) in the Competitor, subject to (a) the information rights of such SHA Party under Part B of these Articles falling away; and (b) the nominee Directors of such SHA Party recusing themselves from accessing such information when presented to the Board or discussed at Board Meetings or otherwise so long as such recusal does not result in any breach by such person of his or her duties or obligations as a director under Applicable Law.

249.1.2. Notwithstanding anything to the contrary contained herein: (i) each SHA Party shall procure that at no point in time, shall such SHA Party (and/or its Relevant Affiliates) have any common nominee Directors appointed to the Board of the Company and the board of directors of a Competitor; (ii) each SHA Party and/or its Relevant Affiliates (along with their Representatives) shall continue to be bound by confidentiality obligations set out in the SHA and (ii) each SHA Party shall provide a written notice to the other SHA Party upon acquisition of any securities or voting rights in a Competitor.

249.1.3. Subject to this Article 249.1, each SHA Party (and/ or its Affiliates) shall be entitled to engage with or conduct any business with any Person in any form or manner.

249.2. **Non-Solicitation**

Until the expiry of 18 (eighteen) months from the date when the Part B of these Articles terminates vis-à-vis a SHA Party, in which case, until the date of termination of Part B of these Articles vis-à-vis a SHA Party), such SHA Party (and/or its Relevant Affiliates in India) shall not, whether directly or indirectly, by themselves or in association with or through any Person, in any manner whatsoever (whether in its own capacity or in conjunction with or on behalf of any Person, as an employee, adviser, partner or shareholder of or consultant to any other Person), do or undertake or attempt to do or undertake any of the following activities:

(i) tender for, canvass or solicit or attempt to tender for, canvass or solicit any current client or customer of any Company and/ or the Subsidiaries for a similar Business;

(ii) induce or attempt to induce any client, customer or supplier of any member of the Group to cease to deal with the Company and/ or Subsidiaries or any member thereof or otherwise interfere with the relationship between such client, customer or supplier and the Company and/or the Subsidiaries and/ or its members;

(iii) hire or solicit the employment of any employee of the Company and/or the Subsidiaries;

(iv) induce or attempt to induce any employees of the Company and/ or the Subsidiaries to leave the employment of the concerned member or otherwise interfere in any manner with the contractual, employment or other relationship of such employees of the Company and/ or the Subsidiaries; or

(v) assist, influence, encourage or induce such action in any manner whatsoever.

The non-solicitation restrictions set out in this Article 249.2 above shall not restrict genuine general solicitations for employment (including through search firms) not directed specifically at officers, directors or employees of the Group and nothing in this Article 249.2 shall prohibit either SHA Party (together with their respective Affiliates) from offering employment to, or employing any such Person who contacts such SHA Party on his or her own initiative and without any direct or indirect solicitation by such SHA Party.

The non-solicitation restrictions set out in this Article 249.2 above shall not apply with respect to such persons as may be set out in the SHA.

250. ACCESS TO BOOKS, RECORDS AND OTHER INFORMATION

250.1. Subject to Applicable Law, including relating to any prohibitions or restrictions on the disclosure of price sensitive information relating to the Group, Brookfield and the ICM Group and each Director shall (without prejudice to any rights they may have under Applicable Law) have the right to reasonable access on reasonable notice to inspect and audit the books and records of the Group and request access to, and the making and/or receipt of copies of, any information relating to the Group and its Business and operations.

250.2. Subject to Applicable Law, the Company shall ensure that all material developments and issues concerning the Business, operations, compliance, accounts, and management of the Group are brought to the notice of the Board, including the Brookfield Nominee Director(s) and the ICM Nominee Director(s), which for the avoidance of doubt shall include:

(i) any material litigation or other claim (including, without limitation, any prosecution, arbitration, proceedings or administrative or governmental investigation, dispute or challenge) threatened or commenced by or against, or affecting, a member of the Group;

(ii) notice of a material breach of, or actual or potential dispute in relation to, any contract to which a member of the Group is a party; and

(iii) any material documents or information relating to the Business or the Group which may in the Board's opinion, be relevant to a decision or proposed decision of the Board or the SHA Parties.

251. RIGHTS IN SUBSIDIARIES

Unless otherwise specified in these Articles, the rights and obligations of the SHA Party under Part B of these Articles shall, apply *mutatis mutandis* to the Subsidiaries, existing as of the Execution Date or that may be incorporated by the Company thereafter, and unless repugnant to the context thereof, the term "Company", wherever appearing in Part B of these Articles (and in the relevant definitions set forth in Article 234 (*Definitions and Interpretation*) thereof) shall be deemed to refer to such Subsidiaries as well, unless repugnant to the context thereof. The Parties shall do all such acts and deeds as may be required to give effect to the provisions of this Article 251, including passing necessary resolutions of the board and shareholders of each Subsidiary to amend their respective charter documents to incorporate the provisions of Part B of these Articles from time to time, where required.

To the extent Brookfield and/ or the ICM Group have not exercised their rights to appoint nominee directors on the boards of the Subsidiaries, all Reserved Matters relating to the Subsidiaries, shall first require the consent of each of the SHA Parties in accordance with Article 240.2 (*Reserved Matters*) and thereafter, implemented accordingly at the level of the Subsidiaries.

252.**BUSINESS ETHICS AND SANCTIONS**

252.1. **Business Ethics**

252.1.1. The Company shall ensure compliance with the covenant mentioned at clause 14.1.2(ii) of the SHA.

252.1.2. Subject to the terms of these Articles, each SHA Party agrees and undertakes to exercise all its voting rights in such a way as to enable the Company and each Subsidiary to: (i) adopt, implement and comply with all the policies and procedures designed to ensure ethical commercial practices, and more specifically, to prevent all types of illegal payments, including bribery and corruption; (ii) record and conserve accounting entries which reasonably and accurately reflect all the transactions carried out by the Group and the status of its assets; and (iii) organise and maintain a system for internally auditing accounting entries which is reasonably sufficient to detect and prevent any illegal payments, including bribery and corruption.

252.1.3. Unless otherwise agreed between the SHA Parties in writing, at each Board Meeting, the Company shall provide the Directors with: (i) a report in respect of the activities that have been carried out for the purpose of complying with Anti-Corruption Laws and Obligations; (ii) information related to any anti-bribery and corruption compliance concerns (e.g., inadequate staff or resources for compliance), and (iii) such other information and documentation as any Director may reasonably request in connection with such compliance and implementation processes.

252.1.4. Each SHA Party shall be entitled to receive when requested detailed information relating to bribery and corruption risk, including, on a monthly basis, as soon as reasonably practicable after, and in any event within 30 (thirty) days following, the end of each calendar month the following information for that calendar month, unless otherwise agreed between the SHA Parties in writing:

(i) details of any payments made to Public Officials;

(ii) details of any deviation from the contractual terms of payments to third parties and actual payments to third parties;

(iii) details of any material payments of gifts, travel, or entertainment to any person;

(iv) details of any anti-bribery and corruption training (e.g., participants);

(v) a description of any extortion demands or other requests for improper payments; and

(vi) such other information as may be relevant to assessing the Company’s bribery and corruption risk.

252.2. **Sanctions**

252.2.1. The Company must comply with any international economic sanctions laws or regulations that may be applicable to them and each business shall be run and operated in compliance with such applicable international economic sanctions.

SCHEDULE A

DEFINITIONS

1. "**Act**" means the (Indian) Companies Act, 2013;

2. "**Affiliates**" means in relation to a Person, any other Person that directly, or indirectly through one or more intermediate Persons, Controls, is Controlled by or is under common Control with that Person. However, in respect of ICM and Brookfield, it is clarified that an Affiliate shall mean the following:

   (i) in respect of ICM, any fund, collective investment scheme, trust, partnership (including any co-investment partnership), special purpose or other investment vehicle or any subsidiary or affiliate of the foregoing, which is managed and/or advised by Everstone Capital Management Mauritius or Everstone Capital Asia Pte. Ltd. or any of their respective wholly owned or Controlled subsidiaries; but shall not include (i) any portfolio company (along with its subsidiaries or associate companies) in which the Persons mentioned above have made an investment or, (ii) any member of the Group;

   Provided that, to the extent not covered above, in the event any Affiliate of ICM constitutes or forms any fund, collective investment scheme, trust, partnership (including any co-investment partnership), special purpose or other investment vehicle or any subsidiary or affiliate of the foregoing, for the purpose of making private equity investments in India, then: (a) ICM shall forthwith notify Brookfield of such constitution or formation; and (b) such new entity shall automatically be deemed to be an Affiliate of ICM for the purpose of Part B of these Articles without requiring any further act or deed;

   (ii) in respect of Brookfield, any fund, collective investment scheme, trust, partnership (including any co-investment partnership), special purpose or other investment vehicle or any subsidiary or affiliate of the foregoing, which is managed and/or advised by Brookfield Asset Management Inc. or any of its wholly owned or Controlled subsidiaries; but shall not include (i) any portfolio company (along with its subsidiaries or associate companies) in which the Persons mentioned above have made an investment, or (ii) any member of the Oaktree Group;

3. "**Alternate Director**" has the meaning ascribed to such term in Article 236.4.11 (*Board Composition and Corporate Governance*);

4. "**Applicable Law**" means the laws that apply to a Person in context, and includes: any law, legislation, statute, act, regulation, subordinate legislation, rule, by-law, order, proclamation, decree, ordinance, directive or code which is enacted, issued or promulgated by a Governmental Authority, the rules and regulations of any Stock Exchange, principles of law established by judgements or decisions of courts and any Authorizations (including any conditions or requirements under them);

5. "**Anti-Corruption Laws and Obligations**" all applicable anti-bribery, anti-corruption laws, or anti-money laundering laws or regulations;

6. "**Authorisation(s)**" means any license, consent, approval, permit or registration given or issued by any Governmental Authority (including from RBI, NHB, SEBI and/or the Stock Exchanges);

7. "**Board**" means the board of directors of the Company;

8. "**Board Committee(s)**" has the meaning ascribed to the term in Article 239.1.1 (*Management and Decision Making*);

9. "**Board Meeting**" means any meeting of the Directors convened in accordance with Applicable Law and Part B of these Articles;

10. "**Brookfield**" means BCP V Multiple Holdings Pte Ltd.;

11. "**Brookfield Co-Sale Shares**" has the meaning ascribed to the term in Article 245.2.7 (*Restrictions on Disposals*);

12. "**Brookfield Nominee Directors**" has the meaning ascribed to the term in sub-clause (i) of Article 236.2.2 (*Board Composition and Corporate Governance*);

13. "**Business**" means the business being carried out by the Group as on the Execution Date which includes the business of corporate loans, real estate finance, small and medium enterprise loans, housing finance and commercial vehicle finance and such other business as the Group may undertake from time to time;

14. "**Business Day**" means a day (other than Saturdays and Sundays) on which banks generally are open for business in Mumbai (India), Singapore and Mauritius and on which the Stock Exchanges are open for trading;

15. "**Business Plan**" has the meaning ascribed to the term in Article 241.2 (*Business Plan*);

16. "**Call Option**" has the meaning ascribed to the term in sub-clause (i) of Article 246.2.2 (*Event of Default*);

17. "**Call Option Completion Date**" has the meaning ascribed to the term in sub-clause (iv) (f) of Article 246.2.2 (*Event of Default*);

18. "**Call Option Consideration**" has the meaning ascribed to the term in sub-clause (v) (d) of Article 246.2.2 (*Event of Default*);

19. "**Call Option Long Stop Date**" has the meaning ascribed to the term in sub-clause (iii) (a) of Article 246.2.2 (*Event of Default*);

20. "**Call Option Notice**" has the meaning ascribed to the term in sub-clause (ii) of Article 246.2.2 (*Event of Default*);

21. "**Call Securities**" has the meaning ascribed to the term in sub-clause (i) of Article 246.2.2 (*Event of Default*);

22. "**CCPS**" means compulsorily convertible preference shares of the Company having the face value of ₹ 10 (Indian Rupees Ten) each;

23. "**Change of Control**" means, in relation to a Person:

    (i) such Person coming under the Control of any Person who or whose Affiliates did not Control that Person; or

    (ii) it ceasing to be Controlled by the Person (and/or its Affiliates) who Controlled that Person;

24. "**Company**" means Indostar Capital Finance Limited;

25. "**Company Committee**" has the meaning ascribed to the term in Article 239.3.1 (*Management and Decision Making*);

26. "**Competitor**" means a Person engaged in: (i) financing business in India with a commercial vehicle loan book (which loan book excludes three-wheeler commercial vehicles or commercial vehicles below 1.5 tonnes) which is greater than 30% (thirty percent) of its overall loan book determined based on the latest available audited financial statements of such Person; and/or (ii) housing finance business in India with a loan book (including retail housing loans but excluding corporate real estate lending) of between ₹ 1,500,00,00,000 (Indian Rupees Fifteen Hundred Crore) and ₹ 150,00,00,00,000 (Indian Rupees Fifteen Thousand Crore), determined based on the latest available audited financial statements of such Person;

27. "**Control**" means:

    (i) owning or controlling (directly or indirectly) more than 50% (fifty percent) of the voting share capital or partnership interest of the relevant Person; or

    (ii) being able to direct the casting of more than 50% (fifty percent) of the votes exercisable at meetings of shareholders or similar governing body of the relevant Person on all, or substantially all, matters; or

    (iii) having the right to appoint or remove directors or designated partners of the relevant Person who hold a majority of the voting rights at meetings of the board or similar governing body on all, or substantially all, matters; or

    (iv) having the power to direct the management or policies of a Person (whether through ownership of equity interest or partnership or other ownership interests or by contract) and the term "**Controlled**" shall be construed accordingly;

28. “**Deadlock Event**” has the meaning ascribed to the term in Article 244.1 (*Deadlock*);

29. “**Deadlock Matter**” means matters specified in **Schedule F** (*Deadlock Matters*);

30. “**Deadlock Notice**” has the meaning ascribed to the term in Article 244.2.2 (*Deadlock*);

31. “**Deed of Adherence**” has the meaning ascribed to the term in the SHA;

32. “**Default Cure Period**” has the meaning ascribed to the term in sub-clause (ii) of Article 246.2.1 (*Event of Default*);

33. “**Default Notice**” has the meaning ascribed to the term in sub-clause (ii) of Article 246.2.1 (*Event of Default*);

34. “**Defaulting Party**” has the meaning ascribed to the term in Article 246.2.1 (*Event of Default*);

35. “**De-promoterized**” and “**De-promoterization**” means reclassification of Promoters or Promoter Group as envisaged under the Listing Regulations;

36. “**Director**” means a director on the Board, appointed in accordance with the terms of Part B of these Articles and Applicable Law;

37. “**Discounted Price**” has the meaning ascribed to the term in sub-clause (iii) (a) of Article 246.2.2 (*Event of Default*);

38. “**Dispose**” means, in relation to any right, interest, asset, share or other form of security, to directly or indirectly:

    (i) sell, transfer, assign, swap, surrender, gift, declare a trust over, or otherwise dispose of, deal with or Encumber any legal or equitable interest in such right, interest, asset, share or other form of security;

    (ii) do anything which has the effect of placing a Person in substantially the same position as that Person would have been in, had any of the things mentioned in paragraph 38 (i) above been done; or

    (iii) authorise, agree to or attempt to do any of the things mentioned in paragraph 38 (i) or (ii) above;

    and the terms “**Disposed**” and “**Disposal**” shall be construed accordingly;

39. “**Encumbrance**” means any encumbrance including without limitation any claim, security interest (including any mortgage, fixed or floating charge, pledge, non-disposal undertaking, lien, hypothecation or assignment by way of collateral), memorandum of understanding, deposit by way of security, bill of sale, right to acquire, right of first refusal, right of first offer, and any option, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind, interest of any kind, beneficial ownership (including usufruct and similar entitlements) and any other beneficial interest held by any third party, or any agreement to create any of the foregoing, whether directly or indirectly, (in each case other than any encumbrance created or permitted pursuant to the terms of Part B of these Articles) and the term “**Encumber**” shall be construed accordingly;

40. “**Equity Shares**” means equity shares of the Company, of face value of ₹ 10 (Indian Rupees Ten) each;

41. “**Event of Default**” has the meaning ascribed to the term in Article 246.1 (*Event of Default*);

42. “**Execution Date**” means January 31, 2020;

43. “**Executive Management**” has the meaning ascribed to the term in Article 239.2.1 (*Management and Decision Making*);

44. “**Exiting SHA Party**” has the meaning ascribed to term in Article 247.4.2 (*Term and Termination*);

45. "**Financial Statements**” means the audited consolidated financial statements of the Group together with the auditors’ and directors’ reports and the notes to the audited financial statements for a Financial Year;

46. “**Financial Year**” means a period starting on 1st April of any year and ending on 31st March of the following year;

47. “**First Deadlock Committee**” has the meaning ascribed to the term in Article 244.2.1 (*Deadlock*);

48. “**Fully Diluted Basis**” means, with reference to any amount or percentage of the share capital of a company, such amount or percentage calculated as if all of the securities (including any convertible portion of preferred shares), stock options (issued or committed to be issued, whether or not such committed options have been granted) or other obligations that are convertible into or exercisable or exchangeable for, or which carry a right to subscribe to or purchase or which represent or bestow any beneficial ownership or interest in the equity shares of such company, then issued and outstanding, had been exercised in full (whether or not such securities, stock options or other obligations are at such time exercisable or convertible), except any contractual rights under any financing agreements in favour of any lenders which enable them to convert cash loans into equity shares;

49. “**General Meeting**” means any meeting of the shareholders of the Company convened in accordance with Applicable Laws and Part B of these Articles;

50. “**Governmental Authority**” means any super-national, national, federal, state, local, municipal, district or other sub-divisions, governmental or quasi-governmental authority, statutory authority, government department, agency, commission, board, tribunal or court or other executive, judicial, administrative or law, rule or regulation-making entity and shall include any court, tribunal, arbitrator or a Stock Exchange;

51. “**Group**” means the Company and its Subsidiaries from time to time (and “member” of the Group or “Group Company (ies)” shall be construed accordingly);

52. “**Holding Entity**” means, in respect of a Person, a Person that Controls that Person;

53. “**IAAPL**” means Indostar Asset Advisory Private Limited (CIN: U67100MH2013PTC240676), having its registered office at Tower 2A, One Indiabulls Center, 20th Floor, Senapati Bapat Marg, Jupiter Mills Compound, Mumbai, Maharashtra, 400013;

54. “**ICM**” means Indostar Capital;

55. “**ICM Co-Sale Shares**” has the meaning ascribed to the term in Article 245.2.7 (*Restrictions on Disposals*);

56. “**ICM Group**” means ICM and its Affiliates;

57. “**ICM Nominee Directors**” has the meaning ascribed to the term in sub-clause (ii) of Article 236.2.2. (*Board Composition and Corporate Governance*);

58. “**IHFPL**” means Indostar Home Finance Private Limited (bearing CIN: U65990MH2016PTC271587), having its registered office at Tower 2A, One Indiabulls Center, 20th Floor, Senapati Bapat Marg, Jupiter Mills Compound, Mumbai, Maharashtra, 400013;

59. “**Independent Director**” has the meaning ascribed to it in the Act;

60. “**Initial Board Meeting**” has the meaning ascribed to the term in Article 237.6.2 (*Board Meetings*);

61. “**Initial Business Plan**” has the meaning ascribed to the term in Article 241.1 (*Business Plan*);

62. “**Insolvency Event**” means, in respect of any Person:

    (i) the Person is unable to, or states in writing that it is unable to, pay its debts as they fall due;

    (ii) such Person becomes subject to the appointment of a resolution professional (interim or otherwise), controller, administrator, liquidator, provisional or interim liquidator, conservator, receiver, trustee, custodian, statutory manager or other similar official for it or for all or substantially all of its assets, and such Person fails to either (a) vacate the order of appointment; or (b) obtain an injunction or stay order against such order, in each case, within a period of 45 (forty five) days of such order;

    (iii) an order is made or a resolution is passed for such Person’s winding-up, official management or liquidation (other than pursuant to a solvent consolidation, reconstruction, amalgamation or merger), and such Person fails to either (a) vacate the order of appointment; or (b) obtain an injunction or stay order against such order, in each case, within a period of 45 (forty five) days of such order;

    (iv) a security interest becomes enforceable or is enforced over, or a writ of execution, garnishee order, injunction or similar order has been issued over or is affecting, all or a substantial part of the assets of the Person, and such Person fails to either (a) vacate the order of appointment; or (b) obtain an injunction or stay order against such order, in each case, within a period of 45 (forty five) days of such order;

(v) the Person has otherwise become, or is otherwise taken to be, insolvent in any jurisdiction or an event occurs in any jurisdiction in relation to the Person which is analogous to and which results in a substantially similar effect to, any of the events referred to in sub-clauses (i) to (iv) above.

63. "**Key Employees**" has the meaning ascribed to the term in the SHA;

64. "**Key Management**" has the meaning ascribed to the term in the SHA;

65. "**Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

66. "**Lock-in Quantum**" has the meaning ascribed to the term in Article 245.1 (*Restrictions on Disposals*);

67. "**MPS**" shall have the meaning ascribed to the term in sub-clause (i) of Article 245.3.1 (*Restrictions on Disposals*);

68. "**MPS Obligation**" shall have the meaning ascribed to the term in Article 245.3.1 (*Restrictions on Disposals*);

69. "**NHB**" means the National Housing Bank;

70. "**Non-Defaulting Party**" has the meaning ascribed to the term in sub-clause (i) of Article 246.2.1 (*Event of Default*);

71. "**Non-Selling Shareholder**" has the meaning ascribed to the term in Article 245.2.1 (*Restrictions on Disposals*);

72. "**Parties**" means collectively the Company, ICM and Brookfield.

73. "**Party**" means individually the Company, ICM and Brookfield.

74. "**Permitted Transferee**" has the meaning ascribed to the term in sub-clause (ii) of Article 245.4 (*Restrictions on Disposals*);

75. "**Person(s)**" means any natural person, firm, company, Governmental Authority, joint venture, association, partnership, limited liability partnership, trusts, body corporate or other entity (whether or not having separate legal personality);

76. "**PIT Regulations**" means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

77. "**Pledged Shares**" has the meaning ascribed to the term in sub-clause (iv) of Article 245.4 (*Restrictions on Disposals*);

78. "**Promoter**" has the meaning ascribed to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

79. "**Promoter Group**" has the meaning ascribed to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

80. "**Proposed Transferee**" has the meaning ascribed to the term in sub-clause (v) of Article 245.2.2 (*Restrictions on Disposals*);

81. "**Public Official**" means any Person who is: (i) employed by, is acting in an official capacity for, or performs public functions (e.g., professionals working for water authorities or planning officials) for a government, department, agency or instrumentality of government (including state-owned or controlled entities), or a public international organization (e.g., the World Bank), (ii) elected, appointed, or holds a legislative, administrative, or judicial position; or (iii) a candidate for political office and political party officials (including political parties themselves);

82. “**Qualified Lender**” means any scheduled commercial bank and/or a financial institution (not being a Competitor or a Restricted Person) which is in the business of providing loans and credit facilities;

83. “**RBI**” means the Reserve Bank of India;

84. “**Reduced Sale Securities**” has the meaning ascribed to the term in sub-clause (ii) of Article 245.2.2 (*Restrictions on Disposals*);

85. “**Relevant Affiliates**” has the meaning ascribed to the term in Article 249.1.1 (*Non-Compete and Non-Solicitation*);

86. “**Representative**” means, in relation to a Person, any director, officer, employee, agent or adviser of that Person;

87. “**Reserved Matter**” means a matter (including any matter which are ancillary, connected or incidental to such matter) as set out in **Schedule C** (*Reserved Matters*) in respect of which a SHA Party has the rights set out under Article 240 (*Reserved Matters*), subject to such SHA Party meeting the corresponding Threshold Shareholding Requirement set out under **Schedule C** (*Reserved Matters*) or the proviso to Article 240.1 (as may be relevant);

88. “**Restricted Person**” means any Person:

(i) subjected to International Economic Sanctions;

(ii) any Person deemed to be prohibited in accordance with the global "Watch list" as notified from time to time to the Company by Brookfield; or

(iii) any Person that, to the knowledge of the relevant SHA Party (after having exercised reasonable due diligence based on information available in the public domain), has been convicted by a Governmental Authority (which conviction has not been finally over-turned by a Governmental Authority) on account of non-compliance with the Anti-Corruption Laws and Obligations and/or applicable money-laundering law in the past 5 (five) years;

89. “**Restricted Transferee**” means a list of Persons provided by Brookfield to ICM as of even date; which list shall consist of not more than 8 (eight) names and be revised/updated and provided on an annual basis by Brookfield to ICM, during the term of Part B of these Articles;

90. “**Revised Threshold Shareholding I**” means the higher of: (i) 12% (twelve percent) of the Share Capital; and (ii) X - 2% of the Share Capital, where X shall be the ICM Group’s Shareholding in the Company if as a result of compliance with the MPS Obligation (which has been notified to Brookfield in accordance with Article 245.3.3 (*Restrictions on Disposals*)), the ICM Group’s shareholding in the Company is less than or equal to 20% (twenty percent) of the Share Capital;

91. “**Revised Threshold Shareholding II**” means the higher of: (i) 20% (twenty percent) of the Share Capital and (ii) Y- 2% of the Share Capital, where Y shall be the ICM Group’s Shareholding in the Company if as a result of compliance with the MPS Obligation (which has been notified to Brookfield in accordance with Article 245.3.3 (*Restrictions on Disposals*)) the ICM Group’s shareholding in the Company is more than 20% (twenty percent) of the Share Capital but less than or equal to 25% (twenty five percent) of the Share Capital;

92. “**ROFO Acceptance Notice**” has the meaning ascribed to the term in sub-clause (iv) of Article 245.2.2 (*Restrictions on Disposals*);

93. “**ROFO Acceptance Period**” has the meaning ascribed to the term in sub-clause (iv) of Article 245.2.2 (*Restrictions on Disposals*);

94. “**ROFO Completion Period**” has the meaning ascribed to the term in sub-clause (iv) of Article 245.2.2 (*Restrictions on Disposals*);

95. “**ROFO Indication of Interest**” has the meaning ascribed to the term in sub-clause (ii) of Article 245.2.2 (*Restrictions on Disposals*);

96. “**ROFO Period**” has the meaning ascribed to the term in sub-clause (ii) of Article 245.2.2 (*Restrictions on Disposals*);

97. "**ROFO Price**" has the meaning ascribed to the term in sub-clause (ii) of Article 245.2.2 (*Restrictions on Disposals*);

98. "**Sale Notice**" has the meaning ascribed to the term in sub-clause (i) of Article 245.2.2 (*Restrictions on Disposals*);

99. "**Sale Securities**" has the meaning ascribed to the term in sub-clause (i) of Article 245.2.2 (*Restrictions on Disposals*);

100. "**SEBI**" means the Securities and Exchange Board of India;

101. "**Second Deadlock Committee**" has the meaning ascribed to the term in Article 244.2.2 (*Deadlock*);

102. "**Securities**" means securities in the Company where "securities" has the meaning ascribed to the term under the Securities Contract Regulation Act, 1956;

103. "**Selling Shareholder**" has the meaning ascribed to the term in Article 245.2.1 (*Restrictions on Disposals*);

104. "**SHA**" means the shareholders agreement dated January 31, 2020 between the Company, ICM and Brookfield;

105. "**SHA Parties**" means collectively ICM and Brookfield;

106. "**SHA Party**" means individually ICM and Brookfield;

107. "**Share Capital**" means the issued and paid-up share capital of the Company, on a Fully Diluted Basis;

108. "**Shareholder**" means a registered holder of Equity Shares, who is either a Party to the SHA as an original Party or by virtue of having executed a Deed of Adherence;

109. "**Shareholder Change of Control**" means: (a) with respect to ICM or any Affiliates to which ICM has transferred its Securities and/or which has become a party to the SHA, a Change of Control of ICM or any such Affiliate who has become a party to the SHA or a Change of Control of Indostar Everstone and/or Everstar Holdings Pte. Ltd. (but shall exclude (i) a change in the ultimate general partners of the funds Controlling any of the aforementioned entities or (ii) a Change in Control of any other shareholders of ICM); and (b) with respect to Brookfield, Brookfield Asset Management Inc. ceasing to Control Brookfield (but shall exclude (i) a change in the ultimate general partners of the funds Controlling any of the aforementioned entities or (ii) a Change in Control of any other shareholders of Brookfield). It being clarified that any transfer of Control from one Affiliate of the relevant SHA Party to another Affiliate (for internal restructurings or otherwise) shall not qualify as a Shareholder Change of Control;

110. "**SSA**" means the share subscription agreement dated January 31, 2020 between the Company, ICM and Brookfield;

111. "**Stock Exchanges**" means National Stock Exchange of India Limited, BSE Limited and any other recognized stock exchange on which any Securities are listed from time to time;

112. "**Subsidiary**" means IAAPL and/or IHFPL and/or any other 'subsidiary' (as defined under the Act) of the Company;

113. "**Surviving Articles**" means the provisions of Article 247 (*Term and Termination*), Article 249.2 (*Non-Solicitation*), and Article 234 (*Definitions and Interpretation*) (to the extent applicable to such articles);

114. "**Takeover Regulations**" means the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

115. "**Tax**" means:

    (i) all forms of tax, levy, impost, contribution, duty, liability and charge in the nature of taxation and all related withholdings or deductions of any nature;

    (ii) all related fines, penalties, charges, linkage differentials and interest; and

    (iii) imposed or collected by a Tax Authority whether directly or primarily chargeable against, recoverable from or attributable to any Person (and "**Taxes**" and "**Taxation**" shall be construed accordingly);

116. "**Tax Authority**" means a Governmental Authority (whether within or outside India) competent to impose a liability for or to collect Tax;

117. "**Tenure**" has the meaning ascribed to such term in the SSA;

118. "**Threshold Shareholding Requirement**" means the minimum shareholding percentage of a SHA Party, on a Fully Diluted Basis, below which certain rights under Part B of these Articles shall fall-away vis-à-vis such SHA Party in accordance with Part B of these Articles (as set out under Article 247.1 (*Term and Termination*) read with **Schedule E** (*Termination of Rights*));

119. "**Transaction Documents**" has the meaning ascribed to such term in the SHA;

120. "**Transfer Lock-in Period**" means the period of 2 (two) years commencing from the date of adoption of these Articles; and

121. "**Ultimate Holding Entity**" means a Holding Entity which is not Controlled by any of such Holding Entity's Affiliates.

SCHEDULE B

INTERPRETATION

1. In addition to the above terms, certain terms may be defined in the recitals or elsewhere in Part B of these Articles, and wherever such terms are used in Part B of these Articles, they shall have the meaning so assigned to them in Part B of these Articles.

2. **Things required to be done other than on a Business Day**

Unless otherwise indicated, where the day on which any act, matter or thing is to be done is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

3. **Other rules of interpretation**

In Part B of these Articles, unless a contrary intention appears:

(i) any reference, express or implied, to any legislation in any jurisdiction includes:

(a) that legislation as amended, extended or applied by or under any other legislation made before or after adoption of these Articles;;

(b) any legislation which that legislation re-enacts with or without modification; and

(c) any subordinate legislation made before or after the adoption of these Articles under that legislation, including (where applicable) that legislation as amended, extended or applied as described in sub-clause (a) above, or under any legislation which it re-enacts as described in sub-clause (b) above;

(ii) references to "procure" or "cause", where used in the context of one Person in relation to the fulfilment of an obligation by another, means solely that the relevant Person undertakes to exercise its voting rights, contractual rights and other powers (in its capacity as shareholder (if so a shareholder) and/or director (if so a director) (subject to any relevant fiduciary duties or any other Applicable Law which would prevent such exercise of voting rights, contractual rights and other powers, as the case may be) to procure so far as it is lawfully and reasonably able to comply with that obligation;

(iii) the terms "hereof", "herein", "hereby", "hereto" and derivative or similar words refer to these entire Articles or specified clauses or schedules of Part B of these Articles, and not to any particular clause or other subdivision as the case may be;

(iv) the words "directly or indirectly" mean directly or indirectly through one or more intermediary Persons or through contractual or other legal arrangements, and "direct or indirect" have the correlative meanings;

(v) time is of the essence in the performance of the Parties' respective obligations. If any time period specified herein is extended, such extended time shall also be of the essence;

(vi) singular words include the plural and vice versa;

(vii) a word of any gender includes the corresponding words of any other gender;

(viii) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;

(ix) general words must not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words, and references to "includes" mean "includes without limitation";

(x) a reference to a clause, article, sub-clause, paragraph, schedule or annexure is a reference to a clause, article, sub-clause, paragraph, schedule of or annexure to these Articles;

(xi) the schedules form an integral part of these Articles;

(xii) headings, subheadings and titles, subtitles to clauses, sub-clauses, sections and paragraphs are for information only and shall not form part of the operative provisions of Part B of these Articles or the schedules hereto and shall be ignored in construing or interpreting the same;

(xiii) reference to days, months and years are to calendar days, calendar months and calendar years, respectively, unless otherwise specified;

(xiv) any reference to "writing" includes e-mail communications;

(xv) references to an agreement, arrangement or document shall be construed as a reference to such agreement, arrangement or document as the same may have been amended, varied, supplemented or novated, in writing, at the relevant time in accordance with the requirements of such agreement, arrangement or document and, if applicable, of Part B of these Articles with respect to amendments;

(xvi) in determination of any period of days for the occurrence of an event or the performance of any act or thing, the day on which the event happens or the act or thing is done shall be deemed to be excluded; and

(xvii) for the purposes of determining any rights available under Part B of these Articles on the basis of Threshold Shareholding Requirement, the shareholding of a SHA Party shall be aggregated to also include the shareholding of its Affiliates in the Company (on a Fully Diluted Basis) provided that the Affiliate has entered into a Deed of Adherence (except in case of Everstone Capital Partners II LLC and ECP III FVCI Pte. Ltd.); it being clarified that the shareholding of a SHA Party shall in no event be aggregated to include the shareholding of any other Person (other than its Affiliates) in the Company, including if such SHA Party has transferred its Securities (or a portion thereof) to such Person in accordance with the terms hereof.

SCHEDULE C

RESERVED MATTERS

Part A: Reserved matters at shareholding of 25% or more Share Capital

S. No	Decision or action
1.	• Amend or repeal the constitution documents. • Purchase, redeem or otherwise reorganise its share capital, including by way of reduction of capital, buy-back or redemption of securities, conversion of securities from one class to another or consolidation and subdivision of shares. • Any reorganisation, merger or amalgamation of any member of the Group or undertaking any mergers and acquisitions or strategic investment or purchase or sale of any other business or undertaking or material assets, whether by a single transaction or a series of transactions. • Incorporate any new subsidiary or acquire or dispose of any shares or other securities (save and except pass-through certificates, bonds, commercial paper and non-convertible debentures in the Ordinary Course of Business) in any body corporate, trust or other entity, or acquire any material interest in any business. • Issue any shares or other securities, grant any person rights to be issued any shares or other securities or vary any rights attaching to any class of the shares or other securities or exercise any discretion in relation to the terms of issue of such shares or other securities (in each case, save and except pass-through certificates, bonds, commercial paper and non-convertible debentures in the Ordinary Course of Business). • Appoint any administrator, liquidator, provisional liquidator, receiver and manager or equivalent officer in respect of any member of the Group or take any step to dissolve or wind up any member of the Group.
2.	• Change auditors or the Company name or registered office address. • Change the financial year end or the accounting policies or practices.
3.	Cease or make any material alteration to the general nature or scope (including any expansion of the territories) of any of the businesses or commence any new business of the Group or amend, relinquish, replace, renew, reapply or apply for any material approval or authorization.
4.	• Enter into, vary the terms of, waive any right or claim under, or terminate (i) any agreement of monetary value of more than ₹ 100,00,00,000 (Indian Rupees Hundred Crores), to which any member of the Group is a party; or (ii) any joint venture arrangement of the Group. • Execution, amendment or modification of any related party transaction, other than related party transactions between the Company and the Subsidiaries.
5.	• Approve any Business Plan or budget (including any financing plan) or approve any material amendment, modification or alternation to any Business Plan or budget. • Approve the annual standalone financial statements of the Company or the Financial Statements of the Group (to the extent separate).

S. No	Decision or action
6.	• Establish any Board Committee. • Change in the size of the Board. • Appointment of chairperson of the Board (from the Independent Directors on the Board).
7.	• Enter into: (a) any capital commitment exceeding ₹ 10,00,00,000 (Indian Rupees Ten Crores) individually, or (b) 10% (ten percent) of the agreed capital commitment (as set out in the then current Business Plan) for any given financial year. • Provide any loan exceeding or advance exceeding ₹ 100,00,00,000 (Rupees Hundred Crores). • Repay any indebtedness or redeem any loan note, bond or similar debt instrument before the due date for such repayment on redemption of an amount exceeding ₹ 100,00,00,000 (Indian Rupees Hundred Crores). • Enter into any new borrowing facility or issue any loan note, bond or similar debt instrument in excess of ₹ 200,00,00,000 (Indian Rupees Two Hundred Crores) individually, or 10% (ten percent) of the borrowing allowance (as set out in the then current Business Plan) for any given financial year, or vary the terms of any such existing facility or instrument. • Give any guarantee, indemnity or warranty (other than in relation to financing in the normal course of business) or create any encumbrance (other than liens arising in the ordinary course of business).
8.	• Engage, vary the terms of engagement of or terminate the engagement of any Key Employee or person who reports directly to the Board. • Termination of management contract with the executive Director or removal of executive Director. • Pay any remuneration, fees or benefits to a director. • Payment of any commission to the Independent Directors. • Establish any superannuation, profit sharing, bonus or incentive scheme for employees or vary the terms of such a scheme. • Engage financial or legal advisers (other than in relation to matters within the normal course of business).
9.	Commence or settle any litigation, arbitration or mediation proceedings except for proceedings where the amount claimed by or against any member of the Group does not exceed ₹ 1,00,00,000 (Indian Rupees One Crores) in respect of a single proceeding, or 5 (five) in any given financial year.
10.	• Approve or amend the dividend distribution policy. • Implement, amend or modify any compliance programs and policies of the Group, other than such amendments or modifications as may be required under Applicable Law. • Declaration of dividend.

Part B: Reserved matters at shareholding of 20% or more Share Capital but less than 25% of the Share Capital

S. No	Decision or action
1.	• Amend or repeal the constitution documents. • Purchase, redeem or otherwise reorganise its share capital, including by way of reduction of capital, buy-back or redemption of securities, conversion of securities from one class to another or consolidation and subdivision of shares. • Vary any rights attaching to any class of the securities held by the concerned SHA Party. • Any reorganisation, merger or amalgamation of any member of the Group or undertaking any mergers and acquisitions or strategic investment or purchase or sale of any other business or undertaking or material assets. • Incorporate any new subsidiary or acquire or dispose of any shares or other securities (save and except pass-through certificates, bonds and non-convertible debentures in the Ordinary Course of Business) in any body corporate, trust or other entity, or acquire any material interest in any business. • Appoint any administrator, liquidator, provisional liquidator, receiver and manager or equivalent officer in respect of any member of the Group or take any step to dissolve or wind up any member of the Group.
2.	Cease or make any material alteration to the general nature or scope (including any expansion of the territories) of any of the businesses or commence any new business of the Group or amend, relinquish, replace, renew, reapply or apply for any material approval or authorization.
3.	Enter into, vary the terms of, waive any right or claim under, or terminate (i) any agreement of monetary value of more than ₹ 100,00,00,000 (Indian Rupees Hundred Crores), to which any member of the Group is a party; or (ii) any joint venture arrangement of the Group.
4.	Approve any Business Plan or budget (including any financing plan) or approve any material amendment, modification or alternation to any Business Plan or budget.
5.	Change in the size of the Board.
6.	• Engage, vary the terms of engagement of or terminate the engagement of any Key Employee or person who reports directly to the Board and whose total annual remuneration exceeds ₹ 75,00,000 (Indian Rupees Seventy Five Lakhs). • Termination of management contract with the executive Director or removal of executive Director. • Payment of any commission to the Independent Directors.

Part C: Reserved Matters at shareholding of 10% or more of the Share Capital but less than 20% of the Share Capital

S. No	Decision or action
1.	• Purchase, redeem or otherwise reorganise its share capital, including by way of reduction of capital, buy-back or redemption of securities, conversion of securities from one class to another or consolidation and subdivision of shares. • Vary any rights attaching to any class of the securities held by the concerned SHA Party. • Appoint any administrator, liquidator, provisional liquidator, receiver and manager or equivalent officer in respect of any member of the Group or take any step to dissolve or wind up any member of the Group. • Payment of any commission to the Independent Directors.

SCHEDULE D

INFORMATION RIGHTS

S. No	Reporting required	Timing
1.	Quarterly management accounts containing income statement, balance sheet, cash-flow statement, cash flow forecast for the next 6 (six) months and P&L of the Company (on a consolidated basis): • to refer to any material matter occurring in or relating to the period in question; • to include a comparison of all such information with the projections and forecasts in the relevant budget and with the corresponding information for the same period in the preceding year, together with a statement of any material variation from the budget; • to include an analysis of the main variations (to be defined) with budget and previous quarter; • to itemise all material transactions referred to in the statement of projected capital expenditure included in the relevant budget and entered into by the Company during that period.	As part of the meeting of the Board convened to approve the quarterly financial statements of the Company.
2.	The audited standalone financial statements and annual report of the Company for each Financial Year and annual report of the Company and the Financial Statements.	As part of the meeting of the Board of the Company convened to approve the annual Financial Statements.
3.	Prepare (and where necessary engage a suitably qualified firm of accountants to prepare) such reports or other information relating to the business or affairs of the Company or to its financial position, assets or prospects as the SHA Parties may from time to time reasonably request.	Within 30 (thirty) Business Days of such request.

4.	Default notice in relation to any borrowing	Within 3 (three) Business Days from the receipt of such default notice.
5.	Any written reports or certificates that the Group is required to provide its lenders under any Group finance facilities	Within 3 (three) Business Days from the provision to the relevant lender.

SCHEDULE E
TERMINATION OF RIGHTS

Articles	Threshold Shareholding Requirement
Article 236.4.8(ii) (*Board Composition and Corporate Governance*)	10%
Article 237.6 and Article 237.9 (*Board Meetings*)	10% (subject to Article 240 (*Reserved Matters*) and **Schedule C** (*Reserved Matters*); at 10% only to the extent required to exercise the Reserved Matter right in Part C of **Schedule C** (*Reserved Matters*))
Article 238.3 and Article 238.5.1 (*General Meetings*)	10% (subject to Article 240 (*Reserved Matters*) and **Schedule C** (*Reserved Matters*); at 10% only to the extent required to exercise the Reserved Matters in Part C of **Schedule C** (*Reserved Matters*))
Article 239.1.2 and Article 239.1.3 (*Management and Decision Making*)	10% (subject to Article 236 (*Board Composition and Corporate Governance*))
Article 239.2.3 (*Management and Decision Making*)	20% *provided however that* if, as a result of compliance with the MPS Obligation (which has been notified to Brookfield in accordance with Article 245.3.3), the ICM Group's shareholding in the Company is less than or equal to 20% (twenty percent) of the Share Capital, then this right shall be available to the ICM Group at the Revised Threshold Shareholding I.
Article 239.3.2 and Article 239.3.3 (*Management and Decision Making*)	10% (subject to Reserved Matters at 10% being only in respect of matters contained in Part C of **Schedule C** (*Reserved Matters*))
Article 243 (*Information Rights*)	10%
Article 250 (*Access to Books, Records and Other Information*)	10%

SCHEDULE F

DEADLOCK MATTERS

(a) approve any Business Plan or budget (including any financing plan) or approve any material amendment, modification or alternation to any Business Plan or budget;

(b) any reorganisation, merger or amalgamation of any member of the Group or undertaking any mergers and acquisitions or strategic investment or purchase or sale of any other business or undertaking or material assets or undertaking any actions towards dissolution, winding up of any company in the Group;

(c) engage, vary the terms of engagement of or terminate the engagement of any Key Employee (including an executive director) or person who reports directly to the Board;

(d) issue any capital or grant any person rights to be issued any capital or enter into any capital commitments exceeding ₹ 10,00,00,000 (Indian Rupees Ten Crores) individually, or 10% (ten percent) of the agreed capital commitment (as set out in the then current Business Plan) for any given financial year or enter into any new borrowing facility or issue any loan note, bond or similar debt instrument in excess of ₹ 200,00,00,000 (Indian Rupees Two Hundred Crores) individually, or 10% (ten percent) of the borrowing allowance (as set out in the then current Business Plan) for any given financial year, or vary the terms of any such existing facility or instrument or repay any indebtedness or redeem any loan note, bond or similar debt instrument before the due date for such repayment on redemption or give any guarantee, indemnity or warranty (other than in relation to financing in the normal course of business) or create any encumbrance (other than liens arising in the ordinary course of business); and

(e) all such actions (whether or not forming part of Reserved Matters) which arise out of or are connected to the Deadlock Matters.

SECTION IX - MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office of our Company situated at Off No - 301, Wing A, CTS No 477, Silver Utopia, Chakala Road, Opp Proctor and Gamble, Andheri (E), Sahargaon, Mumbai – 400 099, Maharashtra, India between 10 am to 5 pm on any Working Days from the date of the filing of this Draft Prospectus with the Stock Exchange till the date of closure of the Issue.

MATERIAL CONTRACTS

1. Issue Agreement dated July 29, 2024, between our Company and the Lead Manager.
2. Registrar Agreement dated July 22, 2024, between our Company and the Registrar to the Issue.
3. Debenture Trustee Agreement dated July 9, 2024, executed between our Company and the Debenture Trustee.
4. Tripartite agreement dated January 8, 2018, among our Company, the Registrar to the Issuer and CDSL.
5. Tripartite agreement dated February 14, 2011, among our Company, the Registrar to the Issuer and NSDL.
6. Agreed form of the Debenture Trust Deed to be executed between our Company and the Debenture Trustee.
7. Public Issue Account and Sponsor Bank Agreement dated [●], between our Company, the Lead Manager, Registrar to the Issue and ICICI Bank Limited.
8. Consortium Agreement dated [●], among our Company, Lead Manager and Consortium Members.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of our Company, as amended to date.
2. Certificate of Incorporation of our Company dated July 21, 2009 issued by the RoC.
3. Certificate of registration dated January 20, 2016 bearing registration no. N-13.02109 issued by the Reserve Bank of India.
4. Copy of shareholders' resolution on August 30, 2019 under Section 180(1)(c) of the Companies Act, 2013 on overall borrowing limits of the Board of Directors of our Company.
5. Copy of the resolution passed by the Board of Directors dated January 24, 2024 approving the issue of NCDs.
6. Copy of the resolution passed by the Debt – Public issue Committee dated July 29, 2024 approving this Issue of NCDs.
7. Copy of the resolution passed by the Debt – Public issue Committee at its meeting held on July 29, 2024, approving the Draft Prospectus.
8. Letter dated January 24, 2024, revalidated vide letter dated February 15, 2024, and further revalidated vide letters dated April 22, 2024 and June 19, 2024, by CARE Ratings Limited assigning a rating of "CARE AA-/Stable" (pronounced as CARE Double A Minus; Outlook: Stable) for the Issue with rating rationale and press release dated January 25, 2024.
9. Consents of the Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Lead Manager to the Issue, Legal Counsel to the Issue, Credit Rating Agencies, Registrar to the Issue, and the Debenture Trustee in their respective capacities and the NOCs received from Lenders to our Company in relation to the Issue.
10. Consent of CARE Analytics and Advisory Private Limited (formerly known as CARE Analytics & Advisory Private Limited) dated July, 2024 as the agency issuing the industry report titled "*Research Report on LAP, Construction Finance and Auto Finance*" forming part of the Industry Overview chapter.

11. Our Company has received the written consent dated July 29, 2024 from M S K A & Associates, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Draft Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) report dated April 29, 2024 for the Audited Financial Statements of the Company for the Fiscal, 2024; and (ii) their reports on statement of possible tax benefits dated July 29, 2024, included in this Draft Prospectus, and such consent has not been withdrawn as on the date of this Draft Prospectus. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act, 1993.

12. Our Company has further received a consent dated July 29, 2024 from Deloitte Haskins & Sells LLP, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI NCS Regulations, in this Draft Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our erstwhile Statutory Auditor, and in respect of their reports dated (i) May 25, 2023 on the Audited Financial Statements for Fiscal 2023 and (ii) August 5, 2022 on the Audited Financial Statements for Fiscal 2022. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act, 1993.

13. Industry report titled "*Research Report on LAP, Construction Finance and Auto Finance*" dated July 2024.

14. Warrant Subscription Agreement dated February 27, 2024 executed among the Company and BCP V Multiple Holdings PTE LTD and BCP V Multiple FVCI Holdings PTE LTD.

15. Warrant Subscription Agreement dated February 27, 2024 executed among the Company and Florintree Tecserv LLP.

16. Shareholders' Agreement, dated January 31, 2020 executed between our Company, Indostar Capital and BCP V Multiple Holdings Pte Limited.

17. The report on statement of possible tax benefits dated July 29, 2024.

18. Annual Report of our Company for Fiscals ended March 31, 2023 and March 31, 2022 and Audited Financial Statements for the Fiscal 2024.

19. In-principle listing approval from BSE by its letter no. [•] dated [•], 2024.

20. Due Diligence Certificate dated [•], filed by the Lead Manager with SEBI.

21. Due Diligence certificate dated July 29, 2024, filed by the Debenture Trustee to the Issue.

DECLARATION

We, the Directors of the Company, hereby certify and declare that all relevant provisions of the Companies Act, 2013, as amended, and the rules prescribed thereunder, to the extent applicable and the guidelines issued by the Government of India and/or the regulations/guidelines/circulars issued by the Reserve Bank of India, National Housing Bank and the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as applicable, including the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended, provisions under the Securities Contracts (Regulation) Act, 1956, as amended, and rules made thereunder, including the Securities Contracts (Regulation) Rules, 1957, as amended, including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable , as the case may be have been complied with and no statement made in this Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be. We hereby confirm that the compliance with the Securities and Exchange Board of India Act, 1992 or rules made there under does not imply that payment of dividend or interest or repayment of debt securities, is guaranteed by the Central Government.

We further certify that all the disclosures and statements made in this Draft Prospectus are true, accurate and correct in all material respects, are in conformity with Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made there under, regulations or guidelines or circulars issued, as the case may be and do not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that this Draft Prospectus does not contain any misstatements. Furthermore, all the monies received under this Issue shall be used only for the purposes and objects indicated in this Draft Prospectus. No information material to the subject matter of this form has been supressed or concealed and whatever is stated in this Draft Prospectus is as per the original records maintained by the Promoter(s) subscribing to the Memorandum of Association and Articles of Association.

Signed by the Directors of the Company

Bobby Kanubhai Parikh *Chairman and Non-Executive Independent Director* DIN: 00019437	Karthikeyan Srinivasan *Chief Executive Officer and Whole time Director* DIN: 10056556
Randhir Singh *Whole-time Director & Executive Vice Chairman* DIN: 05353131	Aditya Hemant Joshi *Non-Executive and Non-Independent Director* DIN: 08684627
Dhanpal Arvind Jhaveri *Non-Executive and Non-Independent Director* DIN: 02018124	Vibhor Kumar Talreja *Non-Executive and Non-Independent Director* DIN: 08768297
Devdutt Vinayak Marathe *Non-Executive and Non-Independent Director* DIN: 10294876	Naina Krishna Murthy *Non-Executive and Independent Director* DIN: 01216114
Hemant Kaul *Non-Executive and Independent Director* DIN: 00551588	

Date: July 29, 2024
Place: Mumbai

ANNEXURE A – CARE RATING AND RATIONALE

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No. CARE/HO/RL/2023-24/4082

Shri Vinod Panicker
Chief Financial Officer
Indostar Capital Finance Limited
Unit No 301-A, Silver Utopia,
Opposite P & G Plaza, Cardinal Gracious Road,
Mumbai
Maharashtra 400099

January 24, 2024

Confidential

Dear Sir,

Credit rating for proposed Non-Convertible Debenture (public issue)

Please refer to your request for rating of proposed Non-convertible Debenture (NCD) public issue aggregating to Rs.500 crore of your Company.

2. The following ratings have been assigned by our Rating Committee:

Sr. No.	Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
1.	Non-Convertible Debentures (Public issue)	500.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Assigned
	Total Instruments	500.00 (Rs. Five Hundred Crore Only)		

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is January 24, 2024).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

[1]Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.

7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is shared with you. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by January 29, 2024, we will proceed on the basis that you have no any comments to offer.

8. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

9. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

11. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.

12. Our ratings are **not** recommendations to buy, sell or hold any securities.

13. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE Ratings Ltd.

Thanking you,

CARE Ratings Limited

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai
Phone: +91-22-6754 3456 • www.careedge.in

CIN-L67190MH1993PLC071691

Yours faithfully,

Khyati Shah
Lead Analyst
khyati.shah@careedge.in

Jitendra Meghrajani
Assistant Director
jitendra.meghrajani@careedge.in

Encl.: As above

CareEdge RATINGS

No. CARE/HO/RL/2023-24/4277

Shri Vinod Panicker
Chief Financial Officer
Indostar Capital Finance Limited
Unit No 301-A, Silver Utopia,
Opposite P & G Plaza, Cardinal Gracious Road,
Mumbai
Maharashtra 400099

February 15, 2024

Confidential

Dear Sir,

Credit rating for Non-Convertible Debentures/Principal Protected Market Linked Debentures

Please refer to our letter no. CARE/HO/RL/2023-24/4073 and CARE/HO/RL/2023-24/4082 dated January 24, 2024, and your request for revalidation of the rating assigned to the non-convertible debentures and principal protected market linked debentures of your company, for a limit of Rs.7,000.00 crore.

2. The following rating(s) have been reviewed:

Sr. No.	Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
1.	Non-Convertible Debentures	6,200.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed
2.	Market Linked Debentures	300.00	CARE PP-MLD AA-; Stable (Principal Protected-Market Linked Debentures Double A Minus; Outlook: Stable)	Reaffirmed
3.	Non-Convertible Debentures (Public issue)	500.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed
	Total Instruments	7,000.00 (Rs. Seven Thousand Crore Only)		

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** from the date of this letter.

[1]Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors

5. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

6. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website www.careedge.in for latest update on the outstanding rating.
9. CARE Ratings Ltd. ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Khyati Shah
Lead Analyst
khyati.shah@careedge.in

Jitendra Meghrajani
Assistant Director
jitendra.meghrajani@careedge.in

Encl.: As above

Disclaimer

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Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

JM

No. CARE/HO/RL/2024-25/1103

Shri Vinod Panicker
Chief Financial Officer
IndoStar Capital Finance Limited
Unit No 301-A, Silver Utopia,
Opposite P & G Plaza, Cardinal Gracious Road,
Mumbai
Maharashtra 400099

April 22, 2024

Confidential

Dear Sir,

Credit rating for proposed Debt Issue / Non-Convertible Debentures

Please refer to our letter no. CARE/HO/RL/2023-24/4277 dated February 15, 2024, and your request for revalidation of the rating assigned to the non-convertible debentures and principal protected market linked debentures of company, for a limit of Rs.7,000.00 crore.

2. The following rating(s) have been reviewed:

Sr. No.	Instrument	Amount (₹ crore)	Rating[1]	Rating Action
1.	Non-Convertible Debentures	6,200.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed
2.	Market Linked Debentures	300.00	CARE PP-MLD AA-; Stable (Principal Protected-Market Linked Debentures Double A Minus; Outlook: Stable)	Reaffirmed
4.	Non-Convertible Debentures (Public Issue)	500.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** from the date of this letter.

4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

[1]Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors

5. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

6. CARE Ratings Ltd. reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE Ratings Ltd. warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE Ratings Ltd. so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE Ratings Ltd. shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE Ratings Ltd. shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

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9. CARE Ratings Ltd. ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Khyati Shah

Khyati Shah
Lead Analyst
khyati.shah@careedge.in

Jitendra Meghrajani

Jitendra Meghrajani
Assistant Director
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JM

Encl.: As above

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No. CARE/HO/RL/2024-25/1579

Shri Vinod Panicker
Chief Financial Officer
Indostar Capital Finance Limited
Unit No 301-A, Silver Utopia,
Opposite P & G Plaza, Cardinal Gracious Road,
Mumbai
Maharashtra 400099

June 19, 2024

Confidential

Dear Sir,

Credit rating for proposed Debt Issue / Non-Convertible Debentures/Market-Linked Debentures

Please refer to our letter no. CARE/HO/RL/2024-25/1103 dated April 22, 2024, and your request for revalidation of the rating assigned to the NCDs and PP-MLDs of your company, for a limit of Rs.7,000.00 crore.

2. The following rating(s) have been reviewed:

Sr. No.	Instrument	Amount (₹ crore)	Rating[1]	Rating Action
1.	Non-Convertible Debentures	6,200.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed
2.	Market Linked Debentures	300.00	CARE PP-MLD AA-; Stable (Principal Protected-Market Linked Debentures Double A Minus; Outlook: Stable)	Reaffirmed
3.	Non-Convertible Debentures (Public issue)	500.00	CARE AA-; Stable (Double A Minus; Outlook: Stable)	Reaffirmed

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within **six months** from the date of this letter.

4. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

[1]Complete definitions of the ratings assigned are available at www.careedge.in and in other CARE Ratings Ltd.'s publications.

JM

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors

5. CARE Ratings Ltd. reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

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Yours faithfully,

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Rating Rationale
IndoStar Capital Finance Limited

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term Bank Facilities	4,000.00	CARE AA-; Stable	Reaffirmed
Non-Convertible Debentures	6,200.00	CARE AA-; Stable	Reaffirmed
Market Linked Debentures	300.00	CARE PP-MLD AA-; Stable	Reaffirmed
Non-Convertible Debentures (Public issue)	500.00	CARE AA-; Stable	Assigned
Commercial Paper	2,000.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Long-term rating of IndoStar Capital Finance Limited's (ICFL's) facilities and instruments has been reaffirmed/assigned at 'CARE AA-; Stable' and short-term rating of commercial paper (CP) is reaffirmed at 'CARE A1+'. Ratings factor in the removal of audit qualifications, conclusion of control review exercise, changes in underwriting and internal control processes, support from Brookfield in terms of management bandwidth and active involvement with stakeholders (including debt provider to ensure continued fund raise recently), distributing bonds to large funds, beginning flow of new lines from banking system, comfortable capitalisation, and pick-up in disbursements. However, ratings are constrained by overall moderate asset quality (including exposure to wholesale assets), moderate earning profile, and adequate-but-improving borrowing profile.

Outlook: Stable

A stable outlook factors in that IndoStar will continue to receive relevant support from its majority shareholder and promoter, Brookfield. The outlook also reflects that the company will continue to grow its portfolio, while maintaining healthy asset quality. The outlook considers that the company will continue to avail funding lines.

1.1 About the company

Incorporated in July 2009, ICFL is registered with the Reserve Bank of India (RBI) as a systemically-important non-deposit taking NBFC. Brookfield, one of the leading global alternative asset managers is the largest shareholder and promoter of ICFL, holding 56.20%, followed by the Everstone group at 18.8% as on September 30, 2023. The Everstone group has 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 the Securities and Exchange Board of India (SEBI). Pursuant to the same, the Everstone group's holding stands at 18.79% and public shareholding in the company has increased to 25.01% from May 5, 2023.

The company started with corporate lending in 2011, ventured into small and medium enterprise (SME) financing from 2015 and commercial vehicles (CVs) financing from 2017, to have a diversified and a granular portfolio. It further diversified into retail home financing from FY18 through its subsidiary, IHFPL. In March 2019, the company acquired the CV business of India Infoline Finance Limited (IIFL). ICFL's focus is to grow its CV financing book and housing finance book, going forward. The AUM as on September 2023, on a consolidated basis, is ₹7,726 crore. Currently, ICFL has a network of 476 branches across 22 states in India.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

1.2 Key rating factors

Key strengths

- Strong institutional support from the majority shareholder and promoter, Brookfield.
- Increased granularity of loan book owing to retail focus.
- Comfortable capitalisation metrics.

Key weaknesses

- Moderate earnings profile.
- Moderate asset quality metrics; albeit improving.
- Adequate resource profile.

1.3 Rating sensitivities: Factors likely to lead to rating actions

Positive factors - Factors that could, individually or collectively lead to positive rating action/upgrade:

- Continued ability to raise resources and diversification of funding sources at competitive rates.
- Ability to increase scale of operations, while maintaining stable asset quality.
- Sustained improvement in profitability (return on total assets [ROTA] above 2.5%) on a sustained basis.

Negative factors - **Factors that could, individually or collectively lead to negative rating action/downgrade:**

- Any change in the ownership structure which results in reduction of Brookfield's stake in ICFL below 51% or moderation in linkages or expected support from the majority shareholder and promoter, Brookfield.
- Significant deterioration in the earnings profile.
- Significant deterioration in the asset quality of the newly-generated CV portfolio or losses from wholesale exposures.
- Significant increase in gearing levels above 4x.
- Any challenges in raising incremental funds.

1.4 Analytical approach: Consolidated

ICFL and its subsidiary IHFPL, are together referred to as the IndoStar group. The consolidated approach has been taken as they have significant operational, financial, and managerial integration and operate under a common brand. CARE Ratings has factored in linkages and support from the majority shareholder and promoter, Brookfield.

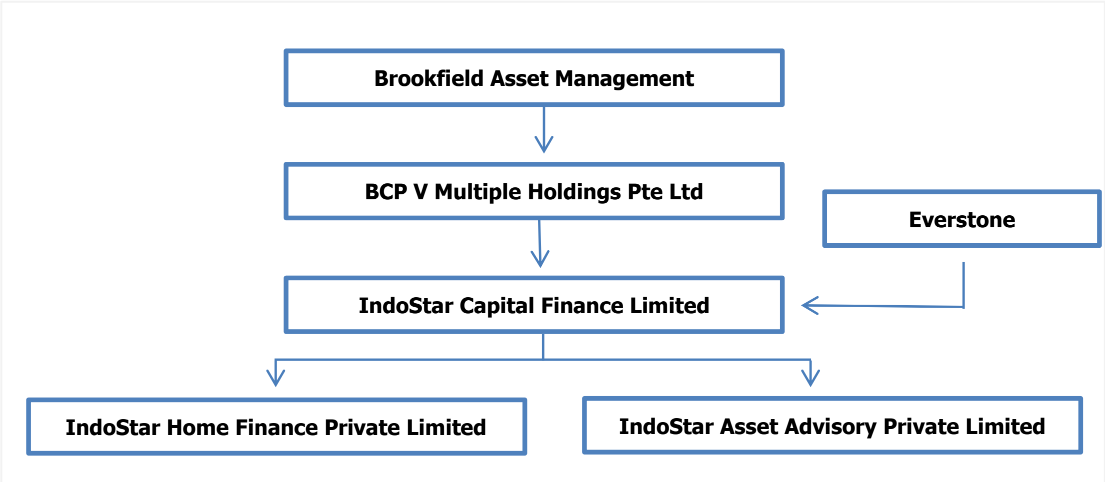
1.5 Applicable criteria

Policy on default recognition
Consolidation
Factoring Linkages Parent Sub JV Group
Financial Ratios - Financial Sector
Rating Outlook and Credit Watch
Short Term Instruments
Market Linked Notes
Non Banking Financial Companies

1.6 Ownership and management

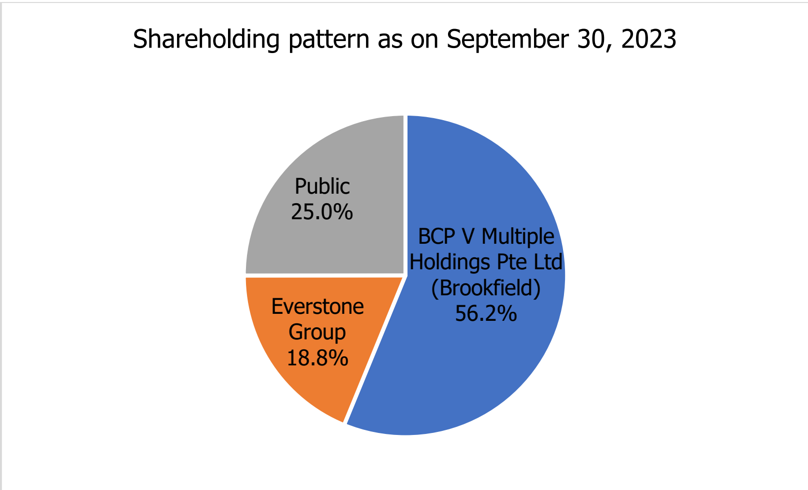
1.6.1 Ownership/group (equity shareholding)

Group structure:



IHFPL and IndoStar Asset Advisory Private Limited (IAAPL) are the two wholly-owned subsidiaries of ICFL.

Shareholding pattern of ICFL:



Strong institutional support from the majority shareholder and promoter, Brookfield
Brookfield is the largest shareholder of ICFL with 56.20% shareholding as on September 30, 2023. Listed on the New York Stock Exchange and the Toronto Stock Exchange, it is one of the leading global alternative asset managers offering investment strategies in property, infrastructure, renewable energy, private equity (PE), and public securities to institutional investors with significant funding capabilities. ICFL represents Brookfield's inaugural foray into private equity investments in India and marks its initial venture into the financial services sector. The initial investment occurred in May 2020, with Brookfield injecting ₹1,225 crore into ICFL. Subsequently, through BCP V Multiple Holdings Pte. Ltd, Brookfield launched an open offer to acquire an additional 26% of ICFL's shares, resulting in a total investment of ₹2,330 crore. In India, Brookfield has AUM of around US$24 billion across sectors and has significant relationship with lenders in India.

Leveraging its extensive franchise and global banking relationships, Brookfield has played an important role in assisting ICFL in securing funds. The company raised ₹770 crore bank facility from Barclays Bank PLC in June 2022, on the back of this support. Demonstrating a high level of engagement, Brookfield actively participates in the company's governance through its representation on the board and takes an active role in discussions with key stakeholders including lenders and investors in non- convertible debentures (NCDs).

CARE Ratings expects Brookfield to provide continued support to ICFL and any reduction in its stake or support will be a key rating driver.

1.6.2 Key management and board composition

Board of directors

Name	Executive/Non-Executive/Promoter
Bobby K. Parikh	Chairman and Non-Executive Independent Director
Hemant Kaul	Non-Executive Independent Director
Naina Krishna Murthy	Non-Executive Independent Director
Devdutt Marathe	Non–Executive Director (Nominee Director – Brookfield)
Aditya Hemant Joshi	Non–Executive Director (Nominee Director – Brookfield)
Dhanpal Jhaveri	Non–Executive Director (Nominee Director – Everstone)
Vibhor Kumar Talreja	Non-Executive Director (Nominee Director – Everstone)
Karthikeyan Srinivasan	Whole-Time Director and Chief Executive Officer

Key managerial personnel

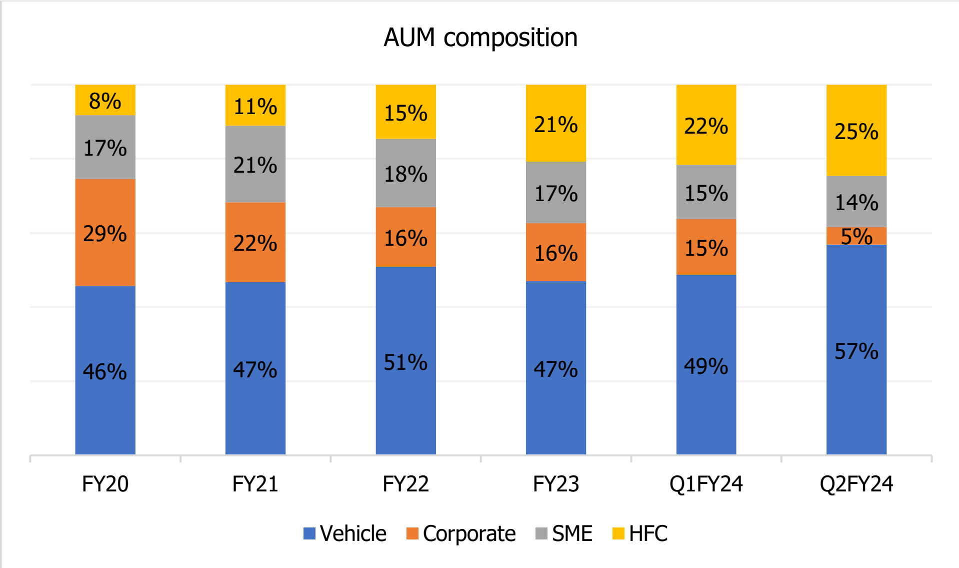
Name	Designation
Karthikeyan Srinivasan	Chief Executive Officer
Vinodkumar Panicker	Chief Financial Officer
Shikha Jain	Company Secretary

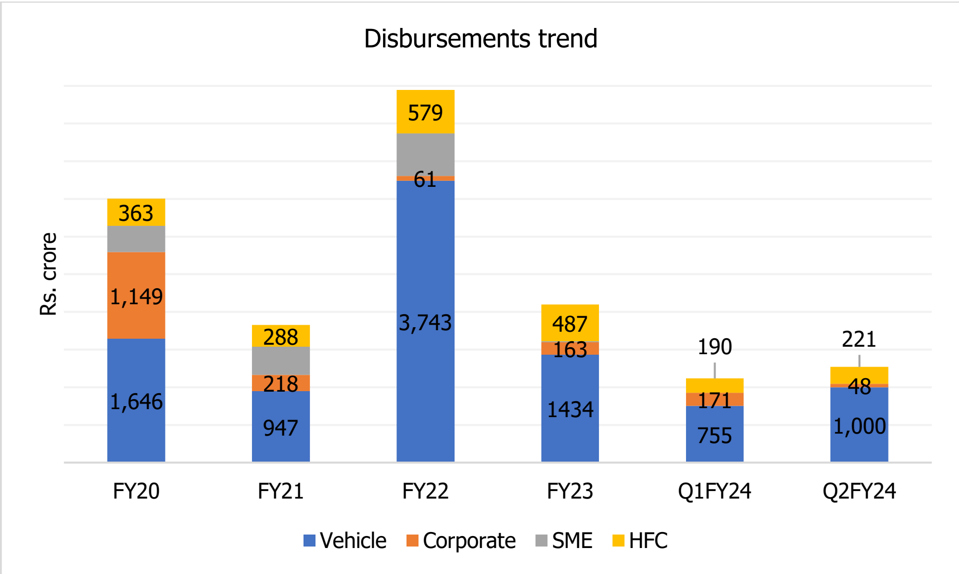
1.6.3 Strategy and execution

The company will continue to focus on used CV financing and home financing. Its disbursement target for FY24 is ₹5,500 crore for FY24 on a consolidated basis. To support the growth in operations, the company will be hiring adequate employees, launching additional branches, and upgrading its technology. Accordingly, it expects its opex to increase and hence expects the return on assets to be about 1% in FY24. In terms of resource raising, the company has been approaching banks and investors to avail term loans of about ₹1,000 crore. It also plans to issue NCDs and pass-through certificates (PTCs).

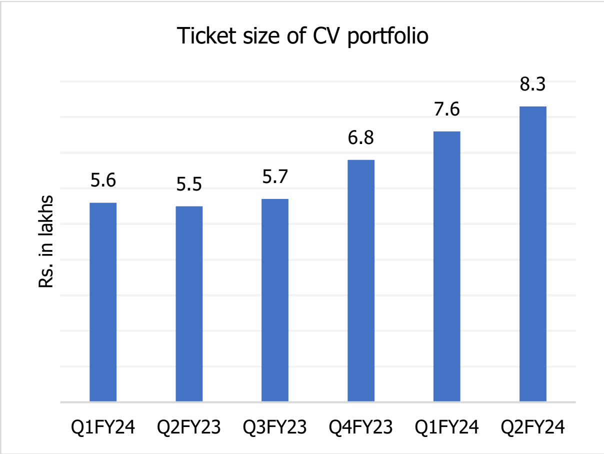
1.7 Business risk

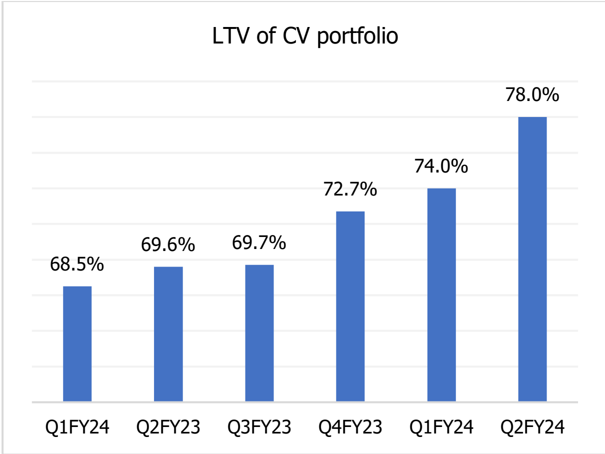
1.7.1 AUM profile characteristics





ICFL's business is spread across four segments: CV financing, corporate lending, SME financing, and affordable home financing (done through its subsidiary, IHFPL). While corporate lending and SME financing are defocused segments, the high-yielding CV financing and home financing are its areas of focus.





Loans towards CVs are mainly used CVs forming 95% of the disbursements in Q2FY24. As seen in the above chart, the ticket size and loan-to-value (LTV) of the portfolio has been increasing, which is primarily because of application of the BS-IV norms. With adoption of the BS-IV norms, the cost of vehicles complying with these norms are high. The average ticket size is expected to increase to ₹9-9.5 lakh. The average disbursements yield for Q2FY24 is 18.8%. The company caters to consumers who are first-time borrowers, forming 62.6% of the CV portfolio as on September 2023.

Affordable home financing is another area of focus for the group, where the company primarily provides loans for construction of newly purchased houses, loans-against-property (LAPs), and top-up loans, among others, to salaried and non-salaried individuals. The average ticket size of these loans is ₹9 lakh with an average loan-to-value (LTV) of 47.94%. The blended yield is approximately 15%. As on September 2023, 79.63% of the home financing AUM have a CIBIL score ranging between 600 and 800.

Increased granularity of loan book owing to retail focus

ICFL's consolidated AUM stands at ₹7,726 crore as on September 30, 2023. While the company has primarily been in the wholesale financing space, which formed 74% of the total AUM in FY18, the same has been consciously run down since FY19 as part of the group's retailisation strategy and currently forms 4.72% of the AUM as on September 30, 2023. The retail book, which comprises CV financing (56.73% of the AUM), home financing (24.51%), and SME financing (13.70%) has an outstanding AUM of ₹7,361.60 crore as on September 30, 2023, accounting for 95.28% of total AUM.

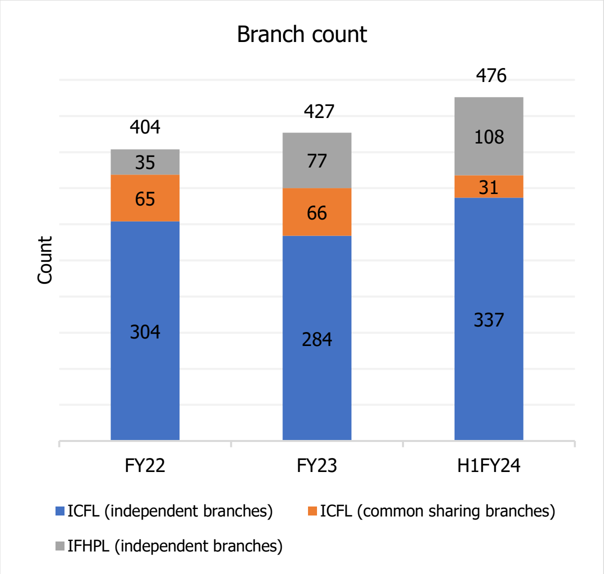
The AUM does not include investments in security receipts (SRs) amounting to ₹1,038.60 crore, of which ₹687 crore are backed by wholesale book, and the balance ₹351.6 crore are backed by CV book. The SRs backed by the wholesale book are stage 2 assets, while those backed by the CV book are stage 2 and 3 assets.

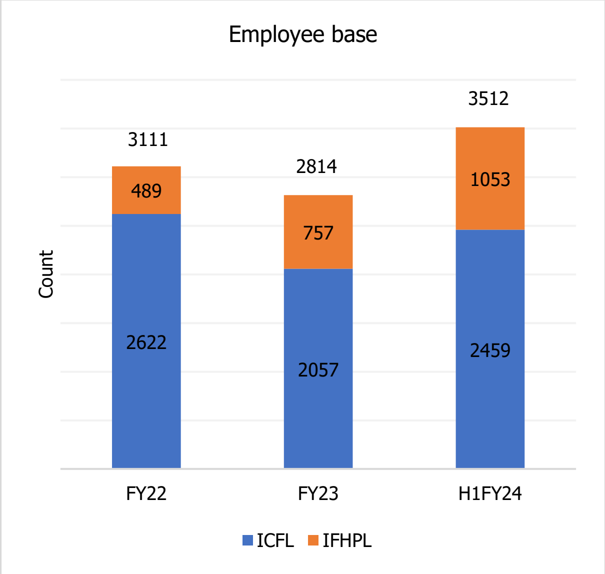
In December 2023, the company sold a portion of its stressed SME loan portfolio to Encore Asset Reconstruction Company. The sale consists of stressed accounts, aggregating to principal outstanding of ₹292 crore.

Currently, the company's focus is on growing its used CV financing and affordable housing financing segment, aligning with its objective to gradually reduce exposure in SME and corporate lending. Accordingly, the company has stopped the incremental sanctions for corporate loans and the incremental disbursements are the balance based on the existing sanctions. Also, no incremental disbursements are done under the SME segment since Q1FY23.

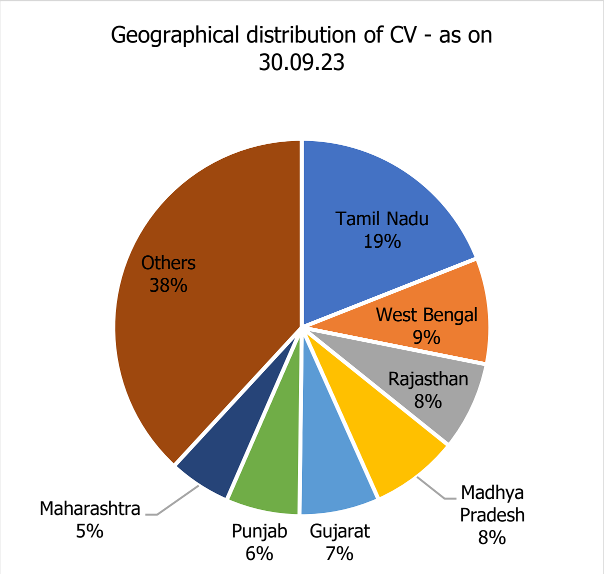
Although ICFL and IHFPL are gradually scaling up its CV and home financing books, the ability of the companies to successfully scale-up its businesses while maintaining its asset quality will be key monitorable.

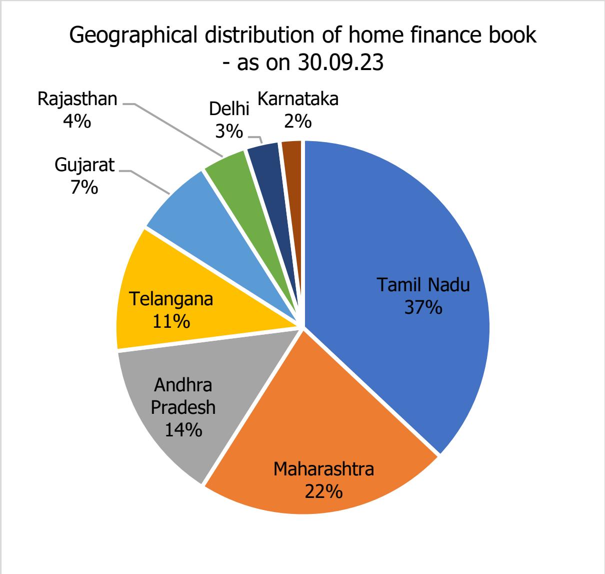
1.7.2 Market size and presence





The growth slowed in FY23 due to auditor qualifications on the business and control deficiencies observed in the portfolio. The company has been focused on geography expansion along with digitalisation of procedures. Resultantly, as on September 2023, ICFL has a network of 476 locations and 22 states across India with 53 branches launched for CV and 31 for affordable housing finance businesses. To aid the desired growth, it is also actively hiring employees.





In terms of geographical spread, while the CV book is concentrated in Tamil Nadu (19%), the book is otherwise spread across 18 states. On the other hand, the home finance book is concentrated with the top four states forming 84% of the book. Tamil Nadu forms 37% of the book, followed by Maharashtra at 22%, Andhra Pradesh at 14%, and Telangana at 11%.

1.7.3 Outreach and productivity

Particulars	Unit	FY20	FY21	FY22	FY23	H1FY24
Number of states	No.	18	19	22	22	22
Branches	No.	233	218	404	427	476
Total borrowers	No.	NA	NA	NA	91,202	115,380
Disbursement (wholesale book)	₹ crore	1,149	218	61	163	219
Disbursement (retail book)	₹ crore	2,356	1,609	4,886	1,936	2,166
Loan outstanding (wholesale book)	₹ crore	2,930	1,932	1,543	1,225	365
Loan outstanding (retail book)	₹ crore	7,221	7,039	8,090	6,587	7,336
Total employees	No.	2,049	1,941	3,111	2,814	3,512
Employee productivity						
Disbursement per employee	₹ crore	1.71	0.94	1.59	0.75	0.68
Loan per employee	₹ crore	4.95	4.62	3.10	2.78	2.19
Borrowers per employee	No.	NA	NA	NA	32.41	32.85
Branch productivity (for retail book)						
Disbursement per branch	₹ crore	10.11	7.38	12.09	4.53	4.55
Loan per branch	₹ crore	30.99	32.29	20.02	15.43	15.41
Borrowers per branch	No.	NA	NA	NA	213.59	242.39

1.7.4 Systems and processes

Below are the controls implemented by ICFL to improve its underwriting process post identification of control deficiencies.

1. Strengthening and tightening credit and retention refinance policy having below parameters:
   - Max DPD should not be more than 59 days in the last three months.
   - Accounts with dedupe NPA at any stage of original loan will not be eligible. DCH/RCH approval for customer with latest 12 months RTR as ETR.
   - Three bounces in 18 months and five bounces >18 months. ACH approval for customers with ETR.
   - The POS paid of the existing loan should be 40% of loan amount OR should have completed 50% of tenure.
   - LTV is restricted to maximum 90%.
   - External valuation is mandatory.
   - Moratorium to be minimum 30 days and maximum 60 days.
   - Internal Field Investigation is mandatory.

2. Digitisation of loan process – IndoStar Connect:
   - Digital loan origination with mobile and web application for seamless customer onboarding to disbursement.
   - Enabling sales, credit, and operations for improving quantity and quality.
   - Enabling paperless lending.
   - On one click verification of proof of address (POA), proof of identity (POI), registration certificate (RC) via API
   - Geotagging of field visit.
   - Automated business rule engine drive deviation assessment, ensuring minimal manual intervention.
   - Instant anti-money laundering (AML) check for credit decisioning.

3. Grid value tightening:

- Grid (depreciated asset value) is evaluated on a yearly basis by considering the market rates and our internal loss on the particular model.
- The LTV on the proposed asset is arrived at bases on lower of internal grid or external valuation report.
- This ensures conservative credit decisioning and reduction in probable future losses.

4. Hind-sighting audit:
   - The company has appointed an external firm to check whether all loan documentation and policy implementation is in order.

Furthermore, in response to the identified control deficiencies, corrective measures were taken by the company to strengthen entity level controls. The changes in policies have been introduced and upgraded technology systems are being used across the entire process from loan origination, credit appraisal, disbursal, and collection.

1.8 Financial risk

1.8.1 Financial table (₹ crore)

Year ended / as on	FY19	FY20	FY21	FY22	FY23	H1FY24
	(A)	(A)	(A)	(A)	(A)	(UA)
Disbursements	6447	3505	1827	4947	2099	2385
Interest income on loans	1053.52	1383.81	1150.19	1049.38	1031.57	545.51
Other interest income	27.74	12.79	26.69	27.79	30.57	
Other operating income	124.36	131.28	105.91	95.53	115.93	66.85
Other income	0.00	1.46	4.36	1.59	1.59	0.40
Total income	1205.63	1529.34	1287.16	1174.29	1179.65	612.76
Interest expended	563.59	793.84	708.61	539.54	580.26	319.53
Net interest income	*517.67*	*602.76*	*468.27*	*537.63*	*481.88*	*225.98*
Operating expenses	246.63	351.83	335.46	372.64	401.13	233.75
PPOP	395.40	383.68	243.09	262.11	198.27	59.48
Provisions	16.25	820.35	461.98	1158.47	-40.36	-11.85
PBT	379.15	-436.67	-218.89	-896.36	238.63	71.33
Tax	138.36	-112.05	-4.79	-159.85	13.48	7.63
PAT	240.79	-324.63	-214.10	-736.51	225.15	63.70
DA income	20.65	32.41	24.30	5.14	33.82	NA
PPOP excluding income from DA	374.76	351.27	218.79	256.97	164.45	NA
Provisions	16.25	820.35	461.98	1158.47	-40.36	NA
PBT	358.51	-469.08	-243.19	-901.51	204.81	NA
AUM	11735	9690	8398	9658	7813	7726
Total assets	11978.45	9203.60	9633.929	9031.48	8482.05	8445.01
Cash and cash balances	1083.64	545.04	520.1417	489.66	415.78	372.45
Loans outstanding (Balance sheet)	10640.52	8381.40	7838.205	8843.33	7069.82	7021.04
Managed book	NA	NA	NA	NA	927.93	909.87

Year ended / as on	FY19	FY20	FY21	FY22	FY23	H1FY24
	(A)	(A)	(A)	(A)	(A)	(UA)
Adjusted total assets (including off b/s exposures)	NA	NA	NA	NA	9409.98	9354.88
Total borrowings	8935.74	6679.77	6007.596	6223.44	5648.05	5651.42
Tangible net worth	2684.58	2246.75	3250.605	2299.08	2471.45	2541.64
Key Ratios						
Int. income/Avg. loan portfolio (Yield on advances)	12.96%	15.24%	15.40%	14.14%	14.51%	16.60%
Int. expenses/Avg. borrowings (Cost of funds)	8.19%	10.17%	11.17%	8.82%	9.78%	11.31%
Interest spread	4.76%	5.07%	4.23%	5.31%	4.73%	5.29%
ROTA Chain (On B/S)						
NIM	5.42%	5.69%	4.97%	5.76%	5.50%	5.34%
Fee and other income/Avg. total assets	1.30%	1.25%	1.17%	1.04%	1.34%	1.59%
Opex/Avg. total assets	2.58%	3.32%	3.56%	3.99%	4.58%	5.52%
Credit cost/Avg. total assets	0.17%	7.75%	4.90%	12.41%	-0.46%	-0.28%
ROTA	2.52%	-3.07%	-2.27%	-7.89%	2.57%	1.51%
ROTA Chain (Off B/S)						
NIM	NA	NA	NA	NA	5.12%	4.82%
Fee and other income/Avg. total assets	NA	NA	NA	NA	1.25%	1.43%
Opex/Avg. total assets	NA	NA	NA	NA	4.26%	4.98%
Credit cost/Avg. total assets	NA	NA	NA	NA	-0.43%	-0.25%
ROTA	NA	NA	NA	NA	2.39%	1.36%
PAT margin	19.97%	-21.23%	-16.63%	-62.72%	19.09%	10.40%
RONW	10.26%	-13.17%	-7.79%	-26.54%	9.44%	5.08%
Cost to income	0.38	0.48	0.58	0.59	0.67	0.80
AUM/Tangible net worth ratio (times)	4.37	4.31	2.58	4.20	3.16	3.04
Overall debt/Equity ratio (times)	3.33	2.97	1.85	2.71	2.29	2.22
Capital adequacy ratio (CAR)	24.1%	25.3%	34.6%	25.8%	31.5%	32.8%
Tier I CAR	21.7%	20.4%	34.6%	25.8%	31.5%	32.8%
Gross stage 3/GNPA (₹, crore)	308	396	340	1203	479	468
Net stage 3/NNPA (₹, crore)	195	320	320	519	219	227
Gross NPA/Gross advances	2.6%	4.8%	4.4%	13.6%	6.8%	6.7%
1 Year lagged GNPA	5.2%	3.7%	4.1%	15.3%	5.4%	7.3%
Net NPA/Net advances	1.7%	3.8%	2.1%	6.4%	3.2%	3.3%
Write off/Gross advances	0.1%	5.9%	3.7%	6.6%	6.9%	2.0%
Net NPA to Tangible net worth	7.3%	14.2%	9.8%	22.6%	8.9%	8.9%

Year ended / as on	FY19	FY20	FY21	FY22	FY23	H1FY24
	(A)	(A)	(A)	(A)	(A)	(UA)
Net restructured assets *	0.0%	10.9%	13.1%	10.1%	6.2%	2.7%
Total net stressed assets *	1.7%	14.7%	18.3%	21.8%	16.0%	11.3% #

A: Audited; UA: Unaudited; NA: Not available. Note: The above results are latest financial results available.
Interest coverage, total tangible assets and other ratios are as per CARE Ratings' calculations.
ROTA = PAT/Average total tangible assets
*Net restructured assets are considered for ICFL while for IHFPL gross amount is considered.
#Stressed assets do not include corporate book sold to Pheonix ARC since they are Stage 2 assets.

1.8.2 Profitability

Moderate earnings profile
On a consolidated basis, ICFL has reported losses from FY20 to FY22 as a result of high provisioning done owing to the COVID-19 pandemic as well as the control deficiencies identified in the CV portfolio. Nonetheless, the company has recorded a consolidated profit-after-tax (PAT) of ₹225.15 crore for FY23 and reported ROTA of 2.58% due to write backs resulting from recoveries during the year against the provisioning made during the previous years.

Furthermore, yields have improved by 37 bps y-o-y in FY23 as the company is focusing and targeting high-yield used the CV financing and home financing segments. Additionally, fee and other income has also increased by 30 bps in tandem with the growth in loan origination, DA and PTC income, and investments. Increased borrowing costs and operating expenses, however, offset the same. The operating expenditure (opex) has increased by 59 bps as a result of increasing employee costs, investments in technological upgrades, and business expansion.

The net interest income (NII) has decreased from ₹243.56 crore in H1FY23 to ₹225.98 crore in H1FY24, registering a degrowth of 7% primarily due to decrease in the income from two stage 2 corporate loan assets sold to Phoenix ARC during the quarter. The overall operating expense has increased from ₹214.06 crore to ₹233.75 crore due to increase in branches, technology and employee cost. Resultantly, the ROTA moderated to 1.51% in H1FY24.

A decrease in ROTA to around 1% is anticipated in FY24 due to elevated borrowing expenses and opex. Additionally, any delinquencies reported in the SME and corporate books will impact the credit costs, and thereby, the profitability. The company's ability to increase operations while maintaining and improving profitability will be a key monitorable.

1.8.3 Asset quality

Stage-wise details (₹ crore, except %) (on consolidated level)	FY22	FY23	H1FY24
Gross Stage 1	5,870.22	5,387.57	6,047.80
Gross Stage 2	1,769.95	1,203.33	505.44
Gross Stage 3	1,203.16	478.92	467.81
Gross carrying amount (balance sheet)	8,843.33	7,069.82	7,021.04
Gross Stage 3/ Gross Carrying Amount	**13.6%**	**6.8%**	**6.7%**
Provision for Stage 1	96.79	115.66	105.38
Provision for Stage 2	355.94	178.86	46.32
Provision for Stage 3	683.77	259.74	240.77
Total provisions (balance sheet**)**	1,136.51	554.26	392.47
Net Stage 1	5,773.43	5,271.91	5,942.41
Net Stage 2	1,414.00	1,024.47	459.12

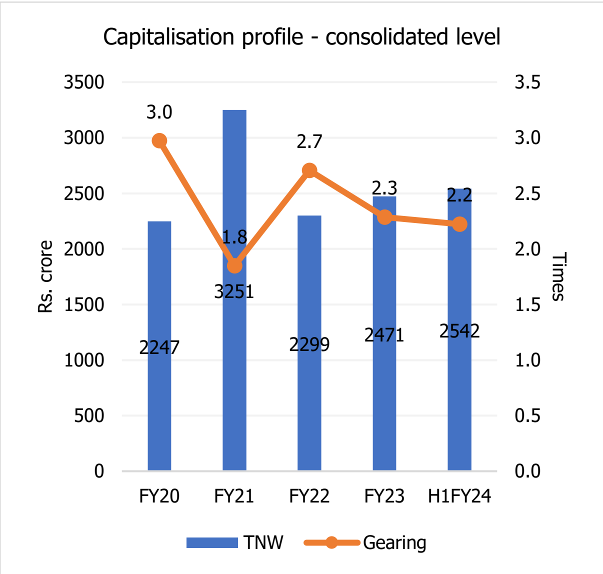
Stage-wise details (₹ crore, except %) (on consolidated level)	FY22	FY23	H1FY24
Net Stage 3	519.39	219.17	227.04
Net carrying amount	7,706.82	6,515.55	6,628.57
Net Stage 3/ Net carrying amount (%)	**6.4%**	**3.2%**	**3.3%**
Provision cover on Stage 1	1.65%	2.15%	1.74%
Provision cover on Stage 2	20.11%	14.86%	9.16%
Provision cover on Stage 3	56.83%	54.24%	51.47%
Total provision coverage	12.85%	7.84%	5.59%

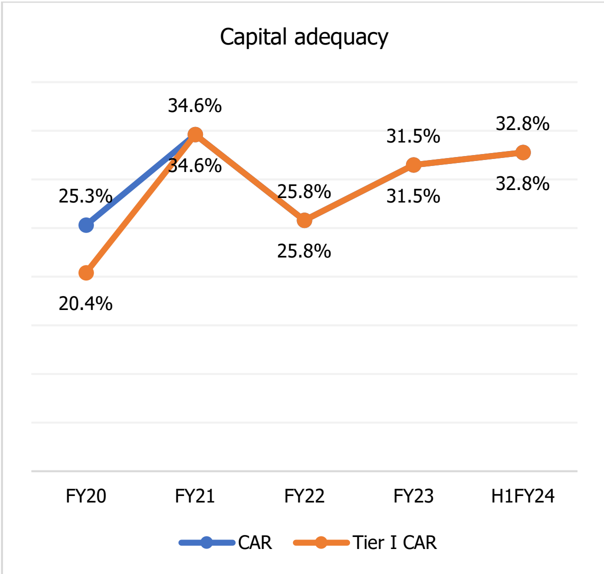
Moderate asset quality metrics; albeit improving

On consolidated basis gross stage 3 (GS3) stands at 6.7% as on September 2023 (7.1% as on September 30, 2022) while net stage 3 (NS3) stands at 3.3% (as of September 30, 2022: 2.9%) during the same period. The company's net restructured assets improved to 2.7% as on September 30, 2023, compared with 6.2% as on March 31, 2023.

While the CV portfolio primarily had control deficiencies, the new management has taken a slew of measures to improve underwriting and risk management process while disbursing loans that include audit by external firm to check on credit policy implementation, external valuation of assets, digitisation of whole process from origination to collections and more conservative borrower filters as compared to the earlier practise. The better performance of the newly originated portfolio (loans disbursed from July 2022 onwards) where the 90+ dpd of the CV book originated in this period stood at 0.25% as on September 30, 2023. However, the newly generated portfolio is largely unseasoned, and hence, asset quality is yet to be tested. Additionally, the company's ability to recover and monetise the investments in security receipts will remain key monitorable.

1.8.4 Capitalisation





Comfortable capitalisation metrics

The consolidated TNW of ICFL increased to ₹2,433.37 crore as on September 30, 2023, from ₹2,250.10 crore as on March 31, 2022, on the back of internal accruals. As a result, the gearing improved to 1.91x in H1FY24. The capital adequacy ratio (CAR) for ICFL (standalone) stood at 32.8% as on September 30, 2023, which is well above the regulatory requirement of 15%, providing sufficient cushion to the company to achieve the desired growth. The CAR for housing finance stands at 70.8% as on September 30, 2023.

Going forward, with growth in the CV and housing portfolio, the gearing is expected to increase. CARE Ratings expects Brookfield to provide continued support to the company in terms of arranging funds by leveraging its relationships with financial institutions.

1.8.5 Resource profile

Adequate resource profile

The identification of control deficiencies in March 2022 had impacted ICFL's fundraising, which consequently impacted its business operations in FY23. The management has been actively engaging with bankers and investors to avail funding lines and has been able to raise funds aggregating to ₹2,105 crore in H1FY24. While 74% of the funds raised in H1FY24 are in the form of NCDs, 14% are in the form of working capital demand loans (WCDLs), 9% in the form of CPs, and only 4% comprise term loan.

Post H1FY24, ICFL has started getting sanctions from banks and CARE Ratings expects this trend to continue. The incremental borrowing cost is also expected to reduce gradually in the medium term. CARE Ratings expects the company to diversify its incremental borrowings including off-balance sheet sourcing. Accordingly, the company's ability to avail funds while diversifying its borrowing mix is a key rating factor.

1.8.6 Liquidity: Adequate

As on September 30, 2023, the liquidity position of ICFL is adequate with no negative cumulative mismatches in any time bucket. The company had unencumbered cash and bank balances of ₹341 crore, liquid investments of ₹98 crore, along with ₹265 crore of undrawn sanction lines as of September 2023. Regular collections from the scheduled advances, amounting to ₹1,942 crore (including interest income), will support liquidity. Against this, the company has debt obligations of ₹1,571 crore (including interest payment) over the next one year. The ability of the company to avail funding lines will be a rating monitorable.

1.9 Industry classification of ICFL

Macro-economic Indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

1.10 Environment, social, and governance (ESG) risk

Given the service-oriented business of the IndoStar group, its direct exposure to environmental risks and climate risks is not significant. The company has constituted an ESG Working Committee with an object to implement and oversee the business responsibility policies. The committee comprises Priya Prasad (Head-Human Resource), Mihir Bhavsar (Chief Information Security Officer), and KV Bharadwaj (Head-Credit).

Environment: The company has made efforts to revamp its loan origination system (LOS) and move towards a mobile-first, Cloud-based architecture stack that leads to significant reduction in paperwork and reduces manual intervention by having seamless integration with multiple channels.

Social: With regard to social risk, IndoStar extends its support to organisations in their initiatives towards education, inequity reduction, and learning improvement, among others. As part of this, the company on a continuous basis reaches out to remote parts of rural India through NGOs like Smile Foundation – Swabhimaan, Ladli Foundation – Masik Satya, etc.

Governance: With respect to governance risks, considering the control deficiencies and gaps noted in its loan book, the company has strengthened controls, reviewed policies and upgraded technology and systems. The governance structure is characterised by three Non-Executive Independent Directors, investor grievance committee and adequate disclosures.

Status of non-cooperation with previous CRA:
None

Any other information:
Not applicable

Rating history for last three years: Please refer Annexure-2

Details of the rated facilities: Please refer Annexure-3

Complexity level of various instruments rated: Annexure-4

Covenants of the rated instruments/facilities: Detailed explanation of the covenants of the rated instruments/facilities is given in Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Commercial paper-Commercial paper (Standalone) (Proposed)	-	-	-	-	2000.00	CARE A1+
Debentures-Market-linked debentures	INE896L07785	25-Aug-21	10-year G-sec linked	23-Feb-24	75.00	CARE PP-MLD AA-; Stable
Debentures-Market-linked debentures (Proposed)	-	-	-	-	225.00	CARE PP-MLD AA-; Stable
Non-convertible debentures	INE896L07702	25-Nov-19	9.75%	25-Oct-24	25.00	CARE AA-; Stable
Non-convertible debentures (Proposed)	-	-	-	-	6,175.00	CARE AA-; Stable
Non-convertible debentures	-	-	-	-	500.00	CARE AA-; Stable

(Public issue – Proposed)						
Fund-based-Long-term bank facilities	-	-	-	30-Jun-27	1,588.75*	CARE AA-; Stable
Fund-based-Long-term bank facilities (Proposed)	-	-	-	-	2,411.25	CARE AA-; Stable

*Includes undrawn WCDL and CC limits.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Commercial Paper-Commercial Paper (Standalone)	ST*	1000.00	CARE A1+	1)CARE A1+ (03-Jan-24) 2)CARE A1+ (28-Nov-23)	1)CARE A1+ (31-Mar-23) 2)CARE A1+ (RWN) (27-Dec-22) 3)CARE A1+ (CW with Negative Implications) (10-Oct-22) 4)CARE A1+ (CW with Negative Implications) (09-Aug-22) 5)CARE A1+ (CW with Developing Implications) (16-May-22)	1)CARE A1+ (20-Aug-21)	1)CARE A1+ (08-Oct-20) 2)CARE A1+ (17-Aug-20) 3)CARE A1+ (CW with Developing Implications) (17-Apr-20)
2	Non-convertible debentures	LT*	6200.00	CARE AA-; Stable	1)CARE AA-; Stable	1)CARE A+; Stable (31-Mar-23)	1)CARE AA-; Stable	1)CARE AA-; Stable (08-Oct-20)

					(03-Jan-24) 2)CARE AA-; Stable (28-Nov-23)	2)CARE A+ (RWN) (27-Dec-22) 3)CARE A+ (CW with Negative Implications) (10-Oct-22) 4)CARE A+ (CW with Negative Implications) (09-Aug-22) 5)CARE AA- (CW with Developing Implications) (16-May-22)	(20-Aug-21)	2)CARE AA-; Stable (17-Aug-20) 3)CARE AA- (CW with Developing Implications) (17-Apr-20)
3	Debentures-Market Linked Debentures	LT*	100.00	CARE PP-MLD AA-; Stable	1)CARE PP-MLD AA-; Stable (03-Jan-24) 2)CARE PP-MLD AA-; Stable (28-Nov-23)	1)CARE PP-MLD A+; Stable (31-Mar-23) 2)CARE PP-MLD A+ (RWN) (27-Dec-22) 3)CARE PP-MLD A+ (CW with Negative Implications) (10-Oct-22) 4)CARE PP-MLD A+ (CW with Negative Implications) (09-Aug-22) 5)CARE PP-MLD AA- (CW with	1)CARE PP-MLD AA-; Stable (20-Aug-21)	1)CARE MLD AA-; Stable (08-Oct-20) 2)CARE MLD AA-; Stable (17-Aug-20) 3)CARE MLD AA- (CW) (17-Apr-20)

						Developing Implications) (16-May-22)		
4	Commercial Paper-Commercial Paper (Standalone)	ST*	1000.00	CARE A1+	1)CARE A1+ (03-Jan-24) 2)CARE A1+ (28-Nov-23)	1)CARE A1+ (31-Mar-23) 2)CARE A1+ (RWN) (27-Dec-22) 3)CARE A1+ (CW with Negative Implications) (10-Oct-22) 4)CARE A1+ (CW with Negative Implications) (09-Aug-22) 5)CARE A1+ (CW with Developing Implications) (16-May-22)	1)CARE A1+ (20-Aug-21)	1)CARE A1+ (08-Oct-20) 2)CARE A1+ (17-Aug-20) 3)CARE A1+ (CW with Developing Implications) (17-Apr-20)
5	Debentures-Market Linked Debentures	LT*	200.00	CARE PP-MLD AA-; Stable	1)CARE PP-MLD AA-; Stable (03-Jan-24) 2)CARE PP-MLD AA-; Stable (28-Nov-23)	1)CARE PP-MLD A+; Stable (31-Mar-23) 2)CARE PP-MLD A+ (RWN) (27-Dec-22) 3)CARE PP-MLD A+ (CW with Negative Implications) (10-Oct-22) 4)CARE PP-MLD A+ (CW with Negative Implications)	1)CARE PP-MLD AA-; Stable (20-Aug-21)	-

						(09-Aug-22) 5)CARE PP-MLD AA- (CW with Developing Implications) (16-May-22)		
6	Fund-based-Long Term bank facilities	LT*	4000.00	CARE AA-; Stable	1)CARE AA-; Stable (03-Jan-24) 2)CARE AA-; Stable (28-Nov-23)	1)CARE A+; Stable (31-Mar-23)	-	-
7	Debentures-Non Convertible Debentures (Public issue)	LT*	500.00	CARE AA-; Stable				

*Long term/Short term.

Annexure-3: Details of the rated facilities

1. Long-term facilities

1.A. Fund-based limits – outstanding amount as on September 30, 2023

Sr. No.	Name of Bank / Lender	Rated Amount (₹ crore)
1.	State Bank of India	395.02
2.	IDFC First Bank Ltd.	125.00
3.	IndusInd Bank Ltd.	105.00
4.	Kotak Mahindra Bank Ltd.	100.00*
5.	National Bank for Agriculture and Rural Development	90.00
6.	RBL Bank Limited	85.00*
7.	Hero Fincorp Ltd.	75.00
8.	Bank of Maharashtra	62.50
9.	Indian Bank	58.33
10.	IndusInd Bank Ltd.	56.25
11.	Bajaj Finance Ltd.	50.00
12.	ICICI Bank Ltd.	46.88
13.	Central Bank of India	43.62
14.	Small Industries Development Bank of India	40.00

Sr. No.	Name of Bank / Lender	Rated Amount (₹ crore)
15.	Yes Bank Ltd.	39.58
16.	IndusInd Bank Ltd.	30.00*
17.	CSB Bank Ltd.	29.17
18.	DBS Bank India Ltd.	27.78
19.	DCB Bank Ltd.	25.00*
20.	Bank of India	24.67
21.	Karnataka Bank Ltd.	18.75
22.	Union Bank of India	17.45
23.	Kotak Mahindra Bank Ltd.	15.00*
24.	RBL Bank Limited	12.50
25.	South Indian Bank Ltd.	6.25
26.	DBS Bank India Ltd.	6.00*
27.	DBS Bank India Ltd.	4.00*
28.	Proposed	1,911.25
	Total	**3,500.00**

*These facilities are undrawn as on September 30, 2023.

Total long-term facilities: ₹3,500.00 crore

Total facilities (1.A): ₹3,500.00 crore

Annexure-4: Detailed explanation of covenants of the rated instruments/facilities:

Not applicable

Annexure-5: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial paper-Commercial paper (Standalone)	Simple
2	Debentures-Market-linked debentures	Highly Complex
3	Non-convertible debentures	Simple
4	Fund-based-Long-term bank facilities	Simple

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Annexure-5: Detailed explanation of covenants of the rated instruments/facilities:

Not applicable

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(This follows our Press Release for the entity published on January 25, 2024)

About us:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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CIN - L67190MH1993PLC071691

IndoStar Capital Finance Limited

January 25, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term Bank Facilities	4,000.00	CARE AA-; Stable	Reaffirmed
Non-Convertible Debentures	6,200.00	CARE AA-; Stable	Reaffirmed
Market Linked Debentures	300.00	CARE PP-MLD AA-; Stable	Reaffirmed
Non-Convertible Debentures (Public issue)	500.00	CARE AA-; Stable	Assigned
Commercial Paper	2,000.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Long-term rating of IndoStar Capital Finance Limited's (ICFL's) facilities and instruments has been reaffirmed/assigned at 'CARE AA-; Stable' and short-term rating of commercial paper (CP) is reaffirmed at 'CARE A1+'. Ratings factor removing audit qualifications, concluding control review exercise, changes in underwriting and internal control processes, support from Brookfield in terms of management bandwidth and active involvement with stakeholders (including debt provider to ensure continued fund raise recently), distributing bonds to large funds, beginning flow of new lines from banking system, comfortable capitalisation, and pick-up in disbursements. However, ratings are constrained by overall moderate asset quality (including exposure to wholesale assets), moderate earning profile, and adequate-but-improving borrowing profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Continued ability to raise resources and diversification of funding sources at competitive rates.
- Ability to increase scale of operations, while maintaining stable asset quality.
- Sustained improvement in profitability (return on total assets [ROTA] above 2.5%) on a sustained basis.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Any change in ownership structure which results in reduction of Brookfield's stake in ICFL below 51% or moderation in linkages or expected support from the majority shareholder and promoter, Brookfield.
- Significant deterioration in the earnings profile.
- Significant deterioration in the asset quality of the newly-generated commercial vehicle (CV) portfolio or losses from wholesale exposures.
- Significant increase in gearing levels above 4x.
- Any challenges in raising incremental funds.

Analytical approach: Consolidated

ICFL and its subsidiary IndoStar Home Finance Private Limited (IHFPL), are together referred to as the IndoStar group. Consolidated approach has been taken as they have significant operational, financial, and managerial integration and operate under a common brand. CARE Ratings has factored in linkages and support from the majority shareholder and promoter, Brookfield.

Outlook: Stable

A stable outlook factors in that IndoStar will continue to receive relevant support from its majority shareholder and promoter, Brookfield. The outlook also reflects that the company will continue to grow its portfolio, while maintaining healthy asset quality. The outlook considers that the company will continue to avail funding lines.

Detailed description of the key rating drivers:

Key strengths

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Strong institutional support from the majority shareholder and promoter, Brookfield
Brookfield is the largest shareholder of ICFL with 56.20% shareholding as on September 30, 2023. Listed on the New York Stock Exchange and the Toronto Stock Exchange, it is on the leading global alternative asset manager offering investment strategies in property, infrastructure, renewable energy, private equity, and public securities to institutional investors with significant funding capabilities. ICFL represents Brookfield's inaugural foray into private equity investments in India and marks its initial venture into the financial services sector. The initial investment was made in May 2020, with Brookfield injecting ₹1,225 crore into ICFL. Subsequently, through BCP V Multiple Holdings Pte. Ltd, Brookfield launched an open offer to acquire additional 26% of ICFL's shares, resulting in a total investment of ₹2,330 crore. In India, Brookfield has assets under management (AUM) of around US$24 billion across sectors and has significant relationship with lenders in India.

Leveraging its extensive franchise and global banking relationships, Brookfield has played an important role in assisting ICFL in securing funds. The company raised ₹770 crore bank facility from Barclays Bank PLC, in June 2022, on the back of this support. Demonstrating a high level of engagement, Brookfield actively participates in the company's governance through its representation on the board and takes an active role in discussions with the key stakeholders including lenders and investors in the non-convertible debentures (NCDs).

CARE Ratings expects Brookfield to provide continued support to ICFL and any reduction in its stake or support will be a key rating driver.

Increased granularity of loan book owing to retail focus
ICFL’s business is divided in four segments including commercial vehicle (CV) financing, small & medium enterprise (SME) financing, home financing and corporate lending with consolidated AUM of ₹7,726 crore as on September 30, 2023. While the company has primarily been in the wholesale financing space, which formed 74% of the total AUM in FY18, the same has been consciously run down since FY19, as a part of the group’s retailisation strategy, and currently forms 4.72% of the AUM as on September 30, 2023. The retail book, which comprises CV financing (56.73% of the AUM), home financing (24.51%), and SME financing (13.70%), has an outstanding AUM of ₹7,361.60 crore as on September 30, 2023, accounting for 95.28% of total AUM.

The AUM does not include investments in security receipts (SRs) amounting to ₹1,038.60 crore, of which ₹687 crore are backed by wholesale book and the balance ₹351.6 crore are backed by CV book. The SRs backed by the wholesale book are stage 2 assets while that backed by CV book are stage 2 and 3 assets.

In December 2023, the company sold a portion of its stressed SME loan portfolio to Encore Asset Reconstruction Company. The sale consists of stressed accounts, aggregating to principal outstanding of ₹292 crore.

Currently, the company’s focus is to grow its used CV financing and affordable housing finance segment aligning with its objective to gradually reduce exposure in SME and corporate lending. The company has stopped sanctioning incremental corporate loans and incremental disbursements are balance based on existing sanctions. No incremental disbursements are done under the SME segment since Q1FY23.

CARE Ratings observes that although ICFL and IHFPL are gradually scaling up its CV and home financing book, the company’s ability to successfully scale-up its businesses, while maintaining asset quality will be a key monitorable.

Comfortable capitalisation metrics
Consolidated tangible net worth (TNW) of ICFL increased to ₹2,433.37 crore as on September 30, 2023 from ₹2,250.10 crore as on March 31, 2022, due to internal accruals. As a result, gearing improved to 1.91x in H1FY24. Capital adequacy ratio (CAR) for ICFL (standalone) stood at 32.8% as on September 30, 2023, which is well above the regulatory requirement of 15% providing sufficient cushion to the company to achieve the desired growth. CAR for housing finance stands at 70.8% as on September 30, 2023.

Going forward, with growth in the CV and housing portfolio, gearing is expected to increase. CARE Ratings expects Brookfield to provide continued support to the company in terms of arranging funds by leveraging its relationships with financial institutions.

Key weaknesses
Moderate earnings profile
On a consolidated basis, ICFL has reported losses from FY20 to FY22 because of high provisioning done following COVID-19 pandemic and control deficiencies identified in the CV portfolio. Nonetheless, the company has recorded consolidated profit after

tax (PAT) of ₹225.15 crore for FY23 and reported ROTA of 2.58% on account of write backs resulting from the recoveries during the year against the provisioning made in the previous years.

Yields have improved by 37 bps y-o-y in FY23, as the company is focusing and targeting high yield used CV financing and home financing segment. Fee and other income have also increased by 30 bps in tandem with growth in loan origination, DA and PTC income, and investments. However, increased borrowing costs and operating expenses offset the same. Operating expenditure (opex) has increased by 59 bps because of increasing employee costs, technological upgrades, and business expansion.

Net interest income decreased from ₹243.56 crore in H1FY23 to ₹225.98 crore in H1FY24 registering a decline of 7% primarily due to decrease in income from two stage-2 corporate loan assets sold to Phoenix ARC during the quarter. Overall operating expense has increased from ₹214.06 crore to ₹233.75 crore due to increase in branches, technology, and employee cost. Hence, ROTA moderated to 1.51% in H1FY24.

Around 1% Decrease in ROTA is anticipated in FY24 due to elevated borrowing expenses and opex. Delinquencies reported in SME and corporate books will impact credit costs and hence profitability. The company's ability to increase operations while maintaining/improving profitability will be a key monitorable.

Moderate asset quality metrics; albeit improving

On consolidated basis, gross stage 3 (GS3) stood at 6.7% as of September 2023 (7.1% as of September 30, 2022), while net stage 3 (NS3) stood at 3.3% (as of September 30, 2022: 2.9%). The company's net restructured assets improved to 2.7% as of September 30, 2023, compared with 6.2% as on March 31, 2023.

While CV portfolio primarily had control deficiencies, the new management has taken slew of measures to improve underwriting and risk management process while disbursing the loans which include audit by external firm to check on credit policy implementation, external valuation of assets, digitisation of whole process from origination to collections and more conservative borrower filters as compared to the earlier practise. The better performance of the newly originated portfolio (loans disbursed from July 2022 onwards), where the 90+ dpd of the CV book originated in this period stood at 0.25% as on September 30, 2023. However, the newly-generated portfolio is largely unseasoned and hence asset quality is yet to be tested. Additionally, the company's ability to recover/monetise the investments in security receipts will remain key monitorable.

Adequate resource profile

Identification of control deficiencies in March 2022 had impacted subsequently ICFL's fund raising which consequently impacted its business operations in FY23. The management has been actively engaging with bankers and investors to avail funding lines and has been able to raise funds aggregating to ₹2,105 crore during H1FY24. While 74% of the funds raised during H1FY24 are in the form of NCDs, 14% in the form of working capital demand loans (WCDLs), 9% in form of CPs, and only 4% comprise term loan.

Post H1FY24, ICFL has started getting sanctions from banks, and we expect this trend to continue. The incremental borrowing cost is also expected to reduce gradually in the medium term. CARE Ratings expects the company to diversify its incremental borrowings including off balance sheet sourcing. Accordingly, the company's ability to avail funds while diversifying its borrowing mix is a key rating factor.

Liquidity: Adequate

As on September 30, 2023, the liquidity position of ICFL is adequate with no negative cumulative mismatches in any time bucket. The company had unencumbered cash and bank balances of ₹341 crore, liquid investments of ₹98 crore, along with ₹265 crore of undrawn sanction lines as of September 2023. Furthermore, regular collections from the scheduled advances, amounting to ₹1,942 crore (including interest income), will support liquidity. Against this, the company has debt obligations of ₹1,571 crore (including interest payment) over the next one year. The ability of the company to avail funding lines will be a rating monitorable.

Environment, social, and governance (ESG) risks

Given the service-oriented business of the IndoStar group, its direct exposure to environmental risks and climate risks is not significant. The company has constituted an ESG Working Committee with an object to implement and oversee the Business Responsibility Policies. The committee comprises Priya Prasad (Head – Human Resource), Mihir Bhavsar (Chief Information Security Officer) and K V Bharadwaj (Head – Credit).

Environment: The company has made efforts to revamp its Loan Origination System (LOS) and move towards a mobile-first, cloud-based architecture stack that leads to significant reduction in paperwork and also reduces manual intervention by having seamless integration with multiple channels.

Social: With regards to social risk, IndoStar extends its support to organisations in their initiatives towards education, inequity reduction, and learning improvement, among others. As a part of this, the company on a continuous basis reaches out to remote parts of rural India through NGOs like Smile Foundation – Swabhimaan, Ladli Foundation – Masik Satya, etc.

Governance: With respect to governance risks, in light of the control deficiencies/gaps noted in its loan book, the company has strengthened controls, reviewed policies and upgraded technology and systems. The governance structure is characterised by three non-executive independent directors, investor grievance committee and adequate disclosures.

Applicable criteria

Policy on default recognition
Consolidation
Factoring Linkages Parent Sub JV Group
Financial Ratios - Financial Sector
Rating Outlook and Credit Watch
Short Term Instruments
Market Linked Notes
Non Banking Financial Companies

About the company and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic Industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

Incorporated in July 2009, ICFL is registered with the Reserve Bank of India (RBI) as a systemically-important non-deposit taking NBFC. Brookfield, one of the leading global alternative asset managers is the largest shareholder and promoter of ICFL, holding 56.20%, followed by the Everstone group at 18.8% as on September 30, 2023. The Everstone group has 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 Securities and Exchange Board of India (SEBI). Pursuant to the same, the Everstone group's holding stands at 18.79% and public shareholding in the company increased to 25.01% w.e.f. May 5, 2023.

The company started with corporate lending in 2011, ventured into SME financing from 2015 and CV Financing from 2017 to have a diversified and a granular portfolio. It further diversified into retail home financing from FY18 through its subsidiary viz, IndoStar Home Finance Private Limited (IHFPL). In March 2019, the company acquired the CV business of India Infoline Finance Limited (IIFL). The company's focus is to grow its CV financing book and housing finance book, going forward. The AUM as of September 2023, on a consolidated basis, is ₹7,726 crore. Currently, ICFL has a network of 476 branches across 22 states in India.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (UA)
Total income	1,174.29	1,179.65	612.76
PAT	-736.51	225.15	63.70
Interest coverage (times)	-0.66	1.41	1.22
Total tangible assets	9,031.48	8,482.05	8,445.01
Net NPA (%)	6.4%	3.2%	3.3%
ROTA (%)	-7.89%	2.57%	1.51%

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'
Interest coverage, total tangible assets and other ratios are as per CARE Ratings' calculations.

ROTA = PAT/Average total tangible assets

Status of non-cooperation with previous CRA:
None

Any other information:
Not applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Commercial paper-Commercial paper (Standalone) (Proposed)	-	-	-	-	2000.00	CARE A1+
Debentures-Market-linked debentures	INE896L07785	25-Aug-21	10-year G-sec linked	23-Feb-24	75.00	CARE PP-MLD AA-; Stable
Debentures-Market-linked debentures (Proposed)	-	-	-	-	225.00	CARE PP-MLD AA-; Stable
Non-convertible debentures	INE896L07702	25-Nov-19	9.75%	25-Oct-24	25.00	CARE AA-; Stable
Non-convertible debentures (Proposed)	-	-	-	-	6,175.00	CARE AA-; Stable
Non-convertible debentures (Public issue – Proposed)	-	-	-	-	500.00	CARE AA-; Stable
Fund-based-Long-term bank facilities	-	-	-	30-Jun-27	1,588.75*	CARE AA-; Stable
Fund-based-Long-term bank facilities (Proposed)	-	-	-	-	2,411.25	CARE AA-; Stable

* Includes undrawn WCDL and CC limits

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Commercial Paper-Commercial Paper (Standalone)	ST*	1000.00	CARE A1+	1)CARE A1+ (03-Jan-24) 2)CARE A1+ (28-Nov-23)	1)CARE A1+ (31-Mar-23) 2)CARE A1+ (RWN) (27-Dec-22) 3)CARE A1+ (CW with Negative Implications) (10-Oct-22) 4)CARE A1+ (CW with Negative Implications) (09-Aug-22) 5)CARE A1+ (CW with Developing Implications) (16-May-22)	1)CARE A1+ (20-Aug-21)	1)CARE A1+ (08-Oct-20) 2)CARE A1+ (17-Aug-20) 3)CARE A1+ (CW with Developing Implications) (17-Apr-20)
2	Non-convertible debentures	LT*	6200.00	CARE AA-; Stable	1)CARE AA-; Stable (03-Jan-24) 2)CARE AA-; Stable (28-Nov-23)	1)CARE A+; Stable (31-Mar-23) 2)CARE A+ (RWN) (27-Dec-22) 3)CARE A+ (CW with Negative Implications) (10-Oct-22) 4)CARE A+ (CW with Negative Implications) (09-Aug-22)	1)CARE AA-; Stable (20-Aug-21)	1)CARE AA-; Stable (08-Oct-20) 2)CARE AA-; Stable (17-Aug-20) 3)CARE AA- (CW with Developing Implications) (17-Apr-20)

						5)CARE AA- (CW with Developing Implications) (16-May-22)		
3	Debentures-Market Linked Debentures	LT*	100.00	CARE PP-MLD AA-; Stable	1)CARE PP-MLD AA-; Stable (03-Jan-24) 2)CARE PP-MLD AA-; Stable (28-Nov-23)	1)CARE PP-MLD A+; Stable (31-Mar-23) 2)CARE PP-MLD A+ (RWN) (27-Dec-22) 3)CARE PP-MLD A+ (CW with Negative Implications) (10-Oct-22) 4)CARE PP-MLD A+ (CW with Negative Implications) (09-Aug-22) 5)CARE PP-MLD AA- (CW with Developing Implications) (16-May-22)	1)CARE PP-MLD AA-; Stable (20-Aug-21)	1)CARE MLD AA-; Stable (08-Oct-20) 2)CARE MLD AA-; Stable (17-Aug-20) 3)CARE MLD AA- (CW) (17-Apr-20)
4	Commercial Paper-Commercial Paper (Standalone)	ST*	1000.00	CARE A1+	1)CARE A1+ (03-Jan-24) 2)CARE A1+ (28-Nov-23)	1)CARE A1+ (31-Mar-23) 2)CARE A1+ (RWN) (27-Dec-22) 3)CARE A1+ (CW with Negative Implications) (10-Oct-22) 4)CARE A1+ (CW with Negative Implications) (09-Aug-22) 5)CARE A1+ (CW with	1)CARE A1+ (20-Aug-21)	1)CARE A1+ (08-Oct-20) 2)CARE A1+ (17-Aug-20) 3)CARE A1+ (CW with Developing Implications) (17-Apr-20)

						Developing Implications) (16-May-22)		
5	Debentures-Market Linked Debentures	LT*	200.00	CARE PP-MLD AA-; Stable	1)CARE PP-MLD AA-; Stable (03-Jan-24) 2)CARE PP-MLD AA-; Stable (28-Nov-23)	1)CARE PP-MLD A+; Stable (31-Mar-23) 2)CARE PP-MLD A+ (RWN) (27-Dec-22) 3)CARE PP-MLD A+ (CW with Negative Implications) (10-Oct-22) 4)CARE PP-MLD A+ (CW with Negative Implications) (09-Aug-22) 5)CARE PP-MLD AA- (CW with Developing Implications) (16-May-22)	1)CARE PP-MLD AA-; Stable (20-Aug-21)	-
6	Fund-based-Long Term bank facilities	LT*	4000.00	CARE AA-; Stable	1)CARE AA-; Stable (03-Jan-24) 2)CARE AA-; Stable (28-Nov-23)	1)CARE A+; Stable (31-Mar-23)	-	-
7	Debentures-Non Convertible Debentures (Public issue)	LT*	500.00	CARE AA-; Stable				

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities

Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper - Commercial Paper (Standalone)	Simple
2	Debentures - Market-linked debentures	Highly Complex
3	Debentures - Non-convertible debentures	Simple
5	Fund-based - Long-term bank facilities	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media Contact	Analytical Contacts
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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

For the detailed Rationale Report and subscription information, please visit www.careedge.in

ANNEXURE B – DEBENTURE TRUSTEE CONSENT LETTER

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IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

Ref : 3374-2/ITSL/OPR/CL/24-25/DEB/326
Date :09 July 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 Ma'am/Sir

Sub: Proposed public issue by IndoStar Capital Finance Limited ("Company" / "Issuer") of Secured, Rated, Listed, Redeemable, Non-Convertible Debentures of face value of ₹ 1000 Each ("NCDs") for an amount aggregating to up to ₹15,000 lakh ("Base Limit") With a Green Shoe Option of up to ₹15,000 lakh aggregating up to ₹30,000 lakh ("Issue") hereinafter referred to as the "Issue"

We, the undersigned, hereby consent to be named as the Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in (i) the draft prospectus ("**Draft Prospectus**") to be filed with BSE Limited ("**BSE**") and/or National Stock Exchange of India Limited ("**NSE**" together with BSE, the "**Stock Exchanges**") for the purpose of receiving public comments and submitted with the Securities and Exchange Board of India ("**SEBI**") for record purposes; (ii) the Prospectus proposed to filed with Registrar of Companies, Mumbai ("**RoC**") and submitted to SEBI and the Stock Exchanges in relation to the Issue ("**Prospectus**"); (iii) the abridged prospectus; and (iv) all related advertisements and communications sent pursuant to the Issue. The NCDs are proposed to be listed on the Stock Exchanges. The following details may, be disclosed in the aforementioned offer documents and any other documents in relation to the Issue:

Logo:	IDBI trustee IDBI Trusteeship Services Ltd
Name:	IDBI Trusteeship Services Limited
Address:	Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai - 400001
Tel:	(91) (22) 40807015
Fax:	(91) (22) 6631 1776
E-mail:	response@idbitrustee.com
Investor Grievance E-mail Id:	response@idbitrustee.com
Website:	www.idbitrustee.com
Contact Person:	Mr. Nikhil Lohana / Mr. Gaurav Jeswani / Mr. Hiren Kalinani
SEBI Registration Number:	IND000000460
CIN:	U65991MH2001GOI131154

We confirm that we are registered with the SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate enclosed herein as **Annexure A** and declaration regarding our registration with SEBI as **Annexure B**.

We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We also confirm that we have not been debarred from functioning as an intermediary by any regulatory authority, court or tribunal.

We hereby authorise you to deliver this letter of consent to the RoC, pursuant to the provisions of Section 26 and 31 of the Companies Act, 2013 and other applicable laws or any other regulatory/statutory authorities as required by law.

We further confirm that the information in relation to us in this certificate together with the annexures is true and correct.

We also agree to keep strictly confidential, until such time as the proposed transaction is publicly announced by the Company in the form of a press release, (i) the nature and scope of this transaction; and (ii) our knowledge of the proposed transaction of the Company; and (iii) any other information in connection thereto.

We confirm that we will immediately inform you and the Lead Manager(s) in writing of any change to the above information until the date when the NCDs commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the NCDs commence trading on the Stock Exchanges.

This letter may be relied upon by the Company, the Lead Manager(s) and the legal advisor to the Issue in respect of the Issue.

Yours faithfully,
For IDBI Trusteeship Services Limited

IDBI Trusteeship Services Ltd. ITSL

Authorised Signatory
Name: Hiren Kalinani
Designation: Senior Manager

CC:

Nuvama Wealth Management Limited
(formerly known as Edelweiss Securities Limited)
801 - 804, Wing A, Building No 3
Inspire BKC, G Block, Bandra Kurla Complex
Bandra East, Mumbai – 400 051
Maharashtra, India

Khaitan & Co
One World Centre
13th Floor, Tower 1,
Senapati Bapat Marg,
Mumbai 400 013
Maharashtra, India

Annexure A

डिबेंचर न्यासी

प्ररूप ख
FORM-B

DEBENTURE TRUSTEE

भारतीय प्रतिभूति और विनिमय बोर्ड
SECURITIES AND EXCHANGE BOARD OF INDIA

(डिबेंचर न्यासी) विनियम, 1993
(DEBENTURE TRUSTEE) REGULATIONS, 1993

000263

(विनियम 8)
(Regulation 8)

रजिस्ट्रीकरण प्रमाणपत्र
CERTIFICATE OF REGISTRATION

1) बोर्ड, भारतीय प्रतिभूति और विनिमय बोर्ड अधिनियम, 1992 के अधीन डिबेंचर न्यासी के लिए बनाए गए नियमों और विनियमों के साथ पठित उस अधिनियम की धारा 12 की उपधारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए,

1) In exercise of the powers conferred by sub-section (1) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the rules and regulations made thereunder for the debenture trustee the Board hereby grants a certificate of registration to

IDBI TRUSTEESHIP SERVICES LIMITED
ASIAN BUILDING, GROUND FLOOR
17, R. KAMANI MARG
BALLARD ESTATE
MUMBAI-400 001

को नियमों में, शर्तों के अधीन रहते हुए और विनियमों के अनुसार डिबेंचर न्यासी के रूप में रजिस्ट्रीकरण का प्रमाणपत्र इसके द्वारा प्रदान करता है।

as a debenture trustee subject to the conditions in the rules and in accordance with the regulations.

2) डिबेंचर न्यासी के लिए रजिस्ट्रीकरण कूट है।

2) Registration Code for the debenture trustee is **IND000000460**

3) जब तक नवीकृत न किया जाए, रजिस्ट्रीकरण का प्रमाणपत्र से तक विधिमान्य है।

3) Unless renewed, the certificate of registration is valid from **This certificate of registration shall be valid unless it is suspended or cancelled by the board**

आदेश से
भारतीय प्रतिभूति और विनिमय बोर्ड
के लिए और उसकी ओर से
By order
For and on behalf of
Securities and Exchange Board of India

स्थान Place : **MUMBAI**

तारीख Date : **FEBRUARY14, 2017**

M J Sonparote
MEDHASONPAROTE
प्राधिकृत हस्ताक्षरकर्ता Authorised Signatory

IDBI Trusteeship Services Ltd.
CIN : U65991MH2001GOI131154

Annexure B

We hereby confirm that as on date the following details in relation to our registration with the Securities and Exchange Board of India as a 09 July 2024 is true and correct:

1.	Registration Number	IN000000460
2.	Date of registration/ Renewal of registration	FEBRUARY 14,2017
3.	Date of expiry of registration	NA
4.	If applied for renewal, date of application	NA
5.	Any communication from SEBI prohibiting the entity from acting as an intermediary	NIL
6.	Any enquiry/ investigation being conducted by SEBI	NIL
7.	Details of any penalty imposed by SEBI	Rs. 1,00,000/- in the case of Fortis Healthcare Holdings Private Limited.

Regd. Office : Universal Insurance Building, Ground Floor, Sir P. M. Road, Fort, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

ANNEXURE C – FINANCIAL STATEMENTS

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0/c

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 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 March 31, 2024, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "standalone financial statements").

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 Companies (Indian Accounting Standards) Rules, 2015, as amended (the "Rules") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, profit, other comprehensive income, changes in equity and its cash flows 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 (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2024. 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	How the Key Audit Matter was addressed in our audit
1	**Impairment of loans including Expected Credit Losses ("ECL"):** Total Loans as at March 31, 2024: Rs. 5,98,730.29 lakhs (net of ECL) Impairment Provision as at March 31, 2024: Rs. 31,071.10 lakhs) (Refer Note 5 of the Financial Statements)	**Our audit procedures in respect of this area included, but not limited to:** **Process understanding and control testing:** • Read the Company's Board approved ECL policy and material accounting policy information for estimation of ECL on financial assets and evaluated the appropriateness of the same with the principles of Ind AS 109;

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Ahmedabad | Bengaluru | Chennai | Goa | Gurugram | Hyderabad | Kochi | Kolkata | Mumbai | Pune www.mska.in

	As per Ind AS 109 - Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its financial assets using ECL approach involving an estimation of probability of loss on such financial assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets. The estimation of impairment loss allowance on loan assets involves significant judgement and estimates, which are subject to uncertainty, and involves applying appropriate measurement principles in case of loss events. ECL is calculated using the percentage of probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") for each of the stages of loan portfolio. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • Segmentation of loan book in buckets based on common risk characteristics; • Staging of loans and in particular determining the criteria, which includes qualitative factors for identifying a significant increase in credit risk (i.e. Stage 2) and credit-impaired (i.e. Stage 3); • factoring in future macro-economic and industry specific estimates and forecasts; • past experience and forecast data on customer behaviour on repayments and; • varied statistical modelling techniques to determine probability of default, loss given default and exposure at default basis, the default history of loans, subsequent recoveries made and other relevant factors using probability-weighted scenarios.	• Performed end-to-end process walkthroughs to identify the controls used in the impairment loss allowance processes; • Tested the design and the operating effectiveness of relevant internal controls, including the IT controls relevant to the impairment loss allowance process. • Verified the completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors; • Checked the appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio. **Performed the following substantive procedures on sample of loan assets:** • Tested appropriateness of staging of borrowers based on days past due ("DPD") and other loss indicators; • Tested the factual accuracy of information such as period of default, ratings (wherever applicable) and other related information used in estimating the PD; • Evaluated the reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired and other applicable assumptions included in LGD computation; • Evaluated the methodology used to determine macroeconomic overlays and adjustments to the output of the ECL model; • Tested the completeness of loans included in the ECL calculations as of March 31, 2024 by reconciling such data with the balances as per loan book register; and

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	Considering the significance of the above matter to the Financial Statements and since the matter required significant attention to test the calculation of ECL, we identified this as a key audit matters for current year audit.	• Assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.
2	**Information Technology ("IT") systems and controls impacting financial controls** The Company key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. Amongst its multiple IT systems, we scoped in systems that are key for overall financial reporting. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, significant number of systems being used by Management and the complexity of the IT architecture and its impact on overall financial reporting process and regulatory expectation on automation.	**Key IT audit procedures performed included the following, but not limited to:** • For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Company IT systems. • Obtained a comprehensive understanding of IT applications landscape implemented at the Company. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. • Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. • In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports,

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		observation, and re-performance. We also tested few controls using negative testing technique. • Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant changes made to the IT landscape during the audit period.

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 Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the 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 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Board of Directors 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Rules thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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, the Management and Board of Directors are 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities 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 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 material accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.

- Conclude on the appropriateness of management and Board of Director'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.

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 for the year ended March 31, 2024 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 Statement of the Company for the year ended March 31, 2023 was audited by previous statutory auditor whose report dated May 25, 2023 expressed a modified opinion on those standalone financial statements.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Rules thereunder.

(e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2024 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 B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 34 of the 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.

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Head Office: 602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Goregaon (E), Mumbai 400063, INDIA. Tel: +91 22 6238 0519
Ahmedabad | Bengaluru | Chennai | Goa | Gurugram | Hyderabad | Kochi | Kolkata | Mumbai | Pune www.mska.in

iv.

a. The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 41.2 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 its knowledge and belief, as disclosed in the Note 41.2 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, and according to the information and explanations provided to us by the Management in this regard 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) of the Act as provided under (1) and (2) above, contain any material mis-statement.

v. The Company has neither declared nor paid any dividend during the year.

vi. Based on our examination, the Company has used an accounting softwares for maintaining its books of account which has / have a feature of recording audit trail (edit log) facility. The audit trail feature has been operated throughout the year for all transactions recorded in the accounting software(s). Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYM5425

MSKA & ASSOCIATES Chartered Accountants

Mumbai
April 29, 2024

"ANNEXURE A" TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF INDOSTAR CAPITAL FINANCE LIMITED FOR THE YEAR ENDED MARCH 31, 2024

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. (a) A The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment and relevant details of right-of-use assets.

(a) B The Company has maintained proper records showing full particulars of intangible assets.

(b) All the Property, Plant and Equipment and right of use assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the standalone financial statements, are held in the name of the Company.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and Equipment (including Right of Use assets) and intangible assets during the year. Accordingly, the provisions stated under clause 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated under clause 3(i)(e) of the Order are not applicable to the Company.

ii. (a) The Company is involved in the business of rendering services and does not hold any inventory. Accordingly, the provisions stated under clause 3(ii)(a) of the Order are not applicable to the Company.

(b) During the year the Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks and/ financial institutions on the basis of security of Loan assets. Based on the records examined by us in the normal course of audit of the standalone financial statements, quarterly returns / statements filed with such Banks/ financial institutions are in agreement with the books of accounts of the Company.

iii. (a) As explained in Note 1 to the Financial Statements, the Company is a non-deposit taking non-banking financial company ("NBFC") registered with the RBI and as part of its business activities, is engaged in the business of lending across various types of loans. The Company's principal business is to give loans and is a registered NBFC. Accordingly, provisions stated under clause 3(iii)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, guarantees provided, securities given and terms and conditions in relation to grant of all loans and advances in the nature of loans, investments made, guarantees provided and securities given are not prejudicial to the interest of the Company.

MSKA & ASSOCIATES Chartered Accountants

(c) In respect of the aforesaid loans and advances in nature of loans, the schedule of repayment of principal and payment of interest have been stipulated by the Company. Considering that the Company is a Non-Banking Financial Company engaged in the business of granting loans, the entity-wise details of the amount, due date for payment and extent of delay (that has been suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) have not been detailed hereunder because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the Company has recognized necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 45 to the standalone financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the details of amount overdue for more than ninety days, on the loans and advances in the nature of loans, are as follows:

No. of Cases	Principal amount overdue (in lakhs)	Interest overdue (in lakhs)	Total overdue (in lakhs)	Remarks (if any)
14,939	59,607.12	19,992.65	79,599.78	According to the information and explanation given to us, reasonable steps have been taken by the Company for recovery of principal amount and interest.

(e) The company's principal business is to give loans and is a registered NBFC, accordingly, provisions stated under clause 3(iii)(e) of the Order is not applicable.

(f) According to the information explanation provided to us, the Company has not any granted loans and / or advances in the nature of loans, including to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013 either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, the provisions stated under clause 3(iii)(f) of the Order are not applicable to the Company.

iv. According to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013, in respect of loans, investments, guarantees and security made, as applicable.

v. 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. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this respect.

vi. The provisions of sub-Section (1) of Section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated under clause 3(vi) of the Order are not applicable to the Company.

MSKA & ASSOCIATES Chartered Accountants

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have been regularly deposited by the Company with appropriate authorities in all cases during the year.

There are no undisputed amounts payable in respect of Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues in arrears as at March 31,2024, outstanding for a period of more than six months from the date they became payable.

vii. (b) According to the information and explanation given to us and the records of the Company examined by us, there are no dues relating to goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Income-tax Assessment of the Company. Accordingly, the provision stated under clause 3(viii) of the Order is not applicable to the Company.

ix. (a) In our opinion and according to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.

(d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Accordingly, reporting under Clause 3(ix)(f) of the order is not applicable to the Company.

x. (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated under clause 3(x)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully, partly, or optionally convertible debentures during the year. Accordingly, the provisions stated under clause 3(x)(b) of the Order are not applicable to the Company.

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xi. (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company has been noticed or reported during the year in the course of our audit.

(b) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the provisions stated under clause 3(xi)(b) of the Order is not applicable to the Company.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing, and extent of audit procedures.

xii. The Company is not a Nidhi Company. Accordingly, the provisions stated under clause 3(xii)(a) to (c) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and details of such transactions have been disclosed in the Note 32 of standalone financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered internal audit reports issued by internal auditors during our audit in accordance with the guidance provided in SA 610 - 'Using the work of Internal Auditors'.

xv. According to the information and explanations given to us, in our opinion, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with its directors and accordingly, the reporting on compliance with the provisions of Section 192 of the Companies Act, 2013 in clause 3(xv) of the Order is not applicable to the Company.

xvi. (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) as Non-Deposit taking Systemically Important (NBFC-ND-SI) Company.

(b) The Company has conducted non-banking financial activities during the year and the Company holds a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core investment Company (CIC) as defined in the regulations made by Reserve Bank of India. Accordingly, the provisions stated under clause 3 (xvi)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations provided to us, the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any Core Investment Company (as part of its group. Accordingly, the provisions stated under clause 3(xvi)(d) of the order are not applicable to the Company.

xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Accordingly, the provisions stated under clause 3(xvii) of the Order are not applicable to the Company.

MSKA & ASSOCIATES Chartered Accountants

xviii. There has been resignation of the statutory auditor during the year due to regulatory requirements, however there were no issues, objections or concerns raised by the outgoing auditor.

xix. According to the information and explanations given to us and on the basis of the financial ratios (as disclosed in note 47 to the standalone financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, 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 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. According to the information and explanations given to us, the Company has met the criteria as specified under sub-section (1) of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, however, in the absence of average net profits in the immediately three preceding years, there is no requirement for the Company to spend any amount under sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYM5425

MSKA & ASSOCIATES Chartered Accountants

Mumbai
April 29, 2024

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

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of IndoStar Capital Finance Limited on the Financial Statements for the year ended March 31, 2024]

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

We have audited the internal financial controls with reference to Standalone Financial Statements of the "Company" as of March 31, 2024 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Opinion

In our opinion, the Company, including has, 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, 2024, 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 (ICAI) (the "Guidance Note").

Management and Board of Director's Responsibility for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls 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. 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 Standalone 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 with reference to Standalone Financial Statements.

Head Office: 602, Floor 6, Raheja Titanium, Western Express Highway, Geetanjali Railway Colony, Ram Nagar, Goregaon (E), Mumbai 400063, INDIA, Tel: +91 22 6238 0519
Ahmedabad | Bengaluru | Chennai | Goa | Gurugram | Hyderabad | Kochi | Kolkata | Mumbai | Pune www.mska.in

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

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

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYM5425

MSKA & ASSOCIATES * Chartered Accountants *

Mumbai
April 29, 2024

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Balance Sheet as at 31 March 2024
(Currency : Indian Rupees in Lakhs)

Particulars	Note	As at 31 March 2024	As at 31 March 2023
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	38,773.39	16,500.70
Bank balances other than cash and cash equivalents	4	29,175.78	20,343.50
Loans	5	5,98,730.29	5,19,561.53
Investments	6	1,57,092.38	1,45,705.73
Other financial assets	7	33,758.70	33,419.56
		8,57,530.54	**7,35,531.02**
Non-financial assets			
Current tax assets (net)	8	7,539.22	5,376.00
Deferred tax assets (net)	9	31,651.53	31,643.62
Property, plant and equipment	10	5,567.39	4,788.71
Assets acquired in satisfaction of claim	11	1,300.00	1,300.00
Goodwill	12	30,018.69	30,018.69
Other intangible assets	12	1,070.68	2,034.77
Other non-financial assets	13	4,335.48	3,234.49
		81,482.99	**78,396.28**
TOTAL ASSETS		**9,39,013.53**	**8,13,927.30**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		114.85	7.62
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		15.47	727.63
Debt securities	15	3,28,775.09	1,10,886.95
Borrowings (other than debt securities)	16	2,76,167.94	3,70,421.44
Other financial liabilities	17	22,481.59	28,211.11
		6,27,554.94	**5,10,254.75**
Non-financial liabilities			
Provisions	18	529.50	465.66
Other non-financial liabilities	19	724.63	951.60
		1,254.13	**1,417.26**
TOTAL LIABILITIES		**6,28,809.07**	**5,11,672.01**
EQUITY			
Equity share capital	20	13,607.93	13,607.93
Other equity	21	2,96,596.53	2,88,647.36
TOTAL EQUITY		**3,10,204.46**	**3,02,255.29**
TOTAL LIABILITIES AND EQUITY		**9,39,013.53**	**8,13,927.30**

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani

Tushar Kurani
Partner

MSKA & ASSOCIATES Chartered Accountants

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Statement of Profit and Loss for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Particulars	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations	22		
Interest income		91,478.94	88,947.05
Fees and commission income		5,123.21	4,706.70
Net gain on fair value changes		2,147.32	2,511.40
Net gain on derecognition of financial instruments measured at amortised cost category		11,668.14	722.80
Total revenue from operations		**1,10,417.61**	**96,887.95**
Other income	23	2,105.06	2,420.15
Total income		**1,12,522.67**	**99,308.10**
Expenses			
Finance costs	24	58,114.60	51,801.92
Impairment on financial instruments	25	8,306.69	(4,013.46)
Employee benefit expenses	26	21,180.93	13,583.17
Depreciation and amortisation expenses	27	2,766.37	3,634.76
Other expenses	28	14,992.71	15,574.66
Total expenses		**1,05,361.30**	**80,581.05**
Profit before tax		**7,161.37**	**18,727.05**
Tax expense:	29		
1. Current tax		-	-
2. Tax of earlier years		-	-
3. Deferred tax expenses		-	-
Total tax expenses		-	-
Profit/(loss) after tax		**7,161.37**	**18,727.05**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		(42.90)	119.17
- Income tax relating to items that will not be reclassified to profit or loss		10.80	(29.99)
		(32.10)	89.18
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		11.47	(16.72)
- Income tax relating to items that will be reclassified to profit or loss		(2.89)	4.20
		8.58	(12.52)
Other comprehensive income for the year, net of tax		**(23.52)**	**76.66**
Total comprehensive income for the year		**7,137.85**	**18,803.71**
Earnings per equity share	30		
Basic earnings per share (Rs.)		5.26	13.76
Diluted earnings per share (Rs.)		5.26	13.76
(Equity Share of face value of Rs.10 each)			

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani

Tushar Kurani
Partner

MSKA & ASSOCIATES Chartered Accountants

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited

Place: Mumbai
Date: 29 April 2024

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Statement of Cash flows for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2024	For the Year ended 31 March 2023
A Cash Flow from Operating Activities		
Profit / (loss) before tax	7,161.37	18,727.05
Adjustments for :		
Interest income on financial assets	(91,478.94)	(88,947.05)
Finance costs	58,114.60	51,801.92
Depreciation and amortisation expense	2,766.37	3,634.76
Loss on sale of property plant and equipment	22.55	27.11
Impairment on financial instruments	8,306.69	(4,013.46)
Provision for employee benefits	157.31	186.20
Employee share based payment expense	812.34	(4,375.16)
Net gain on fair value changes	(2,147.32)	(2,511.40)
Net gain on derecognition of financial instruments measured at amortised cost category	(11,668.14)	(722.80)
	(27,953.17)	**(26,192.83)**
Interest income realised on financial assets	90,889.36	95,250.92
Finance costs paid	(61,536.79)	(56,293.31)
Cash generated from operating activities before working capital changes	**1,399.40**	**12,764.78**
Adjustments:		
(Increase)/Decrease in loans and advances	(1,62,945.19)	1,20,639.79
(Increase)/Decrease in other financial assets	(309.87)	(23,797.36)
(Increase)/Decrease in other non-financial assets	(1,100.99)	(289.09)
Increase/(Decrease) in trade payable	(604.93)	494.44
Increase/(Decrease) in other financial liabilities	(5,953.11)	(15,231.83)
Increase/(Decrease) in other non-financial liabilities	(226.97)	380.54
Cash (used in)/generated from operating activities	**(1,69,741.66)**	**94,961.27**
Taxes (paid) / refund	(2,163.22)	1,260.87
Net cash (used in)/generated operating activities (A)	**(1,71,904.88)**	**96,222.14**
B Cash flows from investing activities		
Purchase of property, plant and equipment	(840.00)	(462.29)
Sale of property, plant and equipment	7.77	14.01
Purchase of intangible assets	(27.20)	(1,621.25)
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(8,832.28)	18,524.45
(Acquisition)/redemption of investments measured at FVTPL (net)	58,086.00	(40,747.71)
(Acquisition)/redemption of investments measured at FVOCI (net)	(4,020.66)	(9,494.06)
(Acquisition)/redemption of investments measured at amortised cost (net)	23,065.49	10,479.23
Net cash generated from/(used in) investing activities (B)	**67,439.12**	**(23,307.62)**
C Cash Flow from financing activities		
Proceeds from bank borrowings	1,90,316.60	2,80,098.46
Repayments towards bank borrowings	(2,86,266.42)	(2,57,877.76)
Proceeds from issuance of Non-Convertible Debentures	2,45,500.00	90,000.00
Repayments towards Non-Convertible Debentures	(29,790.00)	(1,29,000.00)
Proceeds from Commercial Papers	55,300.00	30,000.00
Repayments towards Commercial Papers	(47,500.00)	(75,500.00)
Payment of lease liabilities	(821.73)	(1,314.75)
Net cash generated from/(used in) financing activities (C)	**1,26,738.45**	**(63,594.05)**
Net Increase in cash and cash equivalents (A) + (B) + (C)	**22,272.69**	**9,320.47**
Cash and Cash Equivalents at the beginning of the year	16,500.70	7,180.23
Cash and Cash Equivalents at the end of the year	**38,773.39**	**16,500.70**

MSKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Statement of Cash flows for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2024	For the Year ended 31 March 2023
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	400.27	314.49
Balances with banks		-
- in current accounts	12,368.85	11,682.07
Deposits with original maturity of less than three months	26,004.27	4,504.14
Total	**38,773.39**	**16,500.70**

See accompanying notes forming part of the financial statements 1 to 47

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani

Tushar Kurani
Partner

MSKA & ASSOCIATES Chartered Accountants

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer
Place: Mumbai
Date: 29 April 2024

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Statement of Changes in Equity (SOCIE) for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of Rs.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 2024	13,607.93	-	13,607.93	-	13,607.93
As at 31 March 2023	13,607.93	-	13,607.93	-	13,607.93

(b) Other equity

Particulars	Reserves and surplus							
	Securities Premium Account	Statutory Reserves U/s 45(IC)	Capital Reserve	Share options outstanding account	General reserves	Retained earnings	Other comprehensive income	Total
(i) Balance at 1 April 2023	**2,92,207.63**	**29,650.80**	**0.43**	**2,074.82**	**2,683.84**	**(37,957.64)**	**(12.52)**	**2,88,647.36**
Profit after tax for the year	-	-	-	-	-	7,161.37	-	7,161.37
Debt instruments through other comprehensive income	-	-	-	-	-	-	8.58	8.58
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	(32.10)	-	(32.10)
	-	-	-	-	-	**7,129.27**	**8.58**	**7,137.85**
Transferred from Retained earnings	-	1,432.27	-	-	-	(1,432.27)	-	-
Share based payment expense	-	-	-	811.32	-	-	-	811.32
Transfer from ESOP reserves	-	-	-	(763.40)	763.40	-	-	-
Balance at 31 March 2024	**2,92,207.63**	**31,083.07**	**0.43**	**2,122.74**	**3,447.24**	**(32,260.64)**	**(3.94)**	**2,96,596.53**
(ii) Balance at 1 April 2022	2,92,207.63	25,905.39	0.43	7,081.96	2,026.78	(53,028.46)	-	2,74,193.73
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**
Transferred from Retained earnings	-	3,745.41	-	-	-	(3,745.41)	-	-
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	**2,92,207.63**	**29,650.80**	**0.43**	**2,074.82**	**2,683.84**	**(37,957.64)**	**(12.52)**	**2,88,647.36**

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani
Partner

MSKA & ASSOCIATES Chartered Accountants

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

IndoStar Capital Finance Limited

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. The Company has been classified as Middle Layer as per Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated 19 October 2023, as amended. The Company is also registered as Corporate Agent with the Insurance Regulatory and Development Authority (IRDAI) wide Certificate of Registration dated 21 February 2024.

2 Basis of Preparation and Material accounting policies

2.1 Statement of compliance with Indian Accounting Standards ('Ind AS')

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 Material 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 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 statement of profit or loss. The losses arising from impairment are recognised in the statement of 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.

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(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
- 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.

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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:
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.

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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 Rs. 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 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.

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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 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but less than 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 90 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 90 days and above past due. Non-payment on another obligation of the same customer is also considered as a Stage 3. In addition, Company shall also classify those accounts as default which meets the criteria as per the RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021.

(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 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.

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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:

- 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 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 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.

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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) Fees and commission income

Fees and commission income 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 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.

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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) 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.

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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 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.

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(iii) Indirect tax

Expenses and assets are recognized net of the Goods and Services Tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax paid is recognized as part of the cost of acquisition of the asset or as part of the respective expense item, as applicable.

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.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet and for the purpose of statement of cash flows comprise cash at bank and cheques in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

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.

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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. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to the financial statements for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Note 3		
Cash and cash equivalents		
Cash on hand	400.27	314.49
Balances with banks		
- In current accounts	12,368.85	11,682.07
Deposits with original maturity of less than three months	26,004.27	4,504.14
	38,773.39	16,500.70
Note 4		
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	1,652.74	21.50
Earmarked deposits with banks	27,523.04	20,322.00
	29,175.78	20,343.50
Note 5		
Loans		
At amortised cost		
Business Loans		
Corporate lending	40,851.33	1,23,176.21
Small and medium enterprises lending (SME)	31,679.68	1,08,044.88
Commercial vehicle lending	5,54,865.24	3,40,293.96
Other loans	2,405.14	2,214.37
Total - Gross	**6,29,801.39**	**5,73,729.42**
Less: Impairment allowance	(31,071.10)	(54,167.89)
Total - Net	5,98,730.29	5,19,561.53
(a) Secured by tangible assets	6,20,366.15	5,55,087.38
(b) Unsecured	9,435.24	18,642.04
Total - Gross	**6,29,801.39**	**5,73,729.42**
Less: Impairment allowance	(31,071.10)	(54,167.89)
Total - Net	5,98,730.29	5,19,561.53
Loans in India		
(a) Public sector	-	-
(b) Others	6,29,801.39	5,73,729.42
Total - Gross	**6,29,801.39**	**5,73,729.42**
Less: Impairment allowance	(31,071.10)	(54,167.89)
Total - Net (a)	5,98,730.29	5,19,561.53
Loans outside India (b)	-	-
Total - Net (a)+(b)	5,98,730.29	5,19,561.53

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.

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IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
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Notes to the financial statements for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Note 6
Investments

Investments as at 31 March 2024

Particulars	Amortised cost	At Fair Value		Others	Total
		Through other comprehensive income	Through profit and loss	At cost	
Mutual funds	-	-	16,723.44	-	16,723.44
Security Receipts	1,17,530.96	-	-	-	1,17,530.96
Treasury Bills	-	14,210.78	-	-	14,210.78
Subsidiaries	-	-	-	45,270.58	45,270.58
Total - Gross	**1,17,530.96**	**14,210.78**	**16,723.44**	**45,270.58**	**1,93,735.76**
Investments in India	1,17,530.96	14,210.78	16,723.44	45,270.58	1,93,735.76
Investments outside India	-	-	-	-	-
Total - Gross	**1,17,530.96**	**14,210.78**	**16,723.44**	**45,270.58**	**1,93,735.76**
Less: Impairment loss allowance	(36,643.38)	-	-	-	(36,643.38)
Total - Net	**80,887.58**	**14,210.78**	**16,723.44**	**45,270.58**	**1,57,092.38**

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*	45,269.58	100%
Total	**45,270.58**	

* includes cross charge of Rs. 269.58 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

Investments as at 31 March 2023

Particulars	Amortised cost	At Fair Value		Others	Total
		Through other comprehensive income	Through profit and loss	At cost	
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**	**1,70,282.37**
Investments in India	42,871.31	9,477.34	72,662.12	45,271.60	1,70,282.37
Investments outside India	-	-	-	-	-
Total - Gross	**42,871.31**	**9,477.34**	**72,662.12**	**45,271.60**	**1,70,282.37**
Less: Impairment loss allowance	(24,576.64)	-	-	-	(24,576.64)
Total - Net	**18,294.67**	**9,477.34**	**72,662.12**	**45,271.60**	**1,45,705.73**

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 Rs. 270.60 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

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IndoStar Capital Finance Limited

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Note 7		
Other financial assets		
Security deposit	624.71	2,576.07
Assignment receivables	1,309.43	2,404.35
Deposits with Trustee for securitisation*	26,337.33	24,390.88
Other receivables	5,755.78	4,346.08
	34,027.25	33,717.38
Less: Impairment loss allowance	(268.55)	(297.82)
	33,758.70	**33,419.56**

* It represents fixed deposit held as collateral with trustee for pass through certificate transactions
Footnote: Other receivable includes receivable from subsidiaries (refer note 32)

Particulars	As at 31 March 2024	As at 31 March 2023
Note 8		
Current tax assets (net)		
Advance tax (net of provision)	7,539.22	5,376.00
	7,539.22	**5,376.00**
Note 9		
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	17,390.69	20,366.64
Provision for gratuity	96.95	90.00
Provision for compensated absences	36.31	26.99
Debt instruments through OCI	(2.89)	4.20
Lease liabilities	91.12	57.95
Income amortisation	(500.68)	(124.62)
Other items of disallowance	-	121.29
Depreciation on PPE and intangible assets	909.28	825.88
Carried forward book losses	24,012.02	19,575.18
Total (A)	42,032.80	40,943.51
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(329.56)	(605.13)
Borrowing cost amortisation	(2,496.61)	(1,139.66)
Total (B)	(10,381.27)	(9,299.89)
Net deferred tax asset (A-B) (also refer Note 29)	**31,651.53**	**31,643.62**

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IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
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Notes to the financial statements for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Note 10
Property, plant and equipment

DESCRIPTION	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
Cost as at 1 April 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
Additions	-	12.03	23.72	32.27	771.98	2,381.33	3,221.33
Disposals	-	(17.84)	(112.29)	(10.42)	(45.19)	(1,047.91)	(1,233.65)
Cost as at 31 March 2024 (A)	15.05	753.44	4,350.01	777.86	4,273.81	4,903.36	15,073.53
Accumulated depreciation as at 1 April 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
Depreciation for the year	-	14.38	414.68	51.41	573.63	720.98	1,775.08
Disposals	-	(17.84)	(82.35)	(10.42)	(44.81)	(410.66)	(566.08)
Accumulated depreciation as at 31 March 2024 (B)	-	579.45	3,793.90	590.08	3,240.55	1,302.16	9,506.14
Net carrying amount as at 31 March 2024 (A) - (B)	15.05	173.99	556.11	187.78	1,033.26	3,601.20	5,567.39
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

* Mortgaged as security against Secured Non-convertible Debentures

(Currency : Indian Rupees in Lakhs)

Note 11

Particulars	As at 31 March 2024	As at 31 March 2023
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 2022	30,018.69
Acquisition of business	-
Cost as at 31 March 2023 (A)	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2024 (A)	**30,018.69**
Accumulated impairment as at 1 April 2022	-
Addition	-
Accumulated impairment as at 31 March 2023 (B)	-
Addition	-
Accumulated impairment as at 31 March 2024 (B)	-
Net carrying amount as at 31 March 2024 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2023 (A) -(B)	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2024. 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) Other intangible assets

DESCRIPTION	Computer Software	Total
Cost as at 1 April 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**
Additions	27.20	27.20
Disposals	-	-
Cost as at 31 March 2024 (A)	**3,804.88**	**3,804.88**
Accumulated amortisation as at 1 April 2022	**1,052.68**	**1,052.68**
Amortisation recognised for the year	690.23	690.23
Disposals	-	-
Accumulated amortisation as at 31 March 2023	**1,742.91**	**1,742.91**
Amortisation recognised for the year	991.29	991.29
Disposals	-	-
Accumulated amortisation as at 31 March 2024 (B)	**2,734.20**	**2,734.20**
Net carrying amount as at 31 March 2024 (A)- (B)	**1,070.68**	**1,070.68**
Net carrying amount as at 31 March 2023	**2,034.77**	**2,034.77**

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Particulars	As at 31 March 2024	As at 31 March 2023
Note 13		
Other non-financial assets		
Prepaid expenses	1,233.02	1,269.22
Advances recoverable in cash or in kind or for value to be received	3,102.46	1,965.27
	4,335.48	**3,234.49**
Note 14		
Trade payables		
Dues to Micro, small and medium enterprises	114.85	7.62
Dues to Others	15.47	727.63
Footnote : Also refer Note 36	**130.32**	**735.25**
Note 15		
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	3,21,565.56	1,10,886.95
Commercial paper (net of unamortised discount) (Refer note (b) below)	7,209.53	-
	3,28,775.09	**1,10,886.95**
Debt securities in India	3,28,775.09	1,10,886.95
Debt securities outside India	-	-
Total	**3,28,775.09**	**1,10,886.95**
Secured	2,92,067.78	1,10,886.95
Unsecured	36,707.31	-
Total	**3,28,775.09**	**1,10,886.95**

(a) Non Convertible Debenture
Privately placed Redeemable Non Convertible Debentures
Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2024	As at 31 March 2023
	Rate of interest >= 9.75% <= 10.25%	Rate of interest >= 7.78% <= 11.40%
	Amount	Amount
0-12 Months	1,16,253.22	32,010.35
12-24 Months	1,56,544.57	78,876.60
24-36 Months	48,767.77	-
Total	**3,21,565.56**	**1,10,886.95**

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 ₹ 515,805 lakhs (March 2023: ₹ 459,596 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.

NSKA & ASSOCIATES Chartered Accountants

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023

(b) Commercial papers
Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 8.60% <= 9.75%	-
	Amount	Amount
0-12 Months	7,209.53	-
Total	7,209.53	-

Note 16
Borrowings
At amortised cost

Particulars	As at 31 March 2024	As at 31 March 2023
Term loans		
Term loans from Banks (Refer note (a) below)*	72,707.81	2,08,043.70
Term loans from Financial Institutions (Refer note (a) below)*	23,962.25	25,023.11
Loans repayable on demand		
Working capital demand loans from banks **	32,885.13	25,784.06
Other borrowings	1,46,612.75	1,11,570.57
Total	**2,76,167.94**	**3,70,421.44**
Borrowings in India	2,76,167.94	3,70,421.44
Borrowings outside India	-	-
Total	**2,76,167.94**	**3,70,421.44**
Secured borrowings	2,76,167.94	2,99,977.23
Unsecured borrowings	-	70,444.21
Total	**2,76,167.94**	**3,70,421.44**

(a) Term loan from banks/FI :
Terms of repayment (based on contractual maturity):

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>=8.10% <= 12.00%	>=8% <= 11.50%
	Amount	Amount
0-12 Months	50,677.09	89,102.85
12-24 Months	30,478.25	1,14,033.00
24-36 Months	13,761.46	21,477.39
36-48 Months	1,753.26	8,354.12
48-60 Months	-	99.45
Total	**96,670.06**	**2,33,066.81**

* first pari-passu charge by way of hypothecation of standard asset
** secured by First pari-passu charge by way of hypothecation on the standard asset portfolio
# also refer 31(F)

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Particulars	As at 31 March 2024	As at 31 March 2023

(b) Working capital demand loans:
Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 7.28% <= 9.52%	>= 9.10% <= 12.51%
	Amount	Amount
0-12 Months	32,885.13	25,784.06
Total	**32,885.13**	**25,784.06**

also refer 31(F)

(c) Other borrowings
Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 7.70% <= 10.50%	>= 7% <= 10.50%
	Amount	Amount
0-12 Months	61,568.24	42,068.96
12-24 Months	48,718.13	34,123.81
24-36 Months	20,161.45	9,220.84
36-48 Months	1,554.48	1,886.63
48-60 Months	1,712.28	1,969.84
Above 60 Months	12,898.17	22,300.49
Total	**1,46,612.75**	**1,11,570.57**

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
Other financial liabilities

Book overdraft	255.31	1,095.91
Employee benefits payable	3,027.57	2,282.94
Unamortised lease liabilities	3,923.54	2,749.03
Others	15,275.17	22,083.23
	22,481.59	**28,211.11**

Note 18
Provisions

Provision for employee benefits:		
- Gratuity	385.22	357.60
- Compensated absences	144.28	107.26
Others :		
- Expected credit loss on undrawn loan commitments	-	0.80
	529.50	**465.66**

Note 19
Non-financial liabilities

Statutory dues payable	724.63	951.60
	724.63	**951.60**

(Currency : Indian Rupees in Lakhs)

Note 20 - Equity share capital

(a) Details of authorised, issued and subscribed share capital

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹ 10/- each	18,75,00,000	18,750.00	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	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

	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	13,60,79,295	13,607.93	13,60,79,295	13,607.93
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**13,60,79,295**	**13,607.93**	**13,60,79,295**	**13,607.93**

(c) Particulars of equity shares held by Holding Company

Name of shareholder	Relationship	As at 31 March 2024		As at 31 March 2023	
		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 2024		As at 31 March 2023	
		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	2,32,62,583	17.09%	4,14,67,583	30.47%

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

(e) Terms/rights attached to equity shares

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

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

(f) 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.

(g) 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 2024			
BCP V Multiple Holdings Pte. Ltd.	7,64,82,638	56.20%	
Indostar Capital (Mauritius)	2,32,62,583	17.09%	(13.38%)
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%	-

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(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Note 21		
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	31,083.07	29,650.80
Securities premium	2,92,207.63	2,92,207.63
Share options outstanding account	2,122.74	2,074.82
General reserve	3,447.24	2,683.84
Retained earnings	(32,260.64)	(37,957.65)
Debt instruments through other comprehensive income	(3.94)	(12.51)
	2,96,596.53	**2,88,647.36**
21.1 Other equity movement		
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	29,650.80	25,905.39
Add : Transferred from surplus	1,432.27	3,745.41
Closing Balance	**31,083.07**	**29,650.80**
Securities premium		
Opening Balance	2,92,207.63	2,92,207.63
Less : Share issue expenses	-	-
Add: Transfer from ESOP reserves	-	-
Add : Premium collected on share allotment	-	-
Closing Balance	**2,92,207.63**	**2,92,207.63**
Share options outstanding account		
Opening Balance	2,074.82	7,081.96
Movement during the year	47.92	(5,007.14)
Closing Balance	**2,122.74**	**2,074.82**
General reserve		
Opening Balance	2,683.84	2,026.78
Movement during the year	763.40	657.06
Closing Balance	**3,447.24**	**2,683.84**
Retained earnings		
Opening Balance	(37,957.64)	(53,028.46)
Add: Remeasurement of defined benefit obligations	(32.10)	89.18
Add: Transferred from the statement of profit and loss	7,161.37	18,727.05
Less: Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(1,432.27)	(3,745.41)
Less: Payment of dividend on CCPS	-	-
Closing Balance	**(32,260.64)**	**(37,957.64)**
Other Comprehensive Income		
Opening balance	(12.52)	-
Add: Debt instruments through other comprehensive income	8.58	(12.52)
Closing balance	**(3.94)**	**(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.

Debt instruments through other comprehensive income

It includes gain/(loss) on fair valuation of investment in treasuy bills

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IndoStar Capital Finance Limited

(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Note 22		
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	87,578.87	86,393.11
Interest on investments		
- Debt Instruments	118.95	159.71
Interest on deposits		
- Deposits with banks	1,644.78	1,449.67
- Deposits with Trustees	1,435.03	666.93
Interest income on financial assets measured at FVOCI:		
- Investments in debt instruments	701.31	277.63
	91,478.94	**88,947.05**
Fees and commission income		
- Fees Income	4,647.13	4,706.70
- Insurance Income	476.08	-
	5,123.21	**4,706.70**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,147.32	2,511.40
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	-	-
Total fair value changes	**2,147.32**	**2,511.40**
Fair value changes:		
- Realised	2,124.65	2,346.07
- Unrealised	22.67	165.33
Total fair value changes	**2,147.32**	**2,511.40**
Net gain on derecognition of financial instruments under amortised cost category		
- Investments	11,668.14	-
- Assignment Income	-	722.80
	11,668.14	**722.80**
Total	**1,10,417.61**	**96,887.95**
Note 23		
Other Income		
Miscellaneous income	120.20	93.39
Shared service cost recovery	1,686.53	1,983.12
Interest on income tax refund	298.33	343.64
	2,105.06	**2,420.15**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Note 24		
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from Banks/FI	18,844.89	29,255.14
Other borrowings (including Inter Corporate Deposits)	11,442.68	12,296.72
Interest expense on debt securities		
Debentures	25,919.78	7,083.30
Commercial paper	1,203.87	1,797.36
Other interest expense		
Bank charges & other related costs	703.38	1,369.40
	58,114.60	**51,801.92**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Note 25		
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	(11,030.05)	(51,130.84)
Financial assets written off (net of recovery)	20,453.30	48,012.33
Impairment on others		
Undrawn loan commitments	(0.80)	(29.32)
Provision on co-lending arrangements	(1,086.49)	(897.47)
Others	(29.27)	31.84
	8,306.69	**(4,013.46)**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Note 26		
Employee Benefits Expenses		
Salaries, other allowances and bonus	18,874.51	16,970.39
Gratuity expenses	107.37	171.52
Compensated absences	49.94	14.68
Contribution to provident and other funds	750.41	667.76
Staff welfare expenses	586.36	133.98
Share based payment expense	812.34	(4,375.16)
Employee shared service costs recovered	-	-
	21,180.93	**13,583.17**

Footnote : During the quarter ended 31st 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.

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Note 27		
Depreciation		
Depreciation of property, plant and equipment (PPE)	1,775.08	2,944.53
Amortisation of intangible assets	991.29	690.23
	2,766.37	**3,634.76**

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(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Note 28		
Other Expenses		
Rent	979.49	1,009.97
Rates & taxes	127.69	0.94
Printing and stationery	261.41	105.08
Travelling & conveyance	1,184.35	1,012.60
Advertisement	41.11	68.93
Business Promotion	29.28	11.55
Commission & brokerage	64.29	10.80
Office expenses	1,933.85	1,944.28
Directors' fees & commission	34.95	40.54
Insurance	618.90	528.16
Communication expenses	615.01	513.77
Payment to auditors (note below)	193.46	388.63
IT Support charges	2,571.76	2,101.73
Legal & professional charges	6,196.75	7,688.70
Loss on sale of property plant and equipment	22.55	27.11
Membership & subscriptions	76.78	96.62
Other shared service costs recovered	-	-
Other fees and commission	41.08	25.25
	14,992.71	**15,574.66**

Payment to auditor includes:		
a) Statutory Audit	158.00	341.01
b) Certifications	17.25	8.50
c) Others	18.21	39.12
Total	**193.46**	**388.63**

Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	-	-
b) Amount of expenditure incurred	-	-
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	-	-
g) Details of related party transactions	-	-

(Currency : Indian Rupees in Lakhs)

Note 29
Income taxes

Tax expense

(a) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax expense		
Current year	-	-
Tax expenses of earlier years	-	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	-
Tax expense for the year	-	-

(b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	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	(42.90)	10.80	(32.10)	119.17	(29.99)	89.18
- Debt instruments through other comprehensive income	11.47	(2.89)	8.58	(16.72)	4.20	(12.52)
	(31.43)	**7.91**	**(23.52)**	**102.45**	**(25.79)**	**76.66**

(c) Reconciliation of effective tax rate

	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit/(loss) before tax	**7,161.37**	**18,727.05**
Statutory income tax rate	25.168%	25.168%
Expected income tax expense	1,802.37	4,713.22
Difference in tax rate due to:		
- Effect of non-deductible expenses	63.83	23.28
- Tax expense of earlier years	-	-
- Others	(1,866.20)	(4,736.50)
Total tax expense	-	-
Effective tax rate	-	-
Current tax	-	-
Tax of earlier years	-	-
Deferred tax	-	-
	-	-

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Note 29
Income Taxes

(d) Movement in deferred tax balances

Particulars	As at 31 March 2024			
	Net balance 1 April 2023	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/liability
Deferred Tax Assets				
Provision for expected credit loss	20,366.64	(2,975.95)	-	17,390.69
Provision for gratuity	90.00	(3.85)	10.80	96.95
Provision for leave encashment	26.99	9.32	-	36.31
Debt instruments through OCI	4.20	(4.20)	(2.89)	(2.89)
Income amortisation	(124.62)	(376.06)	-	(500.68)
Depreciation on PPE and intangible assets	825.88	83.40	-	909.28
Lease liabilities	57.95	33.17	-	91.12
Carried forward losses	19,575.18	4,436.84	-	24,012.02
Other items of disallowance	121.29	(121.29)	-	-
Deferred tax liability				
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(605.13)	275.57	-	(329.56)
Borrowing cost amortisation	(1,139.66)	(1,356.95)	-	(2,496.61)
Deferred tax assets / (Liabilities)	**31,643.62**	**-**	**7.91**	**31,651.53**

(e) 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**

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 Rs. 2,515.88 lakhs (Previous year: Rs. 4,584.61 lakhs) on Unused Carried forward losses is yet to be recognized.

(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 2024	For the year ended 31 March 2023
i. Profit attributable to equity holders (A)		
Profit/(loss) for the year	7,161.37	18,727.05
Less: Dividend on compulsorily convertible preference shares (CCPS)	-	-
Profit/(loss) attributable to equity holders for basic and diluted EPS	7,161.37	18,727.05
ii. Weighted average number of equity shares for calculating Basic EPS (B)	13,60,79,295	13,60,79,295
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	13,61,35,973	13,60,79,428
iv. Basic earnings per share (₹) (A/B)	5.26	13.76
v. Diluted earnings per share (₹) (A/C)	5.26	13.76

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IndoStar Capital Finance Limited

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 financial 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.

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.

(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.

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 2024							
	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	16,723.44	-	-	16,723.44	16,723.44		-	16,723.44
(b) Investments in Security Receipts	-	-	80,887.58	80,887.58	-	-	80,887.58	80,887.58
(c) Treasury Bills	-	14,210.78	-	14,210.78	14,210.78	-	-	14,210.78
Total	**16,723.44**	**14,210.78**	**80,887.58**	**1,11,821.80**	**30,934.22**	-	**80,887.58**	**1,11,821.80**

* based on NAV statements and other information received from ARC and adjusted for Expected credit losses.

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**	**1,00,434.13**	**82,139.46**	-	**18,294.67**	**1,00,434.13**

* based on NAV statements and other information received from ARC and adjusted for Expected credit losses.

(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 measured at amortised cost is as follows:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	**42,871.31**	**42,871.31**	-	-	**41,280.54**	**41,280.54**
New assets originated or purchased		-	90,051.90	90,051.90	-	-	12,070.00	12,070.00
Assets derecognised or repaid (excluding write offs)	-	-	(15,392.25)	(15,392.25)	-	-	(10,479.23)	(10,479.23)
Gross carrying amount closing balance	-	-	**1,17,530.96**	**1,17,530.96**	-	-	**42,871.31**	**42,871.31**

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	24,576.64	24,576.64	-	-	18,216.64	18,216.64
Incremental provisions (net)	-	-	12,066.74	12,066.74	-	-	6,360.00	6,360.00
Impairment loss allowance - closing balance	-	-	**36,643.38**	**36,643.38**	-	-	**24,576.64**	**24,576.64**

MSKA & ASSOCIATES Chartered Accountants

(Currency : Indian Rupees in Lakhs)

D. Fair value hierarchy (continued)

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 2024							
	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	-	-	5,98,730.29	5,98,730.29	-	-	5,98,730.29	5,98,730.29
Total	-	-	**5,98,730.29**	**5,98,730.29**	-	-	**5,98,730.29**	**5,98,730.29**

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	-	-	5,19,561.53	5,19,561.53	-	-	5,19,561.53	5,19,561.53
Total	-	-	**5,19,561.53**	**5,19,561.53**	-	-	**5,19,561.53**	**5,19,561.53**

* Discounted cash flow approach adopted for fair valuation of loans

Note 31
Financial instruments – Fair values and Risk management (continued)

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, corporate lending 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 2: Exposures are classified as Stage 2 when the amount is due for more than 30 days but less than 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 90 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.

Note 31

Financial instruments – Fair values and Risk management (continued)

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 90 days and above past due. Non-payment on another obligation of the same customer is also considered as a Stage 3. In addition, Company shall also classify those accounts as default which meets the criteria as per the RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021.

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:

- GNI growth
- GDP deflator

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.

(Currency : Indian Rupees in Lakhs)

Note 31

Financial instruments – Fair values and Risk management (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3[$]	Total	Stage 1	Stage 2	Stage 3[$]	Total
Gross carrying amount opening balance	**4,10,306.00**	**1,17,199.41**	**46,224.01**	**5,73,729.42**	**4,71,747.78**	**1,70,915.70**	**1,18,091.93**	**7,60,755.41**
New assets originated or purchased	4,56,640.80	8,644.98	3,332.69	4,68,618.47	1,45,430.17	5,057.35	2,402.59	1,52,890.11
Assets derecognised or repaid (excluding write offs)	(2,35,629.02)	(50,865.68)	(19,541.60)	(3,06,036.30)	(1,98,066.54)	(38,867.37)	(42,899.86)	(2,79,833.77)
Transfers to stage 1	27,933.58	(22,804.02)	(5,129.56)	-	46,463.08	(37,153.75)	(9,309.33)	-
Transfers to stage 2	(79,594.64)	86,040.77	(6,446.13)	-	(43,252.36)	48,670.87	(5,418.51)	-
Transfers to stage 3	(8,705.75)	(21,696.25)	30,402.00	-	(12,016.13)	(9,809.96)	21,826.09	-
Amounts written off (net of recovery)	-	(9,693.89)	(10,759.41)	(20,453.30)		(17,484.99)	(30,527.34)	(48,012.33)
Presented under Investment as Security Receipts*	(4,877.00)	(74,367.87)	(6,812.03)	(86,056.90)		(4,128.44)	(7,941.56)	(12,070.00)
Gross carrying amount closing balance	**5,66,073.97**	**32,457.45**	**31,269.97**	**6,29,801.39**	**4,10,306.00**	**1,17,199.41**	**46,224.01**	**5,73,729.42**

* 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.

Reconciliation of Impairment loss allowance is given below:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	**10,920.45**	**17,734.39**	**25,513.05**	**54,167.89**	**8,773.28**	**35,328.51**	**67,556.94**	**1,11,658.73**
New assets originated or purchased	11,722.40	548.95	1,528.56	13,799.91	5,849.81	198.57	1,114.79	7,163.17
Assets derecognised or repaid (excluding write offs)	(6,348.95)	(5,335.89)	(9,883.09)	(21,567.93)	(6,704.11)	(10,742.41)	(25,490.81)	(42,937.33)
Transfers to stage 1	4,814.69	(1,962.09)	(2,852.60)	-	10,086.52	(4,851.97)	(5,234.55)	-
Transfers to stage 2	(4,104.03)	7,118.52	(3,014.49)	-	(1,103.15)	4,114.05	(3,010.90)	-
Transfers to stage 3	(2,113.25)	(2,081.65)	4,194.90	-	(1,972.07)	(1,385.26)	3,357.33	-
Impact on year end ECL of exposures transferred between stages during the year	(4,463.26)	(203.61)	12,368.43	7,701.56	(3,945.10)	2,508.11	9,976.74	8,539.75
Amounts written off (net of recovery)	(130.45)	(13,522.51)	(9,377.37)	(23,030.33)	(64.73)	(7,435.21)	(22,756.49)	(30,256.43)
Impairment loss allowance - closing balance	**10,297.60**	**2,296.11**	**18,477.39**	**31,071.10**	**10,920.45**	**17,734.39**	**25,513.05**	**54,167.89**

IndoStar Capital Finance Limited
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Notes to the financial statements for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Note 31
Financial instruments – Fair values and Risk management (continued)

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 2024

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	130.32	-	-		130.32
Debt securities	8,586.26	1,14,876.48	2,05,312.35	-	3,28,775.09
Borrowings (other than debt securities)	35,821.76	1,09,308.70	1,18,139.31	12,898.17	2,76,167.94
Other financial liabilities	18,728.20	528.86	2,856.22	368.31	22,481.59
Total	**63,266.54**	**2,24,714.04**	**3,26,307.88**	**13,266.48**	**6,27,554.94**

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, Rs. 4,375.00 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.

- In addition to above Rs 6,669.00 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 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	-	1,10,886.95
Borrowings (other than debt securities)	47,238.71	1,09,717.16	1,91,165.08	22,300.49	3,70,421.44
Other financial liabilities	25,089.75	418.18	2,167.76	535.42	28,211.11
Total	**87,399.95**	**1,27,809.45**	**2,72,209.44**	**22,835.91**	**5,10,254.75**

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to the financial statements for the year ended 31 March 2024
(Currency : Indian Rupees in Lakhs)

Note 31
Financial instruments – Fair values and Risk management (continued)

F. Liquidity risk
The following table shows the carrying amounts and fair values of financial liabilities including their levels in the fair value hierarchy:

As on 31 March 2024

Particulars	Carrying amount	Fair value			Total
		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	
At amortised cost					
Debt securities	3,28,775.09	-	-	3,28,775.09	3,28,775.09
Borrowings (other than debt securities)	2,76,167.94	-	-	2,76,167.94	2,76,167.94
Total	6,04,943.03	-	-	6,04,943.03	6,04,943.03

* Discounted cash flow approach adopted for fair valuation of borrowings

As on 31 March 2023

Particulars	Carrying amount	Fair value			Total
		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	
At amortised cost					
Debt securities	1,10,886.95	-	-	1,10,886.95	1,10,886.95
Borrowings (other than debt securities)	3,70,421.44	-	-	3,70,421.44	3,70,421.44
Total	4,81,308.39	-	-	4,81,308.39	4,81,308.39

* Discounted cash flow approach adopted for fair valuation of borrowings

Note 31

Financial instruments – Fair values and risk management (continued)

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.

(Currency : Indian Rupees in Lakhs)

Note 31

Financial instruments – Fair values and risk management (continued)

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.

Particulars	As at 31 March 2024	As at 31 March 2023
CRAR – Tier I capital (%)	28.87%	31.55%
CRAR – Tier II capital (%)	0.00%	0.00%
CRAR (%)	**28.87%**	**31.55%**

(Currency : Indian Rupees in Lakhs)

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 (KMP)
Karthikeyan Srinivasan - CEO & Whole Time Director
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 2024	For the year ended 31 March 2023
Upfront Fees Paid	1,228.41	4,018.68

c) Transactions with key management personnel :

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Short-term employee benefits	196.44	209.11
Sitting fees to Non-Executive Independent Directors	34.95	40.54
Reimbursement of expenses	1.62	0.37

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits, bonus provision and contributions to post-employment defined benefit plan.

d) Transactions other than those with key management personnel :

Particulars		Subsidiary Companies
Shared service cost recovery	2024	1,686.53
	2023	2,007.29
Loan given to subsidiary	2024	6,500.00
	2023	9,000.00
Loan (repaid) to subsidiary	2024	(6,500.00)
	2023	(9,000.00)
Interest income on loan to subsidiary	2024	143.85
	2023	299.52

(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*
Investment in subsidiary	2024	-	45,270.58	-
	2023	-	45,271.60	-
Reimbursement of expenses	2024	-	1,979.26	-
	2023	1,351.37	2,329.98	-
Loans outstanding	2024	-	-	2,500.00
	2023	-	-	2,500.00

* *interest free loan receivable from KMP (upto 17 April 2022)*

(Currency : Indian Rupees in Lakhs)

Note 33

Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Type of Services or service		
Syndication, advisory & other fees	5,123.21	4,706.70
Total revenue from contracts with customers	**5,123.21**	**4,706.70**
Geographical markets		
India	5,123.21	4,706.70
Outside India	-	-
Total revenue from contracts with customers	**5,123.21**	**4,706.70**
Timing of revenue recognition		
Services transferred at a point in time	5,123.21	4,706.70
Services transferred over time	-	-
Total revenue from contracts with customers	**5,123.21**	**4,706.70**

Note 34

Contingent liabilities and Commitments

Particulars	As at 31 March 2024	As at 31 March 2023
Contingent liabilities:		
Corporate guarantee given by Company to banks	2,375.00	2,875.00
Litigation cases filed against the Company	71.04	-
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	86.95	291.55
Loans sanctioned not yet disbursed	13,380.32	43,254.53

Note 35

Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2024	As at 31 March 2023
Opening balance	2,749.03	3,467.38
Add : Adjustments/additions during the year	2,381.33	1,010.62
Add : Interest on lease liability	320.46	306.33
Less : Deletions	(705.55)	(720.55)
Less : Lease rental payments	(821.73)	(1,314.75)
	3,923.54	**2,749.03**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2024	As at 31 March 2023
Not later than one year	1,058.10	785.94
Later than one year but not later than five years	3,551.36	2,141.91
Later than five years	410.83	604.93
	5,020.29	**3,532.78**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liability		
Less than 12 months	699.01	545.84
More than 12 months	3,224.53	2,203.19
	3,923.54	**2,749.03**

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(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 2024	As at 31 March 2023
a. Principal amount remaining unpaid	114.85	7.62
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 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 2024

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	114.85	-	-	-	114.85
(ii) Others	15.47	-	-	-	15.47
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

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	-	-	-	-	-

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:

	As at 31 March 2024	As at 31 March 2023
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	389.90	361.96
Fair value of plan assets as at the end of the year	4.68	4.36
Net (asset) / liability to be recognized in the balance sheet	**385.22**	**357.60**

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	As at 31 March 2024	As at 31 March 2023
B. Change in projected benefit obligation		
Projected benefit of obligation at the beginning of the year	361.96	455.70
Current service cost	88.61	146.28
Past service cost	-	-
Interest cost	22.31	30.32
Benefits paid	(122.65)	(146.37)
Actuarial (gain) / loss on obligation	39.67	(123.97)
Projected benefit obligation at the end of the year	**389.90**	**361.96**
C. Change in plan assets		
Fair value of plan assets at the beginning of the year	4.36	4.09
Return on plan assets	3.55	5.07
Actuarial gain/(loss)	(3.23)	(4.80)
Benefits paid	-	-
Fair value of plan assets at the end of the year	**4.68**	**4.36**
D. Amount recognised in the statement of profit and loss		
Current service cost	88.61	146.28
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	18.76	25.24
Expenses recognised in the statement of profit and loss	**107.37**	**171.52**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	1.85	(3.61)
- change in demographic assumption	-	(60.92)
- experience variation	37.82	(59.44)
Return on plan assets, excluding amount recognised in net interest expense	3.23	4.80
	42.90	**(119.17)**

F. Assumptions used	As at 31 March 2024	As at 31 March 2023
Discount rate	7.15%	7.30%
Salary growth rate	6.00%	6.00%
Withdrawal rate	50% at younger ages reducing to 10% at older ages	50% at younger ages reducing to 10% 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 2024		As at 31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	383.81	396.18	356.94	367.14
Salary growth rate (0.5% movement)	396.09	383.76	367.20	357.07
Withdrawal rate (10% movement)	379.50	401.04	355.80	368.55

H. Other information :

1. Plans assets comprises 100% of Insurance funds.
2. The expected contribution for the next year is Rs. 107.09 lakhs.
3. The average outstanding term of the obligations as at valuation date is 3.25 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 2024, 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 2024, 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.				
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				

II. Option Movement during the year ended March 2024

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	19,13,000	1,46,500	2,30,000	3,98,500
Options Granted during the year	-	-	-	-	46,00,492
Options Forfeited / Lapsed during the year	3,950	5,73,500	1,36,500	74,750	2,96,856
Options Exercised during the year	-	-	-		-
Total number of shares arising as a result of exercise of options	-	-	-	-	-
Money realised by exercise of options (Rs. Lakhs)	-	-	-		
Number of Options Outstanding at the end of the year	31,750	13,39,500	10,000	1,55,250	47,02,136
Number of Options exercisable at the end of the year	14,250	3,59,950	10,000	1,55,250	1,14,450
Weighted average market price of options exercised for the year ended 31 March 2024 (Rs.)	-	-	-		

Note 38

Employee stock option plans

III. 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	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 (Rs. 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
Weighted average market price of options exercised for the year ended 31 March 2023 (Rs.)	-	-	-	-	-

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 (Rs. per share)	281.00 - 437.00	139.00 - 437.00	255.00	437.00	131.45 - 437.00
No. of Options Outstanding as on 31 March 2024	31,750	13,39,500	10,000	1,55,250	47,02,136
Contractual Life (in years)	4.32	4.70	0.55	2.01	6.04

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	NA	NA	NA	NA	7.02%
2. Expected Life(in years)	NA	NA	NA	NA	3.80
3. Expected Volatility	NA	NA	NA	NA	44.92%
4. Dividend Yield	NA	NA	NA	NA	0.0%
5. Exercise Price	NA	NA	NA	NA	199.86
6. Price of the underlying share in market at the time of the option grant.(Rs.)	NA	NA	NA	NA	199.86

VI. Effect of share-based payment transactions on the Company's Profit or Loss for the year:

Particulars	31 March 2024	31 March 2023
Employee share based expense	812.34	-4,375.16
Total ESOP reserve outstanding	2,122.74	2,074.82

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.

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(Currency : Indian Rupees)

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 at 31 March 2024			As at 31 March 2023		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	38,773.39	-	**38,773.39**	16,500.70	-	**16,500.70**
Bank balances other than cash and cash equivalents	4	1,652.74	27,523.04	**29,175.78**	21.50	20,322.00	**20,343.50**
Loans	5	2,03,491.18	3,95,239.11	**5,98,730.29**	1,69,778.20	3,49,783.33	**5,19,561.53**
Investments	6	43,684.22	1,13,408.16	**1,57,092.38**	82,139.46	63,566.27	**1,45,705.73**
Other financial assets	7	5,755.78	28,002.92	**33,758.70**	4,346.08	29,073.48	**33,419.56**
Non-financial assets							
Current tax assets (net)	8	-	7,539.22	**7,539.22**	-	5,376.00	**5,376.00**
Deferred tax assets (net)	9	-	31,651.53	**31,651.53**	-	31,643.62	**31,643.62**
Property, plant and equipment	10	-	5,567.39	**5,567.39**	-	4,788.71	**4,788.71**
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**
Other intangible assets	12	-	1,070.68	**1,070.68**	-	2,034.77	**2,034.77**
Other non-financial assets	13	3,475.06	860.42	**4,335.48**	2,813.23	421.26	**3,234.49**
TOTAL ASSETS		**2,96,832.37**	**6,42,181.16**	**9,39,013.53**	**2,75,599.17**	**5,38,328.13**	**8,13,927.30**

Particulars	Note	As at 31 March 2024			As at 31 March 2023		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities*							
Trade payables	14	130.32	-	**130.32**	735.25	-	**735.25**
Debt securities	15	1,23,462.74	2,05,312.35	**3,28,775.09**	32,010.36	78,876.59	**1,10,886.95**
Borrowings (other than debt securities)	16	1,45,130.45	1,31,037.49	**2,76,167.94**	1,56,955.87	2,13,465.57	**3,70,421.44**
Other financial liabilities	17	19,257.06	3,224.53	**22,481.59**	25,507.93	2,703.18	**28,211.11**
Non-financial liabilities							
Provisions	18	159.30	370.20	**529.50**	128.08	337.58	**465.66**
Other non-financial liabilities	19	724.63		**724.63**	951.60	-	**951.60**
TOTAL LIABILITIES		**2,88,864.50**	**3,39,944.57**	**6,28,809.07**	**2,16,289.09**	**2,95,382.92**	**5,11,672.01**

* also refer note 31(G)

Note 41 - Other notes

Note 41.1

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 Nil) aggregating Rs. Nil (previous year Nil) used for refinancing loans of the customers.

Note 41.2

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 Prohibition of Benami Property Transactions 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.

g) In respect of the disclosure required vide notification dated March 24, 21 issued by Ministry of Corporate Affairs, the Company has taken steps to identify transactions with the struck-off companies and considering the nature of business which is primarily lending to individuals and other small players, there are no such transactions which may be required to be reported.

h) The provision related to number of layers as prescribed under section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Company.

i) Other than the loans and advances given in normal course of business, 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 lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

j) Title deed of immovable property has been held in the name of the Company

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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/FI	413.51	210.22	9,210.86	5,558.28	9,084.88	25,347.75	33,736.72	44,239.71	1,753.26	-
Market borrowings	2,555.81	168.20	600.81	6,884.38	9,721.09	67,636.38	97,464.32	2,74,191.92	3,266.76	12,898.17
Assets:										
Loans & advances (gross)	8,650.63	4,754.51	8,327.88	16,640.79	17,605.40	53,264.90	1,04,797.24	2,94,810.92	90,961.71	29,977.41
Investments	16,723.44	14,210.78	-	-	-	-	12,750.00	-	68,137.58	45,270.58

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, Rs. 4,375.00 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.
- in addition to above Rs 6,669.00 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 Rs.12,750.00 lakhs

- Cash & Cash Equivalents (refer note 3)	38,773.39
- Bank balances other than cash and cash equivalents (refer note 4)	29,175.78
Total	**67,949.17**

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Note 43- Exposure to real estate sector

	Category	As at 31 March 2024	As at 31 March 2023
	Direct exposure		
A	i. **Residential Mortgages** Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; Individual housing loans up to 15 lakhs Rs. NIL. (Previous year Rs. NIL)	22,711.61	78,619.90
	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;	54,221.56	1,55,425.59
	iii. **Investments in Mortgage Backed Securities (MBS) and other securitised exposures**		
	- Residential	Nil	Nil
	- Commercial Real Estate	Nil	Nil
	Indirect Exposure		
B	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	49,623.84	50,474.53

Note 44- Exposure to capital market

	Category	As at 31 March 2024	As at 31 March 2023
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	-	-
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	-	-

(Currency : Indian Rupees in Lakhs)

Note 45- Other disclosures pursuant to the RBI Master Directions for NBFC

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

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1	Provisions for depreciation on investment	12,066.74	6,360.00
2	Provision towards NPA#	(7,035.66)	(42,043.89)
3	Provision made towards Income tax	-	-
4	Other Provision and Contingencies	(1,116.56)	(894.95)
5	Provision for Standard Assets and other receivable*	(16,061.13)	(15,446.95)

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 2024	As at 31 March 2023
1	Total Advances to twenty largest borrowers	46,882.23	1,28,625.09
2	Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	7.4%	22.4%

III - Concentration of Exposures

	Particulars	As at 31 March 2024	As at 31 March 2023
1	Total Exposure to twenty largest borrowers /customers	60,225.93	1,71,733.50
2	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	9.4%	27.8%

IV - Concentration of NPAs

	Particulars	As at 31 March 2024	As at 31 March 2023
1	Total Exposure to top four NPA accounts	1,104.15	2,369.23

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

	Particulars	As at 31 March 2024	As at 31 March 2023
1	Agriculture and allied activities	4.25%	4.57%
2	MSME	-	14.37%
3	Corporate borrowers	-	-
4	Services	5.01%	6.42%
5	Unsecured personal loans	-	-
6	Auto loans	2.60%	5.38%
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 2024	As at 31 March 2023
	Net NPAs to Net Advances (%)	2.09%	3.78%
	Movement of NPAs (Gross)		
	Opening balance	46,224.01	1,18,091.93
	Additions during the year/period	33,734.69	24,228.68
	Reductions during the year/period	(48,688.73)	(96,096.60)
	Closing balance	31,269.97	46,224.01
	Movement of Net NPAs		
	Opening balance	20,710.96	50,534.98
	Additions during the year/period	15,642.80	9,779.83
	Reductions during the year/period	(23,561.18)	(39,603.85)
	Closing balance	12,792.58	20,710.96
	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	25,513.05	67,556.94
	Provisions made during the year/period	18,091.89	14,448.86
	Write-off / write-back of excess provisions	(25,127.55)	(56,492.75)
	Closing balance	18,477.39	25,513.05

Footnote: NPA represents Stage 3 loan assets and classified as Stage 3 as per Ind AS 109.

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VII - Details of assignment transactions undertaken 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 2024	For the year ended 31 March 2023
1	No. of accounts	177	108
2	Aggregate value (net of provisions) of accounts assigned	242	9,838.25
3	Aggregate consideration	242	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 year:

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
1	No. of accounts	403	8,295
2	Aggregate value (net of provisions) of accounts assigned	1,02,840.53	37,239.00
3	Aggregate consideration	1,10,425.00	37,239.00
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	207	196
2	Aggregate principal outstanding of loans transferred	13,810.92	1,08,253.83
3	Weighted average residual tenor of the loans transferred (in months)	5 - 168	27 - 186
4	Net book value of loans transferred (at the time of transfer)	9,637.26	93,203.27
5	Aggregate consideration	12,169.75	98,255.25
6	Additional consideration realised in respect of accounts transferred in earlier years	-	-
7	Recovery rating	Unrated	Unrated

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	-	4,614.24
2	Aggregate consideration paid	-	4,614.24
3	Weighted average residual tenor of loans acquired (in months)	-	26

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 2024
1	No. of accounts	8,779
2	Aggregate value of accounts acquired Rs. in Lakhs	10,856.72
3	Weighted average maturity (months)	47
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

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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 2024
1	No. of accounts	177
2	Aggregate value of accounts assigned Rs. in Lakhs	242.19
3	Aggregate consideration	242.19
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)	18
7	Weighted average holding period (months)	28
8	Retention of beneficial economic interest	-

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	For the year ended 31 March 2024	For the year ended 31 March 2023
1	No of SPVs sponsored by the NBFC for securitisation transactions	11	5
2	Total amount of securitised assets as per books of the SPVs sponsored	1,33,114.53	91,032.17
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	43,364.95	30,461.72
	(II) On-balance sheet exposures towards Credit Enhancements	-	-
4	Amount of exposures to securitisation transactions 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	3,246.67	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	2,57,338.17	1,48,324.27
	b) gain/loss on sale on account of securitisation	-	-
6	Form & quantum of Services Provided:		
	a) Collection Agent Fees	85.04	57.37
7	Performance of facility provided		
	I) Credit Enhancement		
	(a) Amount Paid	43,364.95	30,461.72
	(b) Repayment Received	-	-
	(c) Outstanding Amount	43,364.95	30,461.72
	II) Collection Agent fees		
	(a) Amount Paid	85.04	57.37
	(b) Repayment Received	(85.04)	(57.37)
	(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

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(Currency : Indian Rupees in Lakhs)

IX - Customer Complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
	Complaints received by the NBFC from its customers		
1	Number of complaints pending at beginning of the year	2	9
2	Number of complaints received during the year	640	687
3	Number of complaints disposed during the year	623	694
3.1	Of which, number of complaints rejected by the NBFC	80	-
4	Number of complaints pending at the end of the year	19	2
	Maintainable complaints received by the NBFC from Office of Ombudsman		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	126	158
5.1.	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	126	-
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	13	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	1
6	Number of Awards unimplemented within the stipulated time	-	-

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
For the year ended 31 March 2024					
Loans & Advances	-	126	5%	3	-
NOC	-	69	-5%	1	-
Credit Score	-	75	14%	2	-
Settlement	-	47	-8%	1	-
Service issue/Misbehaviour of employee	-	78	77%	4	1
Others	2	245	-26%	8	-
Totals	**2**	**640**		**19**	**1**
For the year ended 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

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Note 45- Other disclosures pursuant to the RBI Master Directions for NBFC

X - Investments

			Particulars	As at 31 March 2024	As at 31 March 2023
1	Value of Investments				
		(i)	Gross Value of Investments		
			(a) In India	1,93,735.76	1,70,282.37
			(b) Outside India	-	-
		(ii)	Provision for Depreciation		
			(a) In India	36,643.38	24,576.64
			(b) Outside India	-	-
		(iii)	Net Value of Investments		
			(a) In India	1,57,092.38	1,45,705.73
			(b) Outside India	-	-
2	Movement of provisions held towards depreciation on investments				
		(i)	Opening balance	24,576.64	18,216.64
		(ii)	Add : Provisions made during the year (net)	12,066.74	6,360.00
		(iii)	Less : Write-off/ write-back of excess provision during	-	-
		(iv)	Closing balance	36,643.38	24,576.64

XI - Registration obtained from other financial sector regulators :

The Company is also registered as Corporate Agent with the Insurance Regulatory and Development Authority (IRDAI) wide Certificate of Registration dated 21 February 2024.

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

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 Rs. 50.18 lakhs excluding taxes paid to Regular authorities

a) To stock exchanges relating to "Minimum Public Shareholding (MPS) Requirements" - 24.80 lakhs (previous year 54.20 lakhs) and others -Rs 11.78 lakhs excluding taxes (previous year -3.60 lakhs)

b) To RBI relating to non-compliances observed by the RBI in its statutory inspection - 13.60 lakhs (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 2024	As at 31 March 2023
1	Commercial Paper	CARE	A1+	A1+
		ICRA	-	A1+
		CRISIL	A1+	A1+
2	Long Term Facilities	CARE	AA-	A+
		CRISIL	AA-	AA-
3	NCD	CARE	AA-	A+
		CRISIL	AA-	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	For the year ended 31 March 2024	For the year ended 31 March 2023
1	No. of cases of fraud reported during the year	3	-
2	Amount involved (Rs. In Lakhs)	47.50	-
3	Amount recovered (Rs. In Lakhs)	-	-
4	Amount written off (Rs. in Lakhs)*	47.50	-

Note: The above information is based on FMR 1 reported to RBI subsequent to 31 March 2024

* Reprents 100% provision made

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(Currency : Indian Rupees in Lakhs)

Note 45- Other disclosures pursuant to the RBI Master Directions for NBFC

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 2023 (Opening 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
2	Fresh Restructuring during the year -(Net of closure and repayment)	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
3	Repaid out of opening	Number of Borrowers	-	-	-	-	-	687	174	-	-	861	861
		Amount Outstanding	-	-	-	-	-	(2,173.08)	(364.54)	-	-	(2,537.62)	(2,537.62)
		Provision Thereon **	-	-	-	-	-	(885.61)	70.57	-	-	(815.04)	(815.04)
4	Upgradations to restructured standard category during the year	Number of Borrowers	-	-	-	-	-	40	(40)	-	-	-	-
		Amount Outstanding	-	-	-	-	-	1,072.50	(1,072.50)	-	-	-	-
		Provision Thereon	-	-	-	-	-	339.59	(339.59)	-	-	-	-
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 23-24 (Slipped to NPA as on 31 March 2024) - npa	Number of Borrowers	-	-	-	-	-	(136)	136	-	-	-	-
		Amount Outstanding	-	-	-	-	-	(2,045.60)	2,045.60	-	-	-	-
		Provision Thereon	-	-	-	-	-	(188.99)	188.99	-	-	-	-
7	Write-offs of the restructured accounts during FY 23-24	Number of Borrowers	-	-	-	-	-	128	153	-	-	281	281
		Amount Outstanding	-	-	-	-	-	(576.62)	(889.34)	-	-	(1,465.96)	(1,465.96)
		Provision Thereon	-	-	-	-	-	(93.21)	(526.67)	-	-	(619.88)	(619.88)
8	Closed / Paid-up POS of the restructured accounts during FY 23-24	Number of Borrowers	-	-	-	-	-	542	227	-	-	769	769
		Amount Outstanding	-	-	-	-	-	(13,180.27)	(7,957.34)	-	-	(21,137.61)	(21,137.61)
		Provision Thereon	-	-	-	-	-	(1,057.65)	(3,743.18)	-	-	(4,800.83)	(4,800.83)
9	Restructured account as on 31 March 2024 (Closing Figures)	Number of Borrowers	-	-	-	-	-	583	360	-	-	943	943
		Amount Outstanding	-	-	-	-	-	8,562.29	5,517.05	-	-	14,079.34	14,079.34
		Provision Thereon	-	-	-	-	-	430.66	1,531.33	-	-	1,961.99	1,961.99

* 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

(Currency : Indian Rupees in Lakhs)

Note 45- Other disclosures pursuant to the RBI Master Directions for NBFC

XIX - Comparison between Ind AS provisions and IRACP norms

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	5,66,073.95	10,297.63	5,55,776.32	1,688.12	8,609.51
	Stage 2	32,457.47	2,296.08	30,161.39	484.84	1,811.24
Subtotal		**5,98,531.42**	**12,593.71**	**5,85,937.71**	**2,172.96**	**10,420.75**
Non-Performing Assets (NPA)						
Substandard	Stage 3	17,125.35	9,840.12	7,285.23	1,373.49	8,466.63
Subtotal for Substandard		**17,125.35**	**9,840.12**	**7,285.23**	**1,373.49**	**8,466.63**
Doubtful - up to 1 year	Stage 3	6,279.38	3,641.48	2,637.90	1,048.48	2,593.00
1 to 3 years	Stage 3	7,549.17	4,860.33	2,688.84	2,203.88	2,656.45
More than 3 years	Stage 3	316.07	135.46	180.61	78.01	57.45
Subtotal for doubtful		**14,144.62**	**8,637.27**	**5,507.35**	**3,330.37**	**5,306.90**
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		**31,269.97**	**18,477.39**	**12,792.58**	**4,703.86**	**13,773.53**
Total		**6,29,801.39**	**31,071.10**	**5,98,730.29**	**6,876.82**	**24,194.28**
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	5,66,073.95	10,297.63	5,55,776.32	1,688.12	8,609.51
	Stage 2	32,457.47	2,296.08	30,161.39	484.84	1,811.24
	Stage 3	31,269.97	18,477.39	12,792.58	4,703.86	13,773.53
	Total	**6,29,801.39**	**31,071.10**	**5,98,730.29**	**6,876.82**	**24,194.28**

includes securitised loans in the scope of Ind-AS 109 and impairment loss allowance thereon.

(Currency : Indian Rupees in Lakhs)

XX - Liquidity Risk Management

(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	23	4,01,418.42	N/A	83.25%

(ii) Top 20 large 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
2,89,379.00	63.14%

(iv) Funding concentration based on significant instrument/product

Sr. No.	Nature of instrument	Amount	% of Total Liabilities
1	Term Loan	96,670.06	20.05%
2	Non-Convertible Debentures	3,21,565.56	66.69%
3	Working Capital	32,885.13	6.82%
4	Commercial Papers	7,209.53	1.50%

(v) Stock ratios

Sr. No.	Particulars	Ratios
1	**Commercial papers**	
	- as a % of total public funds	1.57%
	- as a % of total liabilities	1.50%
	- as a % of total assets	0.91%
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	4.42%
	- as a % of total liabilities	4.20%
	- as a % of total assets	2.56%

(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.

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XXI - Liquidity coverage ratio:

	Particulars	Q1 FY 2023-24 Amounts (Average)		Q2 FY 2023-24 Amounts (Average)		Q3 FY 2023-24 Amounts (Average)		Q4 FY 2022-23 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]**	22,946.26	22,946.26	22,297.94	22,297.94	27,345.38	27,345.38	23,750.51	23,750.51
	Cash Outflows								
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured funding	-	-	-	-	-	-	-	-
4	Secured funding	19,326.44	22,225.40	17,453.99	20,072.09	12,086.09	13,899.00	25,169.09	28,944.45
5	Additional requirements, of which	5,261.59	6,050.83	9,407.30	10,818.40	9,782.25	11,249.58	13,179.38	15,156.29
	(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	5,261.59	6,050.83	9,407.30	10,818.40	9,782.25	11,249.58	13,179.38	15,156.29
6	Other contractual funding obligations	9,888.27	11,371.51	9,302.79	10,698.21	8,151.61	9,374.36	9,685.42	11,138.23
7	Other contingent funding obligations	123.63	142.17	40.76	46.88	-	-	41.21	47.39
8	**TOTAL CASH OUTFLOWS**	**34,599.93**	**39,789.91**	**36,204.84**	**41,635.58**	**30,019.95**	**34,522.94**	**48,075.10**	**55,286.36**
	Cash Inflows								
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	21,219.36	15,914.52	20,564.27	15,423.20	19,995.23	14,996.43	21,923.75	16,442.82
11	Other cash inflows	41,577.84	31,183.38	48,592.37	36,444.28	12,206.69	9,155.02	51,857.18	38,892.89
12	**Total Cash Outflows**	**62,797.20**	**47,097.90**	**69,156.64**	**51,867.48**	**32,201.92**	**24,151.45**	**73,780.93**	**55,335.71**
			Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**
13	Total HQLA		22,946.26		22,297.94		27,345.38		23,750.51
14	Total Net Cash Outflows		9,947.48		10,408.89		10,371.50		13,821.59
15	Liquidity Coverage Ratio (%)		230.67%		214.22%		263.66%		171.84%

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 2024, 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.

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XXII - Sectoral exposure

SL No	Sectors	As at 31 March 2024			As at 31 March 2023		
		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	20,135.99	856.11	4.25%	11,111.90	507.72	4.57%
2	Industry						
	- Micro and Small	2,399.08	-	-	7,326.88	1,050.13	6.08%
	- Large	-	-	-	9,941.31	-	-
	Total (2)	2,399.08	-		17,268.19	1,050.13	6.08%
3	Services						
	- Transport Operators	4,72,088.64	24,904.53	4.67%	2,96,542.27	24,139.93	5.00%
	- Computer Software	102.22	-	-	721.93	25.94	0.01%
	- Tourism, Hotel and Restaurants	62.42		-	964.56	30.02	0.01%
	- Professional Services	2,415.17	136.08	0.03%	9,566.21	893.52	0.18%
	- Retail Trade	1,638.62	354.46	0.07%	7,129.53	1,103.77	0.23%
	- Commercial Real Estate	54,195.03	-	-	1,55,152.14	-	-
	- NBFCs	-	-		1,191.18	-	-
	- Other Services	2,409.35	625.46	0.12%	11,948.64	2,483.79	0.51%
	Total (3)	5,32,911.45	26,020.53	4.88%	4,83,216.46	28,676.97	5.93%
4	Personal Loan	-	-	-	-	-	-
5	Retail Loans						
	- Vehicle/Auto Loans	63,124.38	1,641.35	1.87%	33,713.66	1,814.04	1.72%
	- Other Retail loans	24,610.81	2,751.98	3.14%	71,673.74	14,175.15	13.45%
	Total (5)	87,735.19	4,393.33	5.01%	1,05,387.40	15,989.19	15.17%
	Total (1+2+3+4+5+6)	**6,43,181.71**	**31,269.97**	**4.86%**	**6,16,983.95**	**46,224.01**	**7.49%**

Note: Sector wise classification of NPA is compiled by the Management from internal MIS and relied by the Auditors.

XXIII- Intra-group exposures

	Particulars	As at 31 March 2024	As at 31 March 2023
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	-	-

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XXIV- 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	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
2	Deposits	Outstanding as at Year End	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
3	Placement of deposits	Outstanding as at Year End	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
4	Advances	Outstanding as at Year End	2023-24 (CY)	-	-	-	2,500.00	-	-	2,500.00
			2022-23 (PY)	-	-	-	2,500.00	-	-	2,500.00
		Maximum Outstanding during the year	2023-24 (CY)	-	6,500.00	-	2,500.00	-	-	9,000.00
			2022-23 (PY)	-	8,000.00	-	2,500.00	-	-	10,500.00
5	Investments	Outstanding as at Year End	2023-24 (CY)	-	45,270.58	-	-	-	-	45,270.58
			2022-23 (PY)	-	45,271.60	-	-	-	-	45,271.60
		Maximum Outstanding during the year	2023-24 (CY)	-	45,271.60	-	-	-	-	45,271.60
			2022-23 (PY)	-	45,285.17	-	-	-	-	45,285.17
6	Purchase of fixed/other assets		2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
7	Sale of fixed/other assets		2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
8	Interest paid		2023-24 (CY)	-	-	-	-	-	-	-
			2022-23 (PY)	-	-	-	-	-	-	-
9	Interest received		2023-24 (CY)	-	143.85	-	-	-	-	143.85
			2022-23 (PY)	-	299.52	-	-	-	-	299.52
10	Others	Upfront Fees	2023-24 (CY)	1,228.41	-	-	-	-	-	1,228.41
			2022-23 (PY)	4,018.68	-	-	-	-	-	4,018.68
		Short-term employee benefits	2023-24 (CY)	-	-	-	359.08	-	-	359.08
			2022-23 (PY)	-	-	-	341.38	-	-	341.38
		Recovery of Expenses	2023-24 (CY)	-	1,686.53	-	-	-	-	1,686.53
			2022-23 (PY)	-	2,007.29	-	-	-	-	2,007.29

IndoStar Capital Finance Limited
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XXV - Others

Particulars	As at 31 March 2024	
Liabilities side :		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	**Amount outstanding**	**Amount overdue**
(a) Debenture : Secured	2,92,067.78	-
: Unsecured	29,497.78	-
(b) Deferred Credits	-	-
(c) Term Loans	96,670.06	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	7,209.53	-
(f) Public Deposits (Refer Note 2 below)	-	-
(g) Other Loans	1,79,497.88	-
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued	**Amount outstanding**	**Amount overdue**
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

Assets side :

Particulars	Amount outstanding
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a) Secured	6,20,366.15
(b) Unsecured	9,435.24
(4) Break up of Leased Assets and stock on hire counting towards AFC activities	**Amount outstanding**
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	
(b) Operating lease	
(ii) Stock on Hire including hire charges under sundry debtors :	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards AFC Activities :	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(5) Break-up of Investments :	**Amount outstanding**
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debenture and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	14,210.78
(v) Others (Please specify)	-

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(Currency : Indian Rupees in Lakhs)

XXV - Others

2. Unquoted :	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	16,723.44
(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	45,270.58
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others: Securities receipts	80,887.58

(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	5,89,610.45	9,119.84	5,98,730.29

(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	45,270.58	45,270.58
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	1,11,821.80	1,11,821.80

(8) Other information

	Particulars	Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	31,269.97
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	12,792.58
(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 48 The Company does not have any unhedged foreign currency exposure for the year ended 31 March 2024

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IndoStar Capital Finance Limited

Note 47 - Figures for the previous year have been regrouped, and / or reclassified wherever considered necessary to make them comparable to the current year presentation.

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani
Partner

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

HO
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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** (hereinafter referred to as the "Holding Company"), and its subsidiaries together referred to as ("the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2024, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including material accounting policy information and other explanatory information (hereinafter referred to as the "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, 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 Companies (Indian Accounting Standards) Rules, 2015, as amended (the "Rules") and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2024, of consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and on consideration of audit reports of other auditors referred to in of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our 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 for the year ended March 31, 2024. 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:

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Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Impairment of loans including Expected Credit Losses ("ECL"):** As per Ind AS 109 - Financial Instruments ("Ind AS 109") requires the Company to provide for impairment of its financial assets using ECL approach involving an estimation of probability of loss on such financial assets, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets. The estimation of impairment loss allowance on loan assets involves significant judgement and estimates, which are subject to uncertainty, and involves applying appropriate measurement principles in case of loss events. ECL is calculated using the percentage of probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD") for each of the stages of loan portfolio. Significant management judgment and assumptions involved in measuring ECL is required with respect to: • Segmentation of loan book in buckets based on common risk characteristics; • Staging of loans and in particular determining the criteria, which includes qualitative factors for identifying a significant increase in credit risk (i.e. Stage 2) and credit-impaired (i.e. Stage 3); • factoring in future macro-economic and industry specific estimates and forecasts; • past experience and forecast data on customer behaviour on repayments and;	**Our audit procedures in respect of this area included, but not limited to:** **Process understanding and control testing:** • Read the Company's Board approved ECL policy and material accounting policy information for estimation of ECL on financial assets and evaluated the appropriateness of the same with the principles of Ind AS 109; • Performed end-to-end process walkthroughs to identify the controls used in the impairment loss allowance processes; • Tested the design and the operating effectiveness of relevant internal controls, including the IT controls relevant to the impairment loss allowance process. • Verified the completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors; • Checked the appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio. **Performed the following substantive procedures on sample of loan assets:** • Tested appropriateness of staging of borrowers based on days past due ("DPD") and other loss indicators; • Tested the factual accuracy of information such as period of default, ratings (wherever applicable) and other related information used in estimating the PD;

	• varied statistical modelling techniques to determine probability of default, loss given default and exposure at default basis, the default history of loans, subsequent recoveries made and other relevant factors using probability-weighted scenarios. Considering the significance of the above matter to the Financial Statements and since the matter required significant attention to test the calculation of ECL, we identified this as a key audit matters for current year audit.	• Evaluated the reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired and other applicable assumptions included in LGD computation; • Evaluated the methodology used to determine macroeconomic overlays and adjustments to the output of the ECL model; • Tested the completeness of loans included in the ECL calculations as of March 31, 2024 by reconciling such data with the balances as per loan book register; and Assessed the adequacy and appropriateness of disclosures in compliance with the Ind AS 107 in relation to ECL especially in relation to judgements used in estimation of ECL provision.
2	**Information Technology ("IT") systems and controls impacting financial controls** The Company key financial accounting and reporting processes are highly dependent on information systems including automated controls in systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being misstated. Amongst its multiple IT systems, we scoped in systems that are key for overall financial reporting. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. We have identified 'IT systems and controls' as a key audit matter considering the high level of automation, significant number of systems being used by Management and the complexity of the IT architecture	**Key IT audit procedures performed included the following, but not limited to:** • For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Company IT systems. • Obtained a comprehensive understanding of IT applications landscape implemented at the Company. It was followed by process understanding, mapping of applications to the same and understanding financial risks posed by people-process and technology. • Key IT audit procedures includes testing design and operating effectiveness of key controls operating over user access management (which includes user access provisioning, de-provisioning, access review, password configuration review, segregation of duties and privilege access), change management (which include change release in production environment are compliant to the defined procedures and segregation of environment is ensured), program

	and its impact on overall financial reporting process and regulatory expectation on automation.	development (which include review of data migration activity), computer operations (which includes testing of key controls pertaining to, backup, Batch processing (including interface testing), incident management and data centre security), System interface controls. This included testing that requests for access to systems were appropriately logged, reviewed, and authorized. • In addition to the above, the design and operating effectiveness of certain automated controls, that were considered as key internal system controls over financial reporting were tested. Using various techniques such as inquiry, review of documentation / record / reports, observation, and re-performance. We also tested few controls using negative testing technique. • Tested compensating controls and performed alternate procedures, where necessary. In addition, understood where relevant changes made to the IT landscape during the audit period.

The auditors of IndoStar Home Finance Private Limited, vide their audit report dated April 22, 2024, have expressed an unmodified opinion on the financial statements. Based on consideration of their report, the following Key Audit Matters were included in the audit report.

Sr No	Key Audit Matter	Auditor's Response
1.	**Impairment of financial assets as at balance sheet date (expected credit losses):** Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's loans and advances.	• Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors. • Read and assessed the Company's policy with respect to one-time restructuring offered to customers pursuant to the "Resolution Framework for COVID-19-related Stress" issued by RBI on August 6, 2020, and May 05, 2021 and tested the implementation of such policy on a sample basis. • Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related

	In the process, a significant degree of judgement has been applied by the management for: • Staging of loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Data inputs in relation to ECL model • Estimation of behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Determination of loan book segmentation, probability of defaults, loss given defaults and exposure at default.	assumptions and tested the controls around data extraction and validation. • Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages. • Assessed 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. • Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults.
2.	**Evaluation of Company's IT systems and Controls** The information system is a critical component of Company's operations, enabling efficient processing of transactions, safeguarding of information, and supporting decision-making. The financial accounting and reporting systems of the Company are also fundamentally reliant on IT systems and IT controls. As such, it is important for us to evaluate the effectiveness of information system controls to ensure the correctness, integrity, availability, and confidentiality of data. We identified 'IT systems and controls' as key audit matter because of the pervasive nature of IT environment and the scale and complexity of the IT architecture.	• In assessing the effectiveness of information system controls, they have evaluated the extent to which the controls are properly designed and implemented to mitigate the risk of material misstatement in financial reporting. Their procedures included: a) Obtained an understanding of the IT control environment and IT policies during the audit period. b) Testing IT general controls related to User, Change Management Controls, Information Security Controls, Log management and Data backup. Their audit procedures also included assessment and identification of key IT applications, and further verifying, testing, and reviewing the design and operating effectiveness of the IT system based on reports and other financial and non-financial information generated from the system on a test check basis.

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Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Annual Report but does not include the Consolidated Financial Statements and our auditor's report thereon. The Annual Report is 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 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 and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Rules. The respective Management and 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 for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated 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 Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group 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 responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities 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 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 Holding Company has adequate internal financial controls with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of material accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management and Board of Directors.

- Conclude on the appropriateness of the management and Board of Directors 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.

MSKA & Associates * Chartered Accountants

- Obtain sufficient appropriate audit evidence regarding the financial information of the 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 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 other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding 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 for the year ended March 31, 2024 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 Matters

a. We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs. 2,20,306.19 lakhs as at March 31, 2024, total revenues of Rs. 29,023.88 lakhs and net cash inflows of Rs. 21,143.64 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors 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 these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

b. The Consolidated Financial Statements of the Company for the year ended March 31, 2023, were audited by previous statutory auditor whose report dated May 25, 2023 expressed a modified opinion on those Consolidated Financial Statements.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters.

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 auditors on the Consolidated Financial Statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 and the reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow 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 Indian Accounting Standards specified under Section 133 of the Act read with the Rules thereunder.

e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies are disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls with reference to Consolidated Financial Statements of the Group, and the operating effectiveness of such controls, refer to our separate report in "Annexure A".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 35 of the consolidated financial statements.

   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 Holding Company and its subsidiary companies.

iv.

(a) The Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, in Note 42.2 (i) 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 Holding Company or any of such subsidiaries to or in any other persons or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that such parties shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, in Note 42.2 (i) to the Consolidated Financial Statements, no funds have been received by the Holding Company or any of such subsidiaries from any person or entities, including foreign entities with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company 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 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 according to the information and explanations provided to us by the Management of the Holding company in this regard nothing has come to our or other auditors' 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 mis-statement.

v. In our opinion and according to the information and explanations given to us, the Holding Company and its subsidiaries has neither declared nor paid any dividend during the year.

vi. Based on our examination, and based on the other auditor's reports of its subsidiary companies whose financial statements have been audited under the Act, the Holding Company and its subsidiaries have used accounting software(s) for maintaining their respective books of account for the year ended March 31, 2024, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software(s), and further, we did not come across any instance of audit trail feature being tampered with.

2. In our opinion, according to information, explanations given to us, the remuneration paid by the Group to its directors is within the limits laid prescribed under Section 197 read with Schedule V of the Act and the rules thereunder.

3. According to the information and explanations given to us and based on the CARO reports issued by us for the Holding Company and on consideration of CARO reports issued by the statutory auditors of subsidiaries included in the Consolidated Financial Statements of the Group to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYO4381

Mumbai
April 29, 2024

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

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of IndoStar Capital Finance Limited on the Consolidated Financial Statements for the year ended March 31, 2024]

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

Opinion

In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2024, we have audited the internal financial controls reference to Consolidated Financial Statements of IndoStar Capital Finance Limited (hereinafter referred to as "the Holding Company") which includes the internal financial controls over financial reporting of the Holding Company and its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group") which are companies incorporated in India, as of that date.

In our opinion, and to the best of our information and according to the explanations given to us, the Group, have, in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2024, based on the internal financial controls 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 ("the ICAI").

Management and Board of Director's Responsibility for Internal Financial Controls

The respective Management and the Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to Consolidated Financial Statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, its subsidiary companies, its associate companies and jointly controlled 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 ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 Consolidated 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 auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements of the Group.

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

MSKA & ASSOCIATES Chartered Accountants

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.

Other Matter

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 two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports auditors of such companies incorporated in India. Our opinion is not modified in respect of this matter.

For M S K A & Associates
Chartered Accountants
ICAI Firm Registration Number. 105047W

Tushar Kurani

Tushar Kurani
Partner
Membership No. 118580
UDIN: 24118580BKFLYO4381

MSKA & ASSOCIATES Chartered Accountants

Mumbai
April 29, 2024

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Balance Sheet as at 31 March 2024
(Currency : Indian Rupees Lakhs)

Particulars	Note	As at 31 March 2024	As at 31 March 2023
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	61,390.42	17,974.12
Bank balances other than cash and cash equivalents	4	34,919.59	23,603.59
Loans	5	7,80,983.89	6,51,567.00
Investments	6	1,11,821.80	1,03,934.67
Other financial assets	7	38,306.04	35,156.36
		10,27,421.74	**8,32,235.74**
Non-financial assets			
Current tax assets (net)	8	8,336.99	5,607.74
Deferred tax assets (net)	9	31,651.53	31,643.62
Property, plant and equipment	10	6,800.67	5,353.44
Assets acquired in satisfaction of claim	11	1,300.00	1,300.00
Goodwill	12	30,018.69	30,018.69
Other intangible assets	12	1,289.99	2,351.56
Other non-financial assets	13	5,250.27	3,707.97
		84,648.14	**79,983.02**
TOTAL ASSETS		**11,12,069.88**	**9,12,218.76**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		124.16	10.89
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		19.51	783.32
Debt securities	15	3,34,103.91	1,10,886.95
Borrowings (other than debt securities)	16	4,23,061.12	4,53,918.00
Other financial liabilities	17	28,242.96	33,215.07
		7,85,551.66	**5,98,814.23**
Non-financial liabilities			
Current tax liabilities (net)	8	-	-
Provisions	18	670.75	555.93
Deferred tax liabilities (net)	9	1,360.32	579.54
Other non-financial liabilities	19	965.35	1,110.35
		2,996.42	**2,245.82**
TOTAL LIABILITIES		**7,88,548.08**	**6,01,060.05**
EQUITY			
Equity share capital	20	13,607.93	13,607.93
Other equity	21	3,09,913.87	2,97,550.78
TOTAL EQUITY		**3,23,521.80**	**3,11,158.71**
TOTAL LIABILITIES AND EQUITY		**11,12,069.88**	**9,12,218.76**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani

Tushar Kurani
Partner

MSKA & ASSOCIATES Chartered Accountants

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer
Place: Mumbai
Date: 29 April 2024

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Profit and Loss for the year ended 31 March 2024
(Currency : Indian Rupees Lakhs)

Particulars	Note	For the year ended 31 March 2024	For the year ended 31 March 2023
Revenue from operations	22		
Interest income		1,14,529.68	1,05,840.89
Fees and commission income		6,153.04	5,416.58
Net gain on fair value changes		2,543.43	2,794.52
Net gain on derecognition of financial instruments measured at amortised cost category		16,071.49	3,381.81
Total revenue from operations		**1,39,297.64**	**1,17,433.80**
Other income	23	456.37	531.54
Total income		**1,39,754.01**	**1,17,965.34**
Expenses			
Finance cost	24	68,734.22	58,025.73
Impairment on financial instruments	25	8,837.05	(4,036.08)
Employee benefit expenses	26	27,071.24	17,781.43
Depreciation and amortization expenses	27	3,321.55	3,956.35
Other expenses	28	18,825.96	18,374.89
Total expenses		**1,26,790.02**	**94,102.32**
Profit/(loss) before tax		**12,963.99**	**23,863.02**
Tax expense:	29		
1. Current tax		666.38	853.23
2. Tax of earlier years		(68.77)	(0.50)
3. Deferred tax expenses		783.37	495.63
Total tax expenses		**1,380.98**	**1,348.36**
Profit/(loss) after tax		**11,583.01**	**22,514.66**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		(53.22)	131.73
- Income tax relating to items that will not be reclassified to profit or loss		13.40	(33.15)
		(39.82)	98.58
Items that will be reclassified to profit and loss			
- Debt instruments through other comprehensive income		11.47	(16.72)
- Income tax relating to items that will be reclassified to profit or loss		(2.89)	4.20
		8.58	(12.52)
Other comprehensive income for the year, net of tax		**(31.24)**	**86.06**
Total comprehensive income for the year		**11,551.77**	**22,600.72**
Earnings per equity share	30		
Basic earnings per share (Rs.)		8.51	16.55
Diluted earnings per share (Rs.)		8.51	16.55
(Equity Share of face value of Rs.10 each)			

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani

Tushar Kurani
Partner

MSKA & ASSOCIATES Chartered Accountants

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer
Place: Mumbai
Date: 29 April 2024

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Cash flows for the year ended 31 March 2024
(Currency : Indian Rupees Lakhs)

	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
A	**Cash Flow from Operating Activities**		
	Profit/(loss) before tax	12,963.99	23,863.02
	Adjustments for :		
	Interest income on financial assets	(1,14,529.68)	(1,05,840.89)
	Finance costs	68,734.22	58,025.73
	Depreciation and amortisation expense	3,321.55	3,956.35
	Loss on sale of property plant and equipment	22.55	27.11
	Impairment on financial instruments	8,837.05	(4,036.08)
	Provision for employee benefits	228.40	223.98
	Employee share based payment expense	811.32	(4,350.07)
	Net gain on fair value changes	(2,543.43)	(2,794.52)
	Net gain on derecognition of financial instruments measured at amortised cost category	(16,071.49)	(3,381.81)
		(38,225.52)	**(34,307.18)**
	Interest income realised on financial assets	1,14,456.53	1,10,789.35
	Finance costs paid	(72,747.53)	(62,736.83)
	Cash generated from operating activities before working capital changes	**3,483.48**	**13,745.34**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(2,14,222.98)	1,11,669.54
	(Increase)/Decrease in other financial assets	1,280.94	(20,903.11)
	(Increase)/Decrease in other non-financial assets	(1,542.30)	(552.71)
	Increase/(Decrease) in trade payable	(650.54)	522.89
	Increase/(Decrease) in other financial liabilities	(5,650.04)	(15,464.01)
	Increase/(Decrease) in other non-financial liabilities	(144.99)	405.07
	Cash generated from / (used in) operating activities	**(2,17,446.43)**	**89,423.01**
	Taxes (paid) / refund	(3,326.86)	435.14
	Net cash generated from / (used in) operating activities (A)	**(2,20,773.29)**	**89,858.15**
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(1,292.77)	(715.41)
	Sale of property, plant and equipment	7.77	14.02
	Purchase of intangible assets	(123.10)	(1,891.56)
	Proceeds/(investment) in bank deposits of maturity greater than 3 months (net)	(11,316.00)	17,334.84
	(Acquisition)/redemption of investments measured at FVTPL (net)	61,982.65	(41,665.01)
	(Acquisition)/redemption of investments measured at FVOCI (net)	(4,020.66)	(9,494.06)
	(Acquisition)/redemption of investments measured at amortised cost (net)	23,065.49	10,479.23
	Net cash (used in) / generated from investing activities (B)	**68,303.38**	**(25,937.95)**
C	**Cash Flow from Financing Activities**		
	Proceeds from bank borrowings	2,76,165.34	3,08,167.23
	Repayments towards bank borrowings	(3,07,929.71)	(2,76,245.12)
	Proceeds from issuance of Non-Convertible Debentures	2,51,000.00	90,000.00
	Repayments towards Non-Convertible Debentures	(30,090.00)	(1,29,000.00)
	Proceeds from Commercial Papers	55,300.00	35,000.00
	Repayment of Commercial Papers	(47,500.00)	(80,500.00)
	Payment of lease liabilities	(1,059.42)	(1,395.39)
	Net cash (used in) / generated from financing activities (C)	**1,95,886.21**	**(53,973.28)**
	Net Increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	**43,416.30**	**9,946.92**
	Cash and Cash Equivalents at the beginning of the year	**17,974.12**	**8,027.20**
	Cash and Cash Equivalents at the end of the year	**61,390.42**	**17,974.12**

MSKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Cash flows for the year ended 31 March 2024
(Currency : Indian Rupees Lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	421.79	323.90
Balances with banks		
- in current accounts	13,564.36	12,228.54
Deposits with original maturity of less than 3 months	47,404.27	5,421.68
Total	**61,390.42**	**17,974.12**

See accompanying notes forming part of the consolidated financial statements 1 to 43

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani

Tushar Kurani
Partner

MSKA & ASSOCIATES Chartered Accountants

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer
Place: Mumbai
Date: 29 April 2024

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Changes in Equity (SOCIE) for the year ended 31 March 2024
(Currency : Indian Rupees Lakhs)

(a) Equity share capital of face value of Rs.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 2024	13,607.93	-	13,607.93	-	13,607.93
As at 31 March 2023	13,607.93	-	13,607.93	-	13,607.93

(b) Other equity

Particulars	Reserves and surplus							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 reserves	Retained earnings		
(i) Balance at 1 April 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
Profit after tax for the year	-	-	-	-	-	-	11,583.01	-	11,583.01
Debt instruments through other comprehensive income	-	-	-	-	-	-	-	8.58	8.58
Gain/loss on re-measurement of defined benefit plans	-	-	-	-	-	-	(39.82)	-	(39.82)
Total comprehensive income	-	-	-	-	-	-	11,543.19	8.58	11,551.77
Transferred from Retained earnings	-	-	881.90	-	-	-	(881.90)	-	-
Share based payment expense	-	-	-	-	811.32	-	-	-	811.32
Transfer from ESOP reserves	-	-	-	-	(763.40)	763.40	-	-	-
Balance at 31 March 2024	2,92,207.63	29,650.80	3,175.09	0.43	2,122.74	3,447.24	(20,686.12)	(3.94)	3,09,913.87
(ii) 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)		-
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	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

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani

Tushar Kurani
Partner

MSKA & ASSOCIATES Chartered Accountants

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer
Place: Mumbai
Date: 29 April 2024

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited

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 has been classified as Middle Layer as per Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated 19 October 2023, as amended. The Company is also registered as Corporate Agent with the Insurance Regulatory and Development Authority (IRDAI) wide Certificate of Registration dated 21 February 2024. 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 Material accounting policies

2.1.a Statement of compliance with Indian Accounting Standards ('Ind AS')

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.

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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 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 Material 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 statement of profit or loss. The losses arising from impairment are recognised in the statement of 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.

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(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.

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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 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.

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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 Rs. 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. 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.

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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 less than 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 90 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.

(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 90 days and above past due. Non-payment on another obligation of the same customer is also considered as a Stage 3. In addition, Company shall also classify those accounts as default which meets the criteria as per the RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021.

(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.

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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 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 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.

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(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.
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.

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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) Fees and commission income

Fees and commission income 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 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.

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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.

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(iii) Indirect tax

Expenses and assets are recognized net of the Goods and Services Tax paid, except when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax paid is recognized as part of the cost of acquisition of the asset or as part of the respective expense item, as applicable.

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.

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet and for the purpose of statement of cash flows comprise cash at bank and cheques in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. They are held for the purposes of meeting short-term cash commitments (rather than for investment or other purposes).

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.

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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. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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IndoStar Capital Finance Limited

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Note 3		
Cash and cash equivalents		
Cash on hand	421.79	323.90
Balances with banks		
- in current accounts	13,564.36	12,228.54
Deposits with original maturity of less than three months	47,404.27	5,421.68
	61,390.42	**17,974.12**
Note 4		
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	1,652.74	3,281.59
Earmarked deposits with banks	33,266.85	20,322.00
	34,919.59	**23,603.59**
Note 5		
Loans		
At amortized cost		
Business Loans		
Corporate lending	40,851.33	1,23,176.21
Small and medium enterprises lending (SME)	31,679.68	1,08,044.88
Commercial vehicle lending	5,54,865.24	3,40,293.96
Home Loans	1,83,686.76	1,33,252.18
Other loans	2,405.14	2,214.37
Total - Gross	8,13,488.15	7,06,981.60
Less: Impairment allowance	(32,504.26)	(55,414.60)
Total - Net	**7,80,983.89**	**6,51,567.00**
(a) Secured by tangible assets	8,04,052.91	6,88,339.56
(b) Unsecured	9,435.24	18,642.04
Total - Gross	**8,13,488.15**	**7,06,981.60**
Less: Impairment allowance	(32,504.26)	(55,414.60)
Total - Net	**7,80,983.89**	**6,51,567.00**
Loans in India		
(a) Public sector	-	-
(b) Others	8,13,488.15	7,06,981.60
Total - Gross	**8,13,488.15**	**7,06,981.60**
Less: Impairment allowance	(32,504.26)	(55,414.60)
Total - Net (a)	**7,80,983.89**	**6,51,567.00**
Loans outside India (b)	-	-
Total - Net (a)+(b)	**7,80,983.89**	**6,51,567.00**

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

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Note 6
Investments

Particulars	Amortised cost	At Fair Value		Total
		Through other comprehensive income	Through profit and loss	
Investments as at 31 March 2024				
Mutual funds	-	-	16,723.44	16,723.44
Security Receipts*	1,17,530.96	-	-	1,17,530.96
Treasury Bills	-	14,210.78	-	14,210.78
Total - Gross	**1,17,530.96**	**14,210.78**	**16,723.44**	**1,48,465.18**
Investments in India	1,17,530.96	14,210.78	16,723.44	1,48,465.18
Investments outside India	-	-	-	-
Total - Gross	**1,17,530.96**	**14,210.78**	**16,723.44**	**1,48,465.18**
Less: Impairment loss allowance	(36,643.38)	-	-	(36,643.38)
Total - Net	**80,887.58**	**14,210.78**	**16,723.44**	**1,11,821.80**

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	Fair value through profit or loss	Total
		Through other comprehensive		
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**

1. Detailed analysis on year end stage classification of investments and impairment allowance is disclosed in Note 31 (D)

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Particulars	As at 31 March 2024	As at 31 March 2023
Note 7		
Other financial assets		
Security deposit	784.90	2,644.83
Assignment receivables	7,248.17	5,972.93
Deposits with Trustee for securitisation*	26,929.46	24,983.01
Other Receivables	3,778.30	2,017.65
	38,740.83	35,618.42
Less: Impairment allowance	(434.79)	(462.06)
	38,306.04	**35,156.36**

* It represents fixed deposit held as collateral with trustee for pass through certificate transactions

Particulars	As at 31 March 2024	As at 31 March 2023
Note 8		
Current tax assets (net)		
Advance Tax (net of provision)	8,336.99	5,607.74
	8,336.99	**5,607.74**
Note 9		
Deferred tax assets (net)		
Deferred Tax Assets		
Provision for expected credit loss	17,799.78	20,724.50
Provision for gratuity	115.29	105.61
Provision for compensated absences	46.97	31.35
Debt instruments through OCI	(2.89)	4.20
Lease liabilities	107.60	64.21
Income amortisation	(531.34)	(87.35)
Other items of disallowance	-	121.29
Depreciation on PPE and intangible assets	946.50	845.78
Carried forward book losses	24,012.02	19,575.18
Total (A)	42,493.93	41,384.77
Deferred tax liability		
Goodwill	(7,555.10)	(7,555.10)
Assignment income amortisation	(1,824.22)	(1,503.28)
Borrowing cost amortisation	(2,823.40)	(1,262.31)
Total (B)	(12,202.72)	(10,320.69)
Net deferred tax asset (A-B)	**30,291.21**	**31,064.08**
Deferred tax assets		
IndoStar Capital Finance Limited	31,651.53	31,643.62
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax assets (A)	**31,651.53**	**31,643.62**
Deferred tax liabilities		
IndoStar Capital Finance Limited	-	-
IndoStar Home Finance Private Limited	1,360.32	579.54
IndoStar Asset Advisory Private Limited	-	-
Total deferred tax liabilities (B)	**1,360.32**	**579.54**
Net deferred tax asset (A-B) (also refer Note 29)	**30,291.21**	**31,064.08**

(Currency : Indian Rupees Lakhs)

Note 10

Property, plant and equipment

Particulars	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right-of-Use Assets	Total
Cost as at 1 April 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
Additions	-	20.83	290.47	110.33	871.14	2,983.16	4,275.93
Disposals	-	(17.84)	(112.29)	(10.42)	(45.19)	(1,093.54)	(1,279.28)
Cost as at 31 March 2024 (A)	15.05	806.88	4,798.62	907.93	4,754.12	5,878.22	17,160.82
Accumulated depreciation as at 1 April 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
Depreciation charged during the year	-	23.80	476.04	70.88	637.11	929.05	2,136.88
Disposals	-	(17.84)	(82.35)	(10.42)	(44.81)	(432.04)	(587.46)
Accumulated depreciation as at 31 March 2024 (B)	-	610.99	3,952.70	635.22	3,584.17	1,577.07	10,360.15
Net carrying amount as at 31 March 2024 (A) - (B)	15.05	195.89	845.92	272.71	1,169.95	4,301.15	6,800.67
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

* Mortgaged as security against Secured Non-convertible Debentures

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Note 11

Particulars	As at 31 March 2024	As at 31 March 2023
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

Particulars	Total
(a) Goodwill	
Cost as at 1 April 2022	30,018.69
Acquisition of business	-
Cost as at 31 March 2023 (A)	**30,018.69**
Acquisition of business	-
Cost as at 31 March 2024 (A)	**30,018.69**
Accumulated impairment as at 1 April 2022	-
Addition	-
Accumulated impairment as at 31 March 2023 (B)	-
Addition	-
Accumulated impairment as at 31 March 2024 (B)	-
Net carrying amount as at 31 March 2024 (A)- (B)	**30,018.69**
Net carrying amount as at 31 March 2023 (A) -(B)	**30,018.69**

The Company has assessed that there is no impairment of Goodwill as at and for the year ended March 2024. 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.

Particulars	Computer Software	Total
(b) Other intangible assets		
Cost as at 1 April 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**
Additions	123.10	123.10
Disposals	-	-
Cost as at 31 March 2024 (A)	**4,643.21**	**4,643.21**
Accumulated amortisation as at 1 April 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**
Amortisation recognised for the year	1,184.67	1,184.67
Disposals	-	-
Accumulated amortisation as at 31 March 2024 (B)	**3,353.22**	**3,353.22**
Net carrying amount as at 31 March 2024 (A) - (B)	**1,289.99**	**1,289.99**
Net carrying amount as at 31 March 2023 (A) - (B)	**2,351.56**	**2,351.56**

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IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
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Particulars	As at 31 March 2024	As at 31 March 2023
Note 13		
Other non-financial assets		
Prepaid expenses	1,499.04	1,393.55
Advances recoverable in cash or in kind or for value to be received	3,751.23	2,314.42
	5,250.27	**3,707.97**
Note 14		
Trade payables		
Dues to Micro, small and medium enterprises	124.16	10.89
Dues to Others	19.51	783.32
	143.67	**794.21**
Also refer Note 37.		
Note 15		
Debt securities		
At amortised cost		
Redeemable non convertible debentures (Refer note (a) below)	3,26,894.38	1,10,886.95
Commercial paper (net of unamortised discount) (Refer note (b) below)	7,209.53	-
	3,34,103.91	**1,10,886.95**
Debt securities in India	3,28,775.09	1,10,886.95
Debt securities outside India	-	-
Total	**3,28,775.09**	**1,10,886.95**
Secured	2,92,067.78	1,10,886.95
Unsecured	36,707.31	-
Total	**3,28,775.09**	**1,10,886.95**

(a) Non Convertible Debenture
Privately placed Redeemable Non Convertible Debentures
Terms of repayment (based on contractual maturity)

Redeemable within	**As at 31 March 2024**	**As at 31 March 2023**
	Rate of interest	**Rate of interest**
	>= 9.40% <= 10.25%	**>= 7.78% <= 11.40%**
	Amount	**Amount**
0-12 Months	1,16,982.04	32,010.35
12-24 Months	1,58,644.57	78,876.60
24-36 Months	50,367.77	-
36-48 Months	600.00	-
48-60 Months	300.00	-
Total	**3,26,894.38**	**1,10,886.95**

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 ₹ 515,805 lakhs (March 2023: ₹ 459,596 lakhs); and
(ii) first pari-passu charge on immovable property situated at village Maherajpura 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.

MSKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023

(b) Commercial papers

Terms of repayment (based on contractual maturity)

Redeemable within	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>= 8.60% <= 9.75%	-
	Amount	Amount
0-12 Months	7,209.53	-
	7,209.53	**-**

Note 16

Borrowings

At amortised cost

Particulars	As at 31 March 2024	As at 31 March 2023
Term loans		
Term loans from Banks (Refer note (a) below)*	1,62,666.78	2,40,596.28
Term loans from Financial Institutions (Refer note (a) below)*	23,962.25	25,023.11
Term loans from NHB (Refer note (b) below)	18,143.92	22,756.77
Loans repayable on demand		
Working capital demand loans from banks **	38,885.13	25,784.06
Other borrowings	1,79,403.04	1,39,757.78
Total	**4,23,061.12**	**4,53,918.00**
Borrowings in India	4,23,061.12	4,53,918.00
Borrowings outside India	-	-
Total	**4,23,061.12**	**4,53,918.00**
Secured borrowings	4,23,061.12	3,83,473.79
Unsecured borrowings	-	70,444.21
Total	**4,23,061.12**	**4,53,918.00**

(a) Term loan from banks/FI :

Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest	Rate of interest
	>=8.10% <= 12.00%	>= 7.90% <= 11.50%
	Amount	Amount
0-12 Months	70,997.72	97,854.41
12-24 Months	48,839.10	1,23,230.55
24-36 Months	30,217.40	26,916.78
36-48 Months	14,464.87	12,730.59
48-60 Months	8,838.20	3,627.27
Above 60 Months	13,271.74	1,259.79
Total	**1,86,629.03**	**2,65,619.39**

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Particulars	As at 31 March 2024	As at 31 March 2023

(b) Term loans from NHB

Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest >= 8.35% <= 8.70%	Rate of interest >= 6.60% <= 8.95%
	Amount	Amount
0-12 Months	3,339.00	3,339.00
12-24 Months	3,599.19	4,452.00
24-36 Months	3,388.68	3,599.19
36-48 Months	1,740.05	3,388.68
48-60 Months	1,925.00	1,832.90
Above 60 Months	4,152.00	6,145.00
Total	**18,143.92**	**22,756.77**

* 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)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest >= 7.28% <= 9.52%	Rate of interest >= 9.10% <= 12.51%
	Amount	Amount
0-12 Months	38,885.13	25,784.06
Total	38,885.13	25,784.06

also refer 31(F)

(d) Other borrowings

Terms of repayment (based on contractual maturity)

Repayable within #	As at 31 March 2024	As at 31 March 2023
	Rate of interest >= 7.70% <= 10.50%	Rate of interest >= 7% <= 10.50%
	Amount	Amount
0-12 Months	64,415.10	43,854.94
12-24 Months	51,830.09	36,101.49
24-36 Months	23,541.87	11,390.54
36-48 Months	5,159.65	4,242.22
48-60 Months	5,546.11	4,490.83
Above 60 Months	28,910.22	39,677.76
Total	**1,79,403.04**	**1,39,757.78**

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.

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Note 17		
Other financial liabilities		
Book overdraft	4,675.18	2,992.51
Employee benefits payable	3,437.28	2,589.64
Unamortised lease liabilities	4,686.80	3,103.51
Others	15,443.70	24,529.41
	28,242.96	**33,215.07**
Note 18		
Provisions		
Provision for employee benefits:		
- Gratuity	458.07	419.61
- Compensated absences	186.63	124.60
Others :		
- Expected credit loss on undrawn loan commitments	26.05	11.72
	670.75	**555.93**
Note 19		
Non-financial liabilities		
Statutory dues payable	965.35	1,110.35
	965.35	**1,110.35**

(Currency : Indian Rupees Lakhs)

Note 20
Equity share capital

(a) **Details of authorised, issued and subscribed share capital**

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of ₹10/- each	18,75,00,000	18,750.00	18,75,00,000	18,750.00
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 2024		As at 31 March 2023	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	13,60,79,295	13,607.93	13,60,79,295	13,607.93
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**13,60,79,295**	**13,607.93**	**13,60,79,295**	**13,607.93**

(c) **Particulars of equity shares held by Holding Company**

Name of shareholder	Relationship	As at 31 March 2024		As at 31 March 2023	
		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 2024		As at 31 March 2023	
		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	2,32,62,583	17.09%	4,14,67,583	30.47%

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

(e) **Terms/rights attached to equity shares**

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

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

(f) **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.

(g) **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 2024			
BCP V Multiple Holdings Pte. Ltd.	7,64,82,638	56.20%	-
Indostar Capital (Mauritius)	2,32,62,583	17.09%	(13.38%)
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%	-

MSKA & ASSOCIATES Chartered Accountants

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Note 21		
Other equity		
Capital Reserve	0.43	0.43
Statutory reserves u/s 45-IC of The RBI Act, 1934	31,083.07	29,650.80
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	3,175.09	2,293.19
Securities premium	2,92,207.63	2,92,207.63
Share options outstanding account	2,122.74	2,074.82
General reserve	3,447.24	2,683.84
Retained earnings	(22,118.39)	(31,347.41)
Debt instruments through other comprehensive income	(3.94)	(12.52)
	3,09,913.87	**2,97,550.78**
21.1 Other equity movement		
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	29,650.80	25,905.39
Add : Transferred from surplus	1,432.27	3,745.41
Closing Balance	**31,083.07**	**29,650.80**
Statutory reserves u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	2,293.19	1,537.68
Add : Transferred from surplus	881.90	755.51
Closing Balance	**3,175.09**	**2,293.19**
Securities premium		
Opening Balance	2,92,207.63	2,92,207.63
Add: Transfer from ESOP reserves	-	-
Add : Premium collected on share allotment	-	-
Closing Balance	**2,92,207.63**	**2,92,207.63**
Share options outstanding account		
Opening Balance	2,074.82	7,081.96
Movement during the year	47.92	(5,007.14)
Closing Balance	**2,122.74**	**2,074.82**
General reserve		
Opening Balance	2,683.84	2,026.78
Movement during the year	763.40	657.06
Closing Balance	**3,447.24**	**2,683.84**

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2024	As at 31 March 2023
Retained earnings		
Opening Balance	(31,347.41)	(49,459.73)
Add: Remeasurement of defined benefit plan/obligations	(39.82)	98.58
Add: Transferred from the statement of profit and loss	11,583.01	22,514.66
Less: Transfer to statutory reserve u/s 45-IC of The RBI Act, 1934	(1,432.27)	(3,745.41)
Less: Transfer to statutory reserves u/s 29C of the National Housing Bank Act, 1987	(881.90)	(755.51)
Less: Appropriation towards dividend	-	-
Less : Share issue expenses	-	-
Closing Balance	**(22,118.39)**	**(31,347.41)**

Particulars	As at 31 March 2024	As at 31 March 2023
Other Comprehensive Income		
Opening balance	(12.52)	-
Add: Debt instruments through other comprehensive income	8.56	(12.52)
Closing balance	**(3.94)**	**(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.

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/forfeiture of vested options by employees.

Debt instruments through other comprehensive income
It includes gain/(loss) on fair valuation of investment in treasuy bills

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Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Note 22		
Revenue from operations		
Interest income		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	1,10,166.21	1,03,156.81
Interest on investments		
- Debt instruments	118.95	159.71
Interest on deposits		
- Deposits with banks	2,070.72	1,569.29
- Deposits with Trustees	1,472.49	677.45
Interest Income on financial assets measured at FVOCI:		
- Investments in debt instruments	701.31	277.63
	1,14,529.68	**1,05,840.89**
Fees and commission income		
- Fees Income	5,676.96	5,416.58
- Insurance Income	476.08	-
	6,153.04	**5,416.58**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	2,543.43	2,794.52
Others		
Net gain/(loss) on sale of financial instruments at FVOCI	-	-
Total fair value changes	**2,543.43**	**2,794.52**
Fair value changes:		
- Realised	2,520.76	2,628.72
- Unrealised	22.67	165.80
Total fair value changes	**2,543.43**	**2,794.52**
Net gain on derecognition of financial instruments measured at amortised cost category		
- Investments	11,668.14	-
- Assignment Income	4,403.35	3,381.81
	16,071.49	**3,381.81**
Total	**1,39,297.64**	**1,17,433.80**

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Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Note 23		
Other income		
Miscellaneous income	157.99	158.72
Interest on income tax refund	298.38	372.82
	456.37	**531.54**
Note 24		
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks/FI	26,039.29	33,628.51
Other borrowings (including Inter Corporate Deposits)	14,400.44	13,904.56
Interest expense on debt securities		
Debentures	26,192.24	7,083.30
Commercial paper	1,203.87	1,975.70
Other interest expense		
Bank charges & other related costs	898.38	1,433.66
	68,734.22	**58,025.73**
Note 25		
Impairment on financial instruments at amortised cost		
Impairment on loans		
Provision for expected credit loss	(10,843.60)	(51,864.48)
Financial assets written off (net of recovery)	20,780.08	48,663.34
Impairment on others		
Undrawn loan commitments	14.33	(30.16)
Provision on co-lending arrangements	(1,086.49)	(897.47)
Others	(27.27)	92.69
	8,837.05	**(4,036.08)**
Note 26		
Employee Benefits Expenses		
Salaries, other allowances and bonus	24,320.11	20,798.99
Gratuity expenses	133.40	201.54
Compensated absences	95.00	22.44
Contribution to provident and other funds	998.44	836.57
Staff welfare expenses	687.28	242.48
Share based payment expense	811.32	(4,350.07)
Employee shared service costs recovered	25.69	29.48
	27,071.24	**17,781.43**

Footnote : During the quarter ended 31st 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.

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Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Note 27		
Depreciation		
Depreciation of property, plant and equipment (PPE)	2,136.88	3,104.65
Amortisation of intangible assets	1,184.67	851.70
	3,321.55	**3,956.35**
Note 28		
Other Expenses		
Rent	1,141.86	1,087.03
Rates & taxes	175.23	57.52
Printing and stationery	318.86	135.75
Travelling & conveyance	1,530.42	1,277.22
Advertisement	89.53	130.59
Business Promotion	29.28	11.55
Commission & brokerage	98.52	100.92
Office expenses	3,006.83	2,561.03
Directors' fees & commission	34.95	44.85
Insurance	618.90	528.16
Communication expenses	700.11	569.73
Payment to auditors (note below)	212.31	403.28
CSR expenses (note below)	90.67	62.86
IT Support charges	2,571.76	2,101.73
Legal & professional charges	7,930.90	9,001.40
Loss on sale of property plant and equipment	22.55	27.11
Membership & subscriptions	76.78	96.62
Other shared service costs recovered	135.02	151.92
Other fees and commission	41.08	25.25
Provision for doubtful advances	0.40	0.37
	18,825.96	**18,374.89**
Payment to auditor includes:		
a) Statutory Audit	172.06	351.16
b) Tax Audit	1.50	1.50
c) Certifications	20.54	11.50
d) Others	18.21	39.12
Total	**212.31**	**403.28**
Details for expenditure on Corporate Social Responsibility:		
a) Gross amount required to be spent during the year	90.67	62.86
b) Amount of expenditure incurred	90.67	62.86
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)	-	-

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Note 29
Income taxes

Tax expense
(a) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2024	For the year ended 31 March 2023
Current tax expense		
1. Current tax	666.38	853.23
2. Tax of earlier years	(68.77)	(0.50)
	597.61	**852.73**
Deferred tax expense		
3. Deferred tax expenses	783.37	495.63
	783.37	**495.63**
Tax expense for the year	**1,380.98**	**1,348.36**

(b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	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	(53.22)	13.40	(39.82)	131.73	(33.15)	98.58
- Debt instruments through other comprehensive income	11.47	(2.89)	8.58	(16.72)	4.20	(12.52)
Tax expense for the year	**(41.75)**	**10.51**	**(31.24)**	**115.01**	**(28.95)**	**86.06**

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Profit before tax	12,963.99	23,863.02
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	3,262.77	6,005.84
Difference in tax rate due to:		
- Effect of non-deductible expenses	53.18	79.51
- tax expense of earlier years	(68.77)	(0.50)
- Others	(1,866.20)	(4,736.49)
Total tax expense	**1,380.98**	**1,348.36**
	10.65%	5.65%
Current tax	666.38	853.23
Tax expense of earlier year	(68.77)	(0.50)
Deferred tax	783.37	495.63
	1,380.98	**1,348.36**

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Note 29
Income Taxes (continued)

(d) Movement in deferred tax balances

Particulars	As at 31 March 2024			
	Net balance 1 April 2023	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/liability
Deferred Tax Assets				
Provision for expected credit loss	20,724.50	(2,924.72)	-	17,799.78
Provision for gratuity	105.61	(3.72)	13.40	115.29
Provision for leave encashment	31.35	15.62	-	46.97
Income amortisation	(87.35)	(443.99)	-	(531.34)
Depreciation on PPE and intangible assets	845.78	100.72	-	946.50
Carried forward losses	19,575.18	4,436.84	-	24,012.02
Debt instruments through OCI	4.20	(4.20)	(2.89)	(2.89)
Lease liabilities	64.21	43.39	-	107.60
Other items of disallowance	121.29	(121.29)	-	-
Deferred tax liability				
Borrowing cost amortisation	(1,262.31)	(1,561.09)	-	(2,823.40)
Goodwill amortisation	(7,555.10)	-	-	(7,555.10)
Assignment income amortisation	(1,503.28)	(320.93)	-	(1,824.22)
Deferred tax assets / (Liabilities)	**31,064.08**	**(783.37)**	**10.51**	**30,291.21**

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
Carry 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)	(284.74)	-	(1,503.28)
Deferred tax assets / (Liabilities)	**31,588.66**	**(495.63)**	**(28.95)**	**31,064.08**

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 Rs. 2,515.88 lakhs (Previous year: Rs. 4,584.61 lakhs) on Unused Carried forward losses is yet to be recognized.

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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 2024	For the year ended 31 March 2023
i. Profit attributable to equity holders (A)		
Profit / (loss) for the year	11,583.01	22,514.66
Less : Dividend on Compulsorily convertible preference shares (CCPS)	-	-
Profit attributable to equity holders for basic and diluted EPS	11,583.01	22,514.66
ii. Weighted average number of equity shares for calculating Basic EPS (B)	13,60,79,295	13,60,79,295
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	13,61,35,973	13,60,79,428
iv. Basic earnings per share (₹)	8.51	16.55
v. Diluted earnings per share (₹)	8.51	16.55

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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 financial 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.
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.

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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 2024							
	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	16,723.44	-	-	16,723.44	16,723.44	-	-	16,723.44
(b) Investments in Security Receipts	-	-	80,887.58	80,887.58	-	-	80,887.58	80,887.58
(c) Treasury Bills	-	14,210.78	-	14,210.78	14,210.78	-	-	14,210.78
Total	**16,723.44**	**14,210.78**	**80,887.58**	**1,11,821.80**	**30,934.22**	-	**80,887.58**	**1,11,821.80**

* based on NAV statements and other information received from assets reconstruction company and adjusted for Expected credit losses.

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.

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	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	42,871.31	42,871.31	-	-	41,280.54	41,280.54
Reclassified from Loan Assets*	-	-	90,051.90	90,051.90	-	-	12,070.00	12,070.00
Assets derecognised or repaid (excluding write offs)	-	-	(15,392.25)	(15,392.25)	-	-	(10,479.23)	(10,479.23)
Gross carrying amount closing balance	-	-	**1,17,530.96**	**1,17,530.96**	-	-	**42,871.31**	**42,871.31**

* net of amount written-off

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Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment loss allowance - opening balance	-	-	24,576.64	24,576.64	-	-	18,716.64	18,716.64
Incremental provision (net)	-	-	12,066.74	12,066.74	-	-	6,360.00	6,360.00
	-	-	**36,643.38**	**36,643.38**	-	-	**24,576.64**	**24,576.64**

Particulars	As at 31 March 2024							
	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	-	-	7,80,983.89	7,80,983.89	-	-	7,80,983.89	7,80,983.89
Total	-	-	**7,80,983.89**	**7,80,983.89**	-	-	**7,80,983.89**	**7,80,983.89**

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**

* Discounted cash flow approach adopted for fair valuation of loans

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.

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Note 31
Financial instruments – Fair values and Risk management (continued)

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 lending, 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 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 less than 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 90 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.

Note 31

Financial instruments – Fair values and Risk management (continued)

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 90 days and above past due. Non payment on another obligation of the same customer is also considered as a Stage 3. In addition, Group shall also classify those accounts as default which meets the criteria as per the RBI circular RBI/2021-2022/125 DOR.STR.REC.68/21.04.048/2021-22 dated November 12, 2021.

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 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:

• GNI growth
• GDP deflator

For the purpose of determination of impact of forward looking information, the company applies macroeconomic (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.

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Note 31
Financial instruments – Fair values and Risk management (continued)

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances is as follows:

Particulars	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3[$]	Total	Stage 1	Stage 2	Stage 3[$]	Total
Gross carrying amount opening 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**
New assets originated or purchased*	5,50,721.54	8,739.24	3,530.23	5,62,991.01	1,92,543.01	5,190.64	2,621.02	2,00,354.67
Assets derecognised or repaid (excluding write offs)	(2,78,160.56)	(51,433.38)	(20,078.91)	(3,49,672.85)	(2,33,124.09)	(40,047.22)	(43,752.64)	(3,16,923.95)
Transfers to stage 1	33,261.74	(25,502.97)	(5,758.77)	-	49,084.52	(39,642.81)	(9,441.71)	-
Transfers to stage 2	(84,225.84)	90,931.23	(6,705.39)	-	(44,291.26)	49,720.05	(5,428.79)	-
Transfers to stage 3	(8,964.19)	(23,367.14)	32,331.33	-	(12,477.50)	(10,268.63)	22,746.13	-
Amounts written off (net of recovery)	-	(9,693.89)	(11,060.82)	(20,754.71)	-	(17,484.59)	(31,227.07)	(48,712.06)
Presented under Investments as Security Receipts*	(4,877.00)	(74,367.87)	(6,812.03)	(86,056.90)	-	(4,128.44)	(7,941.56)	(12,070.00)
Gross carrying amount closing balance	**7,44,512.44**	**35,638.45**	**33,337.26**	**8,13,488.15**	**5,38,756.75**	**1,20,333.23**	**47,891.62**	**7,06,981.60**

* 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	2023-24				2022-23			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening 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**
New assets originated or purchased	12,111.11	551.71	1,567.86	14,230.68	6,084.87	202.04	1,140.31	7,427.22
Assets derecognised or repaid (excluding write offs)	(6,537.73)	(5,365.80)	(10,012.97)	(21,916.50)	(6,986.04)	(10,799.98)	(25,614.06)	(43,400.08)
Transfers to stage 1	5,011.53	(2,021.86)	(2,989.67)	-	10,172.55	(4,909.63)	(5,262.92)	-
Transfers to stage 2	(4,123.41)	7,191.50	(3,068.09)	-	(1,111.17)	4,124.28	(3,013.11)	-
Transfers to stage 3	(2,114.36)	(2,128.93)	4,243.29	-	(1,975.63)	(1,407.02)	3,382.65	-
Impact on year end ECL on exposures transferred between stages during the year	(4,756.63)	(154.26)	12,880.75	7,969.86	(4,233.25)	2,517.07	10,248.39	8,532.21
Amounts written off (net of recovery)	(130.46)	(13,522.51)	(9,541.41)	(23,194.38)	(64.73)	(7,435.21)	(23,283.88)	(30,783.82)
ECL allowance - closing balance	**11,014.35**	**2,435.70**	**19,054.21**	**32,504.26**	**11,554.30**	**17,885.85**	**25,974.45**	**55,414.60**

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Note 31

Financial instruments – Fair values and Risk management (continued)

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.

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 at 31 March 2024

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	143.67	-	-	-	143.67
Debt securities	9,015.08	1,15,176.48	2,09,912.35	-	3,34,103.91
Borrowings (other than debt securities)	46,894.84	1,30,750.65	1,99,098.28	46,317.35	4,23,061.12
Other financial liabilities	23,777.97	693.30	3,342.79	428.90	28,242.96
Total	**79,831.56**	**2,46,620.43**	**4,12,353.42**	**46,746.25**	**7,85,551.66**

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, Rs. 4,375.00 lakhs scheduled for payment after 31 March 2024 for these facilities have been classified as per prevailing contractual maturity.

- In addition to above Rs 6,669.00 lakhs classified as per contractual maturity above pertains to borrowings which exceeds the limits specified in the covenants.

- Also refer Note 41

As at 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**

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Note 31
Financial instruments – Fair values and Risk management (continued)

F. Liquidity risk

The following table shows the carrying amounts and fair values of financial liabilities including their levels in the fair value hierarchy:

As at 31 March 2024

Particulars	Carrying amount	Fair value			Total
		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	
At amortised cost					
Debt securities	3,34,103.91	-	-	3,34,103.91	3,34,103.91
Borrowings (other than debt securities)	4,23,061.12	-	-	4,23,061.12	4,23,061.12
Total	7,57,165.03	-	-	7,57,165.03	7,57,165.03

* Discounted cash flow approach adopted for fair valuation of borrowings

As at 31 March 2023

Particulars	Carrying amount	Fair value			Total
		Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs*	
At amortised cost					
Debt securities	1,10,886.95	-	-	1,10,886.95	1,10,886.95
Borrowings (other than debt securities)	4,53,918.00	-	-	4,53,918.00	4,53,918.00
Total	5,64,804.95	-	-	5,64,804.95	5,64,804.95

* Discounted cash flow approach adopted for fair valuation of borrowings

Note 31

Financial instruments – Fair values and risk management (continued)

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.

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.

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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-Mar-24	Year ended 31-Mar-23
I	**Gross segment revenue from continuing operations**		
(a)	Large corporate	8,492.43	17,684.75
(b)	SME	10,296.45	17,315.66
(c)	Commercial vehicles	86,687.99	56,312.04
(d)	Housing finance	29,042.69	20,924.18
(e)	Unallocated*	5,234.45	5,728.71
	Segment revenue from continuing operations	**1,39,754.01**	**1,17,965.34**
II	**Segment results**		
(a)	Large corporate	(14,966.17)	5,746.03
(b)	SME	9,457.31	4,233.45
(c)	Commercial vehicles	23,853.89	16,196.75
(d)	Housing finance	5,786.32	5,123.21
(e)	Unallocated**	(11,167.36)	(7,436.42)
	Profit/(loss) before tax	**12,963.99**	**23,863.02**
III	**Segment assets**		
(a)	Large corporate	92,130.57	1,08,709.00
(b)	SME	47,060.61	1,01,804.00
(c)	Commercial vehicles	6,01,248.81	3,87,379.00
(d)	Housing finance	2,19,829.23	1,45,427.00
(e)	Unallocated***	1,51,800.66	1,68,899.76
	Total assets	**11,12,069.88**	**9,12,218.76**
IV	**Segment liabilities**		
(a)	Large corporate	62,481.88	62,953.00
(b)	SME	35,115.03	66,821.00
(c)	Commercial vehicles	4,23,671.13	2,78,394.00
(d)	Housing finance	1,61,714.96	91,714.00
(e)	Unallocated****	1,05,565.08	1,01,178.05
	Total liabilities	**7,88,548.08**	**6,01,060.05**

* 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

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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 & Whole Time Director
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 2024	For the year ended 31 March 2023
Upfront Fees	1,228.41	4,018.68

c) Transactions with key management personnel :

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Short-term employee benefits	196.44	209.11
Sitting fees to Non-Executive Independent Directors	34.95	40.54
Reimbursement of expenses	1.62	0.37

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)*

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Note 34

Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
Type of Services or service		
Fees and commission income	6,153.04	5,416.58
Total revenue from contracts with customers	**6,153.04**	**5,416.58**
Geographical markets		
India	6,153.04	5,416.58
Outside India	-	-
Total revenue from contracts with customers	**6,153.04**	**5,416.58**
Timing of revenue recognition		
Services transferred at a point in time	6,153.04	5,416.58
Services transferred over time	-	-
Total revenue from contracts with customers	**6,153.04**	**5,416.58**

Note 35

Contingent liabilities and Commitments

Particulars	As at 31 March 2024	As at 31 March 2023
Contingent liabilities		
Corporate guarantee given by Company to banks	2,375.00	2,875.00
Litigation cases filed against the Company	71.04	-
Income tax matters under dispute	602.14	-
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	86.95	291.55
Loans sanctioned not yet disbursed	22,167.16	48,695.89

Note 36

Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2024	As at 31 March 2023
Opening balance	3,103.51	3,749.94
Add : additions during the year	2,957.43	1,132.85
Add : Interest on lease liability	389.35	336.66
Less : Deletions	(705.55)	(720.55)
Less : Lease rental payments	(1,057.94)	(1,395.39)
	4,686.80	**3,103.51**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2024	As at 31 March 2023
Not later than one year	1,334.59	882.80
Later than one year but not later than five years	4,113.10	2,427.27
Later than five years	479.24	680.81
	5,926.93	**3,990.88**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2024	As at 31 March 2023
Lease liability		
Less than 12 months	915.11	611.79
More than 12 months	3,771.69	2,491.72
	4,686.80	**3,103.51**

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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 2024	As at 31 March 2023
a. Principal amount remaining unpaid	124.16	10.89
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 2024

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	124.16	-	-	-	124.16
(ii) Others	19.51	-	-	-	19.51
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

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	-	-	-	-	-

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.

A. Amount recognised in the balance sheet	As at 31 March 2024	As at 31 March 2023
Present value of the obligation as at the end of the year	462.75	423.97
Fair value of plan assets as at the end of the year	4.68	4.36
Net asset / (liability) to be recognized in the balance sheet	**458.07**	**419.61**

B. Change in projected benefit obligation	As at 31 March 2024	As at 31 March 2023
Projected benefit of obligation at the beginning of the year	423.97	512.22
Current service cost	110.73	172.41
Past service cost		3.89
Interest cost	26.22	17.76
Benefits paid	(148.16)	(158.34)
Actuarial (gain) / loss on obligation	49.99	(123.97)
Projected benefit obligation at the end of the year	**462.75**	**423.97**

C. Change in plan assets		
Fair value of plan assets at the beginning of the year	4.36	4.09
Return on plan assets	3.55	5.07
Actuarial gain/(loss)	(3.23)	(4.80)
Benefits paid		-
Fair value of plan assets at the end of the year	**4.68**	**4.36**
D. Amount recognised in the statement of profit and loss		
Current service cost	110.73	172.41
Past service cost and loss/(gain) on curtailments and settlement	-	-
Net interest cost	22.67	29.13
Expenses recognised in the statement of profit and loss	**133.40**	**201.54**
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	2.20	(4.26)
- Change in demographic assumption	-	(74.44)
- experience variation	47.79	(57.83)
Return on plan assets, excluding amount recognised in net interest expense	3.23	4.80
	53.22	**(131.73)**

F. Assumptions used

	As at 31 March 2024	As at 31 March 2023
Discount rate	7.15%	7.30%
Salary growth rate	6.00%	6.00%
Withdrawal rates	50% at younger ages reducing to 10% at older ages	50% at younger ages reducing to 10% 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 2024		As at 31 March 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	455.50	470.23	418.04	430.08
Salary growth rate (0.5% movement)	470.05	455.53	430.11	418.20
Withdrawal rate (10% movement)	449.93	476.58	416.57	431.92

H. Other information :

1. Plans assets comprises 100% of insurance funds
2. The expected contribution for the next year is Rs. 107.09 lakhs.
3. The average outstanding term of the obligations as at valuation date is 3.25 years.
4. The above disclosure is based on report and assumptions provided by the actuary and has been relied upon by the Auditors.

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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 2024		As at 31 March 2023	
	As % of Consolidated Net assets	Rs. Lakhs	As % of Consolidated Net assets	Rs. Lakhs
Parent				
IndoStar Capital Finance Limited	95.88%	3,10,204.46	97.14%	3,02,255.29
Subsidiaries				
IndoStar Home Finance Private Limited	17.96%	58,114.27	17.26%	53,713.50
IndoStar Asset Advisory Private Limited	0.15%	473.65	0.15%	461.52
Less: Inter-Company eliminations	-13.99%	(45,270.58)	-14.55%	(45,271.60)
Total	**100.00%**	**3,23,521.80**	**100.00%**	**3,11,158.71**

Share of Profit or Loss

Particulars	For the year ended 31 March 2024		For the year ended 31 March 2023	
	As % of Consolidated profit or loss	Rs. Lakhs	As % of Consolidated profit or loss	Rs. Lakhs
Parent				
IndoStar Capital Finance Limited	61.83%	7,161.37	83.18%	18,727.05
Subsidiaries				
IndoStar Home Finance Private Limited	38.07%	4,409.51	16.78%	3,777.54
IndoStar Asset Advisory Private Limited	0.10%	12.13	0.04%	10.07
Less: Inter-Company eliminations	-	-	-	-
Total	**100.00%**	**11,583.01**	**100.00%**	**22,514.66**

Share of Other comprehensive income

Particulars	For the year ended 31 March 2024		For the year ended 31 March 2023	
	As % of Consolidated Other comprehensive income	Rs. Lakhs	As % of Consolidated Other comprehensive income	Rs. Lakhs
Parent				
IndoStar Capital Finance Limited	75.29%	(23.52)	89.08%	76.66
Subsidiaries				
IndoStar Home Finance Private Limited	24.71%	(7.72)	10.92%	9.40
IndoStar Asset Advisory Private Limited	-	-	-	-
Minority Interest	-	-	-	-
Less: Inter-Company eliminations	-	-	-	-
Total	**100.00%**	**(31.24)**	**100.00%**	**86.06**

Share of Total comprehensive income

Particulars	For the year ended 31 March 2024		For the year ended 31 March 2023	
	As % of Consolidated Total comprehensive income	Rs. Lakhs	As % of Consolidated Total comprehensive income	Rs. Lakhs
Parent				
IndoStar Capital Finance Limited	61.79%	7,137.85	83.20%	18,803.71
Subsidiaries				
IndoStar Home Finance Private Limited	38.10%	4,401.79	16.76%	3,786.94
IndoStar Asset Advisory Private Limited	0.11%	12.13	0.04%	10.07
Minority Interest	-	-	-	-
Less: Inter-Company eliminations	-	-	-	-
Total	**100.00%**	**11,551.77**	**100.00%**	**22,600.72**

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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 2024, 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 2024, 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				

II. Option Movement during the year ended 31 March 2024

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	19,13,000	1,46,500	2,30,000	3,98,500
Options granted during the year	-	-	-	-	46,00,492
Options forfeited / lapsed during the year	3,950	5,73,500	1,36,500	74,750	2,96,856
Options exercised during the year	-	-	-	-	-
Total number of shares arising as a result of exercise of options	-	-	-	-	-
Money realised by exercise of options (Rs. Lakhs)	-	-	-	-	-
Number of options outstanding at the end of the year	31,750	13,39,500	10,000	1,55,250	47,02,136
Number of options exercisable at the end of the year	14,350	3,59,950	10,000	1,55,250	1,14,450
The weighted average market price of shares exercised during the year ended 31 March 2023 (Rs. Per share)	-	-	-	-	-

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Note 40
Employee stock option plans
III. 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 (Rs. 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	1,68,500
The weighted average market price of shares exercised during the year ended 31 March 2022 (Rs. Per share)	-	-	-	-	-

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 (Rs. per share)	281.00 - 437.00	139.00 - 437.00	255.00	437.00	131.45 - 437.00
No. of Options Outstanding as on 31 March 2024	31,750	15,39,500	10,000	1,55,250	47,02,136
Contractual Life (in years)	4.32	4.70	0.55	2.01	6.04

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
Risk free interest rate	NA	NA	NA	NA	7.02%
Weighted average expected life (in years)	NA	NA	NA	NA	3.80
Expected volatility	NA	NA	NA	NA	44.92%
Dividend yield	NA	NA	NA	NA	0.0%
Exercise Price	NA	NA	NA	NA	199.86
Weighted average exercise price (Rs. per share)	NA	NA	NA	NA	199.86

VI. Effect of share-based payment transactions on the entity's Profit or Loss for the period:

Particulars	31-Mar-24	31-Mar-23
Employee share based expense	811.32	(4,350.07)
Total ESOP reserve outstanding	2,122.74	2,074.82

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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 at 31 March 2024			As at 31 March 2023		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	61,390.42	-	**61,390.42**	17,974.12	-	**17,974.12**
Bank balances other than cash and cash equivalents	6,782.02	28,137.57	**34,919.59**	1,880.49	21,723.10	**23,603.59**
Loans	2,23,166.62	5,57,817.27	**7,80,983.89**	1,75,355.77	4,76,211.23	**6,51,567.00**
Investments	43,684.22	68,137.58	**1,11,821.80**	85,640.00	18,294.67	**1,03,934.67**
Other financial assets	4,370.43	33,935.61	**38,306.04**	2,023.38	33,132.98	**35,156.36**
Non-financial assets						
Current tax assets (net)	-	8,336.99	**8,336.99**	-	5,607.74	**5,607.74**
Deferred tax assets (net)	-	31,651.53	**31,651.53**	-	31,643.62	**31,643.62**
Property, plant and equipment	-	6,800.67	**6,800.67**	-	5,353.44	**5,353.44**
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**
Other intangible assets	-	1,289.99	**1,289.99**	-	2,351.56	**2,351.56**
Other non-financial assets	4,389.85	860.42	**5,250.27**	3,286.71	421.26	**3,707.97**
TOTAL ASSETS	**3,43,783.56**	**7,68,286.32**	**11,12,069.88**	**2,86,160.47**	**6,26,058.29**	**9,12,218.76**

Particulars	As at 31 March 2024			As at 31 March 2023		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES						
Financial liabilities						
Trade payables	143.67	-	**143.67**	794.21	-	**794.21**
Debt securities	1,24,191.56	2,09,912.35	**3,34,103.91**	32,010.36	78,876.59	**1,10,886.95**
Borrowings (other than debt securities)*	1,77,645.48	2,45,415.64	**4,23,061.12**	1,70,880.66	2,83,037.34	**4,53,918.00**
Other financial liabilities	24,471.27	3,771.69	**28,242.96**	30,223.36	2,991.71	**33,215.07**
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	219.23	451.52	**670.75**	162.18	393.75	**555.93**
Deferred Tax Liability	-	1,360.32	**1,360.32**	-	579.54	**579.54**
Other non-financial liabilities	965.35	-	**965.35**	1,110.35	-	**1,110.35**
TOTAL LIABILITIES	**3,27,636.56**	**4,60,911.52**	**7,88,548.08**	**2,35,181.12**	**3,65,878.93**	**6,01,060.05**

* also refer note 31(G)

Note 42 - Other notes

Note 42.1

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 Nil) aggregating Rs. Nil (previous year Nil) used for refinancing loans of the customers.

Note 42.2

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 Prohibition of Benami Property Transactions 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.

g) In respect of the disclosure required vide notification dated March 24, 21 issued by Ministry of Corporate Affairs, the Group has taken steps to identify transactions with the struck-off companies and considering the nature of business which is primarily lending to individuals and other small players, there are no such transactions which may be required to be reported.

h) The provision related to number of layers as prescribed under section 2(87) of the Companies Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to Company.

i) Other than the loans and advances given in normal course of business, 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 Group 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 lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Group has also not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

j) Title deed of immovable property has been held in the name of the Company

MSKA & ASSOCIATES Chartered Accountants

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to Consolidated financial statements for the year ended 31 March 2024
(Currency : Indian Rupees Lakhs)

Note 43 - Figures for the previous year have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

In terms of our report attached
For MSKA & Associates
Chartered Accountants

Tushar Kurani
Partner

Place: Mumbai
Date: 29 April 2024

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 & Whole Time Director
DIN: 10056556

Vinodkumar Panicker
Chief Financial Officer

Shikha Jain
Company Secretary

Place: Mumbai
Date: 29 April 2024

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

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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");	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.

Sr. No.	Key Audit Matter	Auditor's Response
	• 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)	• 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.

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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.

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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

Deloitte
Haskins & Sells LLP

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' 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.

(xvii) There has been no resignation of the statutory auditors of the Company during the year.

(xviii) 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.

(xix) 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

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Balance Sheet as at 31 March 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	5,19,561.53	6,49,096.68
Investments	6	1,45,705.73	97,713.42
Other financial assets	7	33,419.56	8,956.43
		7,35,531.02	**8,01,814.71**
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		**8,13,927.30**	**8,82,426.89**
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	1,10,886.95	1,97,793.62
Borrowings (other than debt securities)	16	3,70,421.44	3,50,504.82
Other financial liabilities	17	28,211.11	44,874.67
		5,10,254.75	**5,93,442.14**
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		**5,11,672.01**	**5,94,625.23**
EQUITY			
Equity share capital	20	13,607.93	13,607.93
Other equity	21	2,88,647.36	2,74,193.73
TOTAL EQUITY		**3,02,255.29**	**2,87,801.66**
TOTAL LIABILITIES AND EQUITY		**8,13,927.30**	**8,82,426.89**

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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
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**	**1,04,218.40**
Other income	23	437.03	1,135.87
Total income		**97,324.98**	**1,05,354.27**
Expenses			
Finance costs	24	51,801.92	51,430.77
Impairment on financial instruments	25	(4,013.46)	1,15,076.93
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**	**1,99,439.96**
Profit/(loss) before tax		**18,727.05**	**(94,085.69)**
Tax expense:	29		
1. Current tax		-	-
2. 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 (Rs.)		13.76	(62.06)
Diluted earnings per share (Rs.)		13.76	(62.06)
(Equity Share of face value of Rs.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

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
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)	1,15,076.93
	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	1,20,639.79	(1,37,882.93)
	(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**	**(1,15,232.57)**
	Taxes (paid) / refund	1,260.87	5,187.69
	Net cash (used in)/generated operating activities (A)	**96,222.14**	**(1,10,044.88)**
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)	1,00,108.25
	(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)**	**1,19,651.57**
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	2,80,098.46	1,50,625.81
	Repayments towards bank borrowings	(2,57,877.76)	(1,75,551.88)
	Proceeds from issuance of Non-Convertible Debentures	90,000.00	74,590.00
	Repayments towards Non-Convertible Debentures	(1,29,000.00)	(1,04,579.99)
	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**

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
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
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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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
Place: Mumbai
Date: 25 May 2023

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
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 Rs.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 Rs.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	**2,92,207.63**	**25,905.39**	**0.43**	**7,081.96**	**2,026.78**	**(53,028.46)**	-	**2,74,193.73**
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	**2,92,207.63**	**29,650.80**	**0.43**	**2,074.82**	**2,683.84**	**(37,957.64)**	**(12.52)**	**2,88,647.36**
(ii) Balance at 1 April 2021	2,91,370.27	25,905.39	0.43	5,375.17	1,971.29	29,898.99	(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 (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	**2,92,207.63**	**25,905.39**	**0.43**	**7,081.96**	**2,026.78**	**(53,028.46)**	-	**2,74,193.73**

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

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to the financial statements for the year ended 31 March 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 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 statement of profit or loss. The losses arising from impairment are recognised in the statement of 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.

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(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
- 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:
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 Rs. 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 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.

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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 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:

- 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 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 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 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.

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(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) **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 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.

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 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

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Note 3		
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		
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		
Loans		
At amortised 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
Other loans	2,214.37	2,024.13
Total - Gross	**5,73,729.42**	**7,60,755.41**
Less: Impairment allowance	(54,167.89)	(1,11,658.73)
Total - Net	**5,19,561.53**	**6,49,096.68**
(a) Secured by tangible assets	5,55,087.38	7,18,173.66
(b) Unsecured	18,642.04	42,581.75
Total - Gross	**5,73,729.42**	**7,60,755.41**
Less: Impairment allowance	(54,167.89)	(1,11,658.73)
Total - Net	**5,19,561.53**	**6,49,096.68**
Loans in India		
(a) Public sector	-	-
(b) Others	5,73,729.42	7,60,755.41
Total - Gross	**5,73,729.42**	**7,60,755.41**
Less: Impairment allowance	(54,167.89)	(1,11,658.73)
Total - Net (a)	**5,19,561.53**	**6,49,096.68**
Loans outside India (b)	-	-
Total - Net (a)+(b)	**5,19,561.53**	**6,49,096.68**

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.

Note 6
Investments

Investments as at 31 March 2023

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
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**	**1,70,282.37**
Investments in India	42,871.31	9,477.34	72,662.12	45,271.60	1,70,282.37
Investments outside India	-	-	-	-	-
Total - Gross	**42,871.31**	**9,477.34**	**72,662.12**	**45,271.60**	**1,70,282.37**
Less: Impairment loss allowance	(24,576.64)	-	-	-	(24,576.64)
Total - Net	**18,294.67**	**9,477.34**	**72,662.12**	**45,271.60**	**1,45,705.73**

(* net of amount written off Rs. 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 Rs. 270.60 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

Investments as at 31 March 2022

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
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**	**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 Rs. 17,609.05 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 Rs. 245.51 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

IndoStar Capital Finance Limited
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Notes to the financial statements for the year ended 31 March 2023
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Note 7		
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)

Particulars	As at 31 March 2023	As at 31 March 2022
Note 8		
Current tax assets (net)		
Advance tax (net of provision)	5,376.00	6,636.87
	5,376.00	6,636.87
Note 9		
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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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Note 10
Property, plant and equipment

DESCRIPTION	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
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

(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**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

Particulars	As at 31 March 2023	As at 31 March 2022
Note 13		
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		
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

Particulars	As at 31 March 2023	As at 31 March 2022
Note 15		
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 Rate of interest >= 7.78% <= 11.40% Amount	As at 31 March 2022 Rate of interest >= 6.77% <= 11.40% 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**

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.

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022

(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
Borrowings
At amortised cost

Particulars	As at 31 March 2023	As at 31 March 2022
Term loans		
Term loans from Banks (Refer note (a) below)*	2,08,043.70	1,91,966.39
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)	1,11,570.57	95,617.53
Total	**3,70,421.44**	**3,50,504.82**
Borrowings in India	3,70,421.44	3,50,504.82
Borrowings outside India	-	-
Total	**3,70,421.44**	**3,50,504.82**
Secured borrowings	2,99,977.23	3,49,386.71
Unsecured borrowings	70,444.21	1,118.11
Total	**3,70,421.44**	**3,50,504.82**

(a) Term loan from banks/FI :
Terms of repayment (based on contractual maturity):

Repayable 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	1,14,033.00	82,888.78
0-12 Months	89,102.85	1,00,778.02
Total	**2,33,066.81**	**2,27,923.89**

* 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)

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Particulars	As at 31 March 2023	As at 31 March 2022

(b) Working capital demand loans:
Terms of repayment (based on contractual maturity)

Repayable 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
Other financial liabilities

	As at 31 March 2023	As at 31 March 2022
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**

Note 18
Provisions

	As at 31 March 2023	As at 31 March 2022
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
Non-financial liabilities

	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	951.60	571.06
	951.60	**571.06**

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Note 20 - Equity share capital & Preference Share Capital

(a) Details of authorised, issued and subscribed share capital

	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 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	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

	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

(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 Rs. 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital.

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

(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 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.

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Note 20 - Equity share capital & Preference Share Capital

(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.

(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%)

(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Note 21		
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	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	(37,957.64)	(53,028.46)
Debt instruments through other comprehensive income	(12.52)	-
	2,88,647.36	**2,74,193.73**

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	2,92,207.63	2,91,370.27
Add: Transfer from ESOP reserves	-	226.36
Add : Premium collected on share allotment	-	611.00
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	1,971.29
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.

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Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Note 22		
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**	**1,04,218.40**

Note 23		
Other income		
Miscellaneous income	93.39	156.63
Interest on income tax refund	343.64	979.24
	437.03	**1,135.87**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Note 24		
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**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Note 25		
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)	**1,15,076.93**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Note 26		
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 31st 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.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Note 27		
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**

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Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Note 28		
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

Particulars	31 March 2023	31 March 2022
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

Particulars	31 March 2023	31 March 2022
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	-	-

(Currency : Indian Rupees in Lakhs)

Note 29
Income taxes

Tax expense
(a) Amounts recognised in statement of profit and loss

	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

	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

	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)

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Note 29
Income Taxes

(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 Rs. 4,584.61 lakhs on Unused Carried forward losses is yet to be recognized.

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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)	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 (₹) (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.

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.

HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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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:

	As at 31 March 2023							
	Carrying amount				Fair value			
Particulars	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**	**1,00,434.13**	**82,139.46**	**-**	**18,294.67**	**1,00,434.13**

* based on NAV statements and other information received from ARC and adjusted for Expected credit losses as per Model.

	As at 31 March 2022							
	Carrying amount				Fair value			
Particulars	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**

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D. Fair value hierarchy (continued)

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**

(Currency : Indian Rupees in Lakhs)

D. Fair value hierarchy (continued)

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	-	-	5,19,561.53	5,19,561.53	-	-	5,19,561.53	5,19,561.53
Total	-	-	5,19,561.53	5,19,561.53	-	-	5,19,561.53	5,19,561.53

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	-	-	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

* Discounted cash flow approach adopted for fair valuation of level 3 instruments

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IndoStar Capital Finance Limited

Note 31
Financial Instruments – Fair values and Risk management (continued)

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.
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.

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Note 31
Financial instruments – Fair values and Risk management (continued)

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:

- 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.

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Note 31
Financial instruments – Fair values and Risk management (continued)
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	**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**
New assets originated or purchased	1,45,430.17	5,057.35	2,402.59	1,52,890.11	2,65,517.66	45,218.59	65,901.08	3,76,637.33
Assets derecognised or repaid (excluding write offs)	(1,98,066.54)	(38,867.37)	(42,899.86)	(2,79,833.77)	(1,42,760.23)	(67,497.13)	(48,965.25)	(2,59,222.61)
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)	1,12,132.70	-
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	**4,10,306.00**	**1,17,199.41**	**46,224.01**	**5,73,729.42**	**4,71,747.78**	**1,70,915.70**	**1,18,091.93**	**7,60,755.41**

* 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.

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**	**1,11,658.73**	**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**	**1,11,658.73**

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Note 31
Financial instruments – Fair values and Risk management (continued)

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	-	1,10,886.95
Borrowings (other than debt securities)	47,238.71	1,09,717.16	1,91,165.08	22,300.49	3,70,421.44
Other financial liabilities	25,089.75	418.18	2,167.76	535.42	28,211.11
Total	87,399.95	1,27,809.45	2,72,209.44	22,835.91	5,10,254.75

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, Rs. 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 Rs 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	-	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

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Note 31
Financial instruments – Fair values and risk management (continued)

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.

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Note 31
Financial instruments – Fair values and risk management (continued)

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.

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%**

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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 (KMP)
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.

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Note 32
Related Party disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

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)*

(Currency : Indian Rupees in Lakhs)

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

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	-	-

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:

	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**

	As at 31 March 2023	As at 31 March 2022
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**
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	As at 31 March 2023	As at 31 March 2022
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 Rs. 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.

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	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				

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	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 (Rs. 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
Weighted average market price of options exercised for the year ended 31 March 2023 (Rs.)	-	-	-	-	-

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	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 (Rs. 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 exercised for the year ended 31 March 2022 (Rs.)	-	300.12	309.57	-	-

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Note 38
Employee stock option plans

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 (Rs. 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	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

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	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.(Rs.)	NA	141.48	NA	NA	NA

VI. Effect of share-based payment transactions on the Company's Profit or Loss for the year:

Particulars	31 March 2023	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.

HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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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	1,69,778.20	3,49,783.33	**5,19,561.53**	1,37,947.07	5,11,149.61	**6,49,096.68**
Investments	6	82,139.46	63,566.27	**1,45,705.73**	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		**2,75,599.17**	**5,38,328.13**	**8,13,927.30**	**1,82,057.79**	**7,00,369.10**	**8,82,426.89**

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	**1,10,886.95**	1,58,593.53	39,200.09	**1,97,793.62**
Borrowings (other than debt securities)	16	1,56,955.87	2,13,465.57	**3,70,421.44**	1,54,535.46	1,95,969.36	**3,50,504.82**
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		**2,16,289.09**	**2,95,382.92**	**5,11,672.01**	**3,56,540.20**	**2,38,085.03**	**5,94,625.23**

* also refer note 31(G)

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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 Rewiew 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
(iii) changes in fair value of financial guarantee contracts
when it finalised its financial statements for the quarter and 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 Rs. 4,58,695.46 lakhs from banks and financial institutions and through securitisation (including Rs. 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 Rs. Nil (previous year Rs. 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.

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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	1,35,510.39	8,453.57	-
Market borrowings	-	-	-	9,189.02	13,061.67	13,758.96	38,069.66	1,22,221.25	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	2,42,020.26	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, Rs. 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 Rs 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 Rs.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**

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Note 43- Exposure to real estate sector

	Category	As at 31 March 2023	As at 31 March 2022
	Direct exposure		
	i. **Residential Mortgages**		
A	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 Rs. NIL. (Previous year Rs. NIL)	78,619.90	1,11,973.95
	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;	1,55,425.59	1,57,337.55
	iii. **Investments in Mortgage Backed Securities (MBS) and other securitised exposures**		
	- Residential	Nil	Nil
	- Commercial Real Estate	Nil	Nil
	Indirect Exposure		
B	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	50,474.53	49,370.51

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	-	
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	-	-

(Currency : Indian Rupees in Lakhs)

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 2023	As at 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)

II - Concentration of Advances

	Particulars	As at 31 March 2023	As at 31 March 2022
1	Total Advances to twenty largest borrowers	1,28,625.09	1,65,504.12
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	1,71,733.50	1,84,097.53
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	1,18,091.93	32,486.91
	Additions during the year/period	24,228.68	1,78,033.78
	Reductions during the year/period	(96,096.60)	(92,428.76)
	Closing balance	46,224.01	1,18,091.93
	Movement of Net NPAs		
	Opening balance	50,534.98	14,211.90
	Additions during the year/period	9,779.83	1,15,690.67
	Reductions during the year/period	(39,603.85)	(79,367.58)
	Closing balance	20,710.96	50,534.98
	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.

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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	As at 31 March 2023	As at 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	As at 31 March 2023	As at 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	-	-

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

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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	As at 31 March 2023
1	No. of accounts	2,052.00
2	Aggregate value of accounts acquired Rs. 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	As at 31 March 2023
1	No. of accounts	108
2	Aggregate value (net of provisions) of accounts assigned Rs. 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	-	-
	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	1,48,324.27	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 under	-	-
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

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IX - Customer Complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Sr. No	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	-	-

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	-

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.

Note 45- Other disclosures pursuant to the RBI Master Directions, 2016

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	1,70,282.37	1,15,930.06
		(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	1,45,705.73	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	-	-
	(iv)	Closing balance	24,576.64	18,216.64

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 Rs. 54.20 lakhs excluding taxes paid to Stock exchanges relating to "Minimum Public Shareholding

(MPS) Requirements" (previous year 26.70 lakhs) and others -Rs 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 (Rs. In Lakhs)	-	391.92
3	Amount recovered (Rs. In Lakhs)	-	-
4	Amount written off (Rs. In Lakhs)	-	391.92

Note: The above information is based on FMR 1 reported to RBI

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Note 45- Other disclosures pursuant to the RBI Master Directions, 2016

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
	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)
3	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)	-	-	-	-
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 beginning of the next FY	Number of Borrowers	-	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-	-
		Provision Thereon	-	-	-	-	-	-	-	-	-	-	-
5	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	-	-	-	-
6	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)
7	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)
8	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

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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	4,06,567.75	10,501.18	3,96,066.57	1,652.27	8,848.91
	Stage 2	1,14,149.66	16,949.25	97,200.41	3,694.20	13,255.05
Subtotal		**5,20,717.41**	**27,450.43**	**4,93,266.98**	**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		**5,73,729.42**	**54,167.89**	**5,19,561.53**	**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	4,10,305.98	10,921.26	3,99,384.72	2,026.09	8,895.17
	Stage 2	1,17,199.43	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	**5,73,729.42**	**54,168.69**	**5,19,560.73**	**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.

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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	3,46,085.00	N/A	86.40%

(ii) Top 20 large deposits (amount in Rs. 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	% of Total Borrowings
2,81,824.00	76.13%

(iv) Funding concentration based on significant instrument/product

Sr. No.	Nature of instrument	Amount	% of Total Liabilities
1	Term Loan	2,33,066.81	58.19%
2	Non-Convertible Debentures	1,10,886.95	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.

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Note 48 - Liquidity coverage ratio:

	Particulars	Q1 FY 2022-23 Amounts (Average)		Q2 FY 2022-23 Amounts (Average)		Q3 FY 2022-23 Amounts (Average)		Q4 FY 2022-23 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**

		Q1 Total Adjusted Value	Q2 Total Adjusted Value	Q3 Total Adjusted Value	Q4 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 receipts 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.

(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

		As at 31 March 2023			As at 31 March 2022		
SL No	Sectors	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	2,96,542.27	24,139.93	5.00%	3,88,701.58	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	1,55,152.14	-	-	1,56,669.58	-	-
	- 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)	4,83,216.46	28,676.97	5.93%	5,92,297.90	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%	1,01,079.76	11,720.72	7.65%
	Total (5)	1,05,387.40	15,989.19	15.17%	1,53,228.06	26,906.03	17.56%
	Total (1+2+3+4+5+6)	**6,16,983.95**	**46,224.01**	**7.49%**	**7,82,506.90**	**1,18,091.93**	**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	As at 31 March 2023	As at 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	-	-

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to the financial statements for the year ended 31 March 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:

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	-	-	-	-	-	4,009.43
			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)	-	-	-	-	-	-	5,845.32
		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	-	-	-	-	
		Loan Given/(Repaid) net (including conversion of loan to Equity)	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	(13,000.00)	-	-	-	-	(13,000.00)

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Notes to the financial statements for the year ended 31 March 2023
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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	
Liabilities side :		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	**Amount outstanding**	**Amount overdue**
(a) Debenture : Secured	1,10,886.95	-
: Unsecured	-	-
(b) Deferred Credits	-	-
(c) Term Loans	2,33,066.81	-
(d) Inter-corporate loans and borrowing	444.21	-
(e) Commercial Paper	-	-
(f) Public Deposits (Refer Note 2 below)	-	-
(g) Other Loans	1,36,910.42	-
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):	**Amount outstanding**	**Amount overdue**
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	
(c) Other public deposits	-	-

Assets side :	Amount outstanding
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a) Secured	5,55,087.38
(b) Unsecured	18,642.04
(4) Break up of Leased Assets and stock on hire counting towards AFC activities	**Amount outstanding**
(i) Lease assets including lease rentals under sundry debtors :	
(a) Financial lease	-
(b) Operating lease	-
(ii) Stock on Hire including hire charges under sundry debtors :	
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards AFC Activities :	-
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(5) Break-up of Investments :	**Amount outstanding**
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debenture and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	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	-

(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.

(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	5,02,593.11	16,968.42	5,19,561.53

(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	1,00,434.13	1,00,434.13

(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.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited

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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited

Deloitte Haskins & Sells LLP

Chartered Accountants
One International Center
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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	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

Sr. No.	Key Audit Matter	Auditor's Response
	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)	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

(a) 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.

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	L65100MH2009 PLC268160	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

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Balance Sheet as at 31 March 2023
(Currency : Indian Rupees 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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

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
Place: Mumbai
Date: 25 May 2023

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Profit and Loss for the year ended 31 March 2023
(Currency : Indian Rupees 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
Place: Mumbai
Date: 25 May 2023

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Cash flows for the year ended 31 March 2023
(Currency : Indian Rupees 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**
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**

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Cash flows for the year ended 31 March 2023
(Currency : Indian Rupees Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
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
Place: Mumbai
Date: 25 May 2023

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Changes in Equity (SOCIE) for the year ended 31 March 2023
(Currency : Indian Rupees Lakhs)

(a) Equity share capital of face value of Rs.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 Rs. 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-IC	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	-	-	-	-	-	-	-	611.68
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**

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

Vinodkumar Panicker
Chief Financial Officer
Place: Mumbai
Date: 25 May 2023

Karthikeyan Srinivasan
Chief Executive Officer
DIN: 10056556

Shikha Jain
Company Secretary

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to Consolidated financial statements for the year ended 31 March 2023
(Currency : Indian Rupees 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 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 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 statement of profit or loss. The losses arising from impairment are recognised in the statement of 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 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

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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 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 Rs. 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. 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 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 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 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.

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(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.

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 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.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

(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 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.

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 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

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Note 3		
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		
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		
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.

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Note 6
Investments

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 Rs. 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	Fair value through profit or loss	Total
		Through other comprehensive		
Investments as on 31 March 2022				
Mutual funds	-	-	31,703.13	31,703.13
Treasury Bills	-	-	-	-
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 Rs. 17,609.05 lakhs)

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Note 7		
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

Particulars	As at 31 March 2023	As at 31 March 2022
Note 8		
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		
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**

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Note 10
Property, plant and equipment

Particulars	Land - Freehold*	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right-of-Use Assets	Total
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

(Currency : Indian Rupees 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

Particulars	Total
(a) Goodwill	
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.

Particulars	Computer Software	Total
(b) Other intangible assets		
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**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

Particulars	As at 31 March 2023	As at 31 March 2022
Note 13		
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		
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		
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 >= 7.78% <= 11.40%	Rate of interest >= 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**

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 ₹ 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

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.

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022

(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
	-	**44,523.97**

Note 16
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**

(a) Term loan from banks/FI :
Terms of repayment (based on contractual maturity)

Repayable 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**

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022

(b) Term loans from NHB
Terms of repayment (based on contractual maturity)

	As at 31 March 2023	As at 31 March 2022
	Rate of interest >= 6.60% <= 8.95%	Rate of interest >= 5.25% <= 6.65%
Repayable within#	**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)

Repayable within #	As at 31 March 2023	As at 31 March 2022
	Rate of interest >= 9.10% <= 12.51%	Rate of interest >= 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
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
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
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 Identification number to their Aadhar number issued by the UIDAI.

(Currency : Indian Rupees Lakhs)

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**

(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 Rs. 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital.

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

(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 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.

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Note 20
Equity share capital

(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.

(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%)

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Particulars	As at 31 March 2023	As at 31 March 2022
Note 21		
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		
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**
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**

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
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.

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/forfeiture of vested options by employees.

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Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Note 22		
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
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**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Note 23		
Other income		
Miscellaneous income	158.72	162.03
Interest on income tax refund	372.82	997.76
	531.54	**1,159.79**
Note 24		
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		
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**
Note 26		
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 31st 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.

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Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Note 27		
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		
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
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)	-	

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Note 29
Income taxes

Tax expense
(a) Amounts recognised in statement of profit and loss

	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

	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**

(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)

Note 29
Income Taxes (continued)

(d) Movement in deferred tax balances

Particulars	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**

Particulars	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 satisfac	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 Rs. 4,584.61 lakhs on Unused Carried forward losses is yet to be recognized.

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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		
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)

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

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.
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.

(Currency : Indian Rupees 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 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

(Currency : Indian Rupees 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.

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Note 31
Financial instruments – Fair values and Risk management (continued)

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
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.

Note 31
Financial instruments – Fair values and Risk management (continued)

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 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.

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Note 31

Financial Instruments – Fair values and Risk management (continued)

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**

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Note 31
Financial Instruments – Fair values and Risk management (continued)

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.

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, Rs. 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 Rs 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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

Note 31
Financial instruments – Fair values and risk management (continued)

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.

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.

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CHARTERED ACCOUNTANTS

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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-Mar-23	Year ended 31-Mar-22
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)**
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

(Currency : Indian Rupees Lakhs)

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

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)*

(Currency : Indian Rupees Lakhs)

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**

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**

(Currency : Indian Rupees 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	-	-	-	-	-

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.

	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**

	As at 31 March 2023	As at 31 March 2022
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**

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	For the year ended 31 March 2023	For the year ended 31 March 2022
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	As at 31 March 2023	As at 31 March 2022
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

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 Rs. 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	Rs. Lakhs	As % of Consolidated Net assets	Rs. 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 profit or loss	Rs. Lakhs	As % of Consolidated Net assets	Rs. 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)**

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				

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 (Rs. 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 (Rs. Per share)	-	-	-	-	-

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 (Rs. Lakhs)	-	563	77	-	-
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 (Rs. Per share)	-	300.12	309.57	-	-

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 (Rs. 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

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	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 (Rs. per share)	NA	141.48	NA	NA	NA

V. Effect of share-based payment transactions on the entity's Profit or Loss for the period:

Particulars	31-Mar-23	31-Mar-22
Employee share based expense	(4,380.07)	1,989.44
Total ESOP reserve outstanding	2,674.82	7,081.96

(Currency : Indian Rupees 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 at 31 March 2023			As at 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**

Particulars	As at 31 March 2023			As at 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)

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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;
(ii) loan assets written off; and
(iii) changes in fair value of financial guarantee contracts

when it finalised its financial statements for the quarter and 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 Rs. 4,58,698.46 lakhs from banks and financial institutions and through securitisation (including Rs. 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 Rs. Nil (previous year Rs. 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.

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to Consolidated financial statements for the year ended 31 March 2023
(Currency : Indian Rupees 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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

Deloitte Haskins & Sells LLP

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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.

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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 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 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.	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. 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	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

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	(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.	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	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.

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	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.	

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) 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

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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.

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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

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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

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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

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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.

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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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' 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,

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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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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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.

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

(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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Balance Sheet as at 31 March 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

Neville M. Darowalla
Partner

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

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

IndoStar Capital Finance Limited

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Statement of profit and loss for the year ended 31 March 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 (Rs.)		(62.06)	(23.14)
Diluted earnings per share (Rs.)		(62.06)	(23.14)
(Equity Share of face value of Rs.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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

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

[illegible]ndra Bhat
Company Secretary

IndoStar Capital Finance Limited

Place: Mumbai
Date: 5 August 2022

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Statement of Cash flows for the year ended 31 March 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 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)**
C Cash Flow from financing activities		
Proceeds from issue of 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**

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Statement of Cash flows for the year ended 31 March 2022
(Currency : Indian Rupees in Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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

IndoStar Capital Finance Limited

Place: Mumbai
Date: 5 August 2022

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Statement of Changes in Equity (SOCIE) for the year ended 31 March 2022
(Currency : Indian Rupees in Lakhs)

(a) Equity share capital of face value of Rs.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 Rs.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 31st March 2022	1,206.90	-	1,206.90	(1,206.90)	-
As at 31st 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 (net)	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 (net)	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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

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

IndoStar Capital Finance Limited

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 except where the instrument is initially measured as fair value through profit or loss.

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(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.

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(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
- 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.

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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:
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.

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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 Rs. 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 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.

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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 instruments. The Company has grouped its loan portfolio into Corporate loans, SME loans and Commercial vehicle 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.

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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.

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(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 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.

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(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.

(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.

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(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 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.

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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 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.

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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.

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IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to the financial statements for the year ended 31 March 2022
(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 3		
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

Particulars	As at 31 March 2022	As at 31 March 2021
Note 4		
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

Particulars	As at 31 March 2022	As at 31 March 2021
Note 5		
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 property and or equipment.
iv) Also refer Note 32.

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Indostar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to the financial statements for the year ended 31 March 2022
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Note 6
Investments

Investments as at 31 March 2022

Particulars	Amortised cost	At Fair Value		At cost	Total
		Through other comprehensive income	Through profit and loss		
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 Rs. 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 Rs. 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 Rs. 9,315.85 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 Rs. 211.91 lakhs in form of deemed investment in subsidiary on account of ESOPs given to employees of subsidiary.

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IndoStar Capital Finance Limited
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(Currency : Indian Rupees in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 7		
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)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 8		
Current tax assets (net)		
Advance tax (net of provision)	6,636.87	11,824.56
	6,636.87	11,824.56
Note 9		
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

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(Currency : Indian Rupees in Lakhs)

Note 10
Property, plant and equipment

DESCRIPTION	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right of Use - Premises	Total
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

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CHARTERED ACCOUNTANTS

(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
Goodwill

DESCRIPTION	Total
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.

Intangible assets

DESCRIPTION	Computer Software	Total
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**

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IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
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Particulars	As at 31 March 2022	As at 31 March 2021
Note 13		
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 Rs. Nil (Previous year Rs. 844.40 lakhs) as claim receivable towards ex-gratia under GOI Scheme.

Note 14		
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		
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 Rate of interest >= 6.77% <= 11.40% Amount	As at 31 March 2021 Rate of interest >= 8.08% <= 11.40% 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

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 Rate of interest >=6.30% <= 7.00% Amount	As at 31 March 2021 Rate of interest 8.50% Amount
0-12 Months	44,523.97	12,312.20
Total	44,523.97	12,312.20

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Particulars	As at 31 March 2022	As at 31 March 2021
Note 16		
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

(a) Term loan from banks/FI :
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
	>=7.25% <= 11.00%	>= 8.21% <= 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 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(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	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

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.

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Particulars	As at 31 March 2022	As at 31 March 2021
Note 17		
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
Note 18		
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		
Non-financial liabilities		
Statutory dues payable	571.06	608.29
	571.06	608.29

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Note 20 - Equity share capital & Preference 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 Rs. 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 Rs.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.

(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	4,14,67,593	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 Rs. 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital.

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

(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.

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Note 20 - Equity share capital & Preference Share Capital
(a) Details of authorised, issued and subscribed share capital

(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%

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Particulars	As at 31 March 2022	As at 31 March 2021
Note 21		
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
21.1 Other equity movement		
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)**

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.

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Particulars	As at 31 March 2022	As at 31 March 2021

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 Rs. 10 each allotted on 27 May 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (Rs. 290 per CCPS) amounting to Rs. 3,888.89 lakhs (dividend – Rs. 3,500.00 lakhs and withholding tax - Rs. 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 Rs. 10 each allotted on 26 November 2021 (CCPS), at rate of 10% p.a. calculated on the issue price of Rs. 290 per CCPS amounting to Rs. 1,960.42 lakhs (dividend – Rs. 1,764.38 lakhs and withholding tax - Rs. 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.

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Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Note 22		
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		
Other income		
Miscellaneous income	156.63	248.66
Interest on income tax refund	979.24	297.90
	1,135.87	**546.56**

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Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Note 24		
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		
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		
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		
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

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Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Note 28		
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	31.83	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	5.10	6.18
d) Others	4.74	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.

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Note 29
Income taxes

Tax expense
(a) Amounts recognised in statement of profit and loss

	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

	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

	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)
	(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 Rs. 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.

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Note 29
Income Taxes

(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 Rs. 5,335.63 lakhs on Unused Carried forward losses is yet to be recognized.

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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)

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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.

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.

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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.

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**

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(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 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**

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D. Fair value hierarchy (continued)

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

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	-	-	6,59,245.71	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

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Note 31
Financial instruments – Fair values and Risk management (continued)

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.
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.

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Note 31
Financial instruments – Fair values and Risk management (continued)

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.

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Note 31
Financial instruments - Fair values and Risk management (continued)
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	1,70,156.80	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

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	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	**9,773.28**	**35,328.51**	**67,556.94**	**1,11,658.73**	**28,167.84**	**22,067.83**	**18,275.01**	**68,510.68**

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Note 31
Financial instruments – Fair values and Risk management (continued)

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.

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Note 31
Financial instruments – Fair values and Risk management (continued)

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 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 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, Rs. 29,786.11 lakhs scheduled for payment after 31 March 2023 for these facilities have been classified as per prevailing contractual maturity.

- In addition to above Rs 198,599.68 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 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

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Note 31
Financial instruments – Fair values and risk management (continued)

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 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.

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Note 31
Financial instruments – Fair values and risk management (continued)

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.

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.

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.

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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
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").

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Note 32
Related Party disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

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	-
	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*

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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**

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**

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
a. Principal and interest amount remaining unpaid	30.15	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	-	-
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.

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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.

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:

	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**

	As at 31 March 2022	As at 31 March 2021
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	5.52	4.15
Actuarial gain/(loss)	(5.27)	(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	As at 31 March 2022	As at 31 March 2021
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

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 Rs. 177.00 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.

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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.				
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 (Rs. 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 (Rs.)	-	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	-	-
Money realised by exercise of options (Rs. 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 (Rs.)	284.55	331.06	309.72	-	-

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Note 38
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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 (Rs. 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.(Rs.)	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.

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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)

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Note 41 - Other notes

Note 41.1

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 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).

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 Rs. 220,604 lakhs as at 31 March 2022.

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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 Rs. 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 Rs. 7,180 lakhs, liquid investments aggregating Rs. 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 Rs. 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.

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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	3,01,452.65
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, Rs. 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 Rs 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 Rs.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**

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Note 43- Exposure to real estate sector

	Category	As at 31 March 2022	As at 31 March 2021
	Direct exposure		
A	i. **Residential Mortgages** Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; individual housing loans up to 15 lakhs Rs.NIL. (Previous year Rs. 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
	Indirect Exposure		
B	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	49,370.51	59,503.55

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	-	-
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)	-	-

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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%

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.

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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	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	-	2,296

In addition to above, the Company has transferred loans of Rs. 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 Rs 18,268 lakhs pertains to balance transfer.

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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 unde	-	-
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.

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Note 45- Other disclosures pursuant to the RBI Master Directions, 2016
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	-	-
		(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 Rs. 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 Rs. 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 (Rs. In Lakhs)	391.92
3	Amount recovered (Rs. In Lakhs)	-
4	Amount written off (Rs. In Lakhs)	391.92

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Note 45- Other disclosures pursuant to the RBI Master Directions, 2016

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	-	-	-	-	-	-	-	-	-	-	-
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.

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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**
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.

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.

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Note 48- Liquidity coverage ratio:

	Particulars	Q1 FY 2021-22 Amounts (Average)		Q2 FY 2021-22 Amounts (Average)		Q3 FY 2021-22 Amounts (Average)		Q4 FY 2021-22 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	-	-	-	-	-	-	-	-
(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		21,196.58		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.

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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	
Liabilities side :		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	**Amount outstanding**	**Amount overdue**
(a) Debenture : Secured	95,769.65	-
: Unsecured	57,500.00	-
(b) Deferred Credits	-	
(c) Term Loans	2,27,923.89	-
(d) Inter-corporate loans and borrowing	1,116.11	-
(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):	**Amount outstanding**	**Amount overdue**
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

Assets side :	Amount outstanding
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a) Secured	7,18,173.86
(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	-

(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.

(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	23,063.99

(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	6,19,617.01	29,479.66	6,49,096.68

(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.

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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

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Place: Mumbai
Date: 5 August 2022

IndoStar Capital Finance Limited

Deloitte Haskins & Sells LLP

Chartered Accountants
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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

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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	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

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	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.	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:
		  ○ Historical spread.
		  ○ information included in Parent press releases, analyst and industry reports for the Company and certain of its peer companies.
		  ○ internal communications to management and the Parent's Board of Directors, including consideration of COVID19 impacting the forecast.

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	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.	• 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	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.

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	estimates management makes related to estimation of taxable profits.	

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.

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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.

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- 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.

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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

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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

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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

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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.

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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.

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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

DELOITTE HASKINS & SELLS LLP
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IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Balance Sheet as at 31 March 2022
(Currency : Indian Rupees 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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

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

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Profit and Loss for the year ended 31 March 2022
(Currency : Indian Rupees 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	30		
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

Neville M. Daruwalla
Partner

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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

IndoStar Capital Finance Limited

Place: Mumbai
Date: 5 August 2022

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Cash flows for the year ended 31 March 2022
(Currency : Indian Rupees 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)**
C Cash Flow from Financing Activities		
Proceeds from issue of 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**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Cash flows for the year ended 31 March 2022
(Currency : Indian Rupees Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
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

Neville M. Daruwalla
Partner

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Consolidated Statement of Changes in Equity (SOCIE) for the year ended 31 March 2022
(Currency : Indian Rupees Lakhs)

(a) Equity share capital of face value of Rs. 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 Rs. 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	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	611.68	-	-	-	-	-	-	-	611.68
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	-	2,58,811.29
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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

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

IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to Consolidated financial statements for the year ended 31 March 2022
(Currency : Indian Rupees 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 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 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.

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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.

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(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.

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.

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(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;
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.

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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 Rs. 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. 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.

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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 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.

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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 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.

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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.

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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 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.

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(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 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.

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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.

(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.

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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.

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.

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IndoStar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to Consolidated financial statements for the year ended 31 March 2022
(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 3		
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		
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		
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.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

Indostar Capital Finance Limited
(CIN: L65100MH2009PLC268160)
Notes to Consolidated financial statements for the year ended 31 March 2022
(Currency : Indian Rupees Lakhs)

Note 6
Investments

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 Rs. 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	Fair value through profit or loss	Total
		Through other comprehensive		
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 Rs. 9,315.85 lakhs)

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IndoStar Capital Finance Limited
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Particulars	As at 31 March 2022	As at 31 March 2021
Note 7		
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**
Note 8		
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		
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	172.39	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)	**31,588.65**	**14,293.49**

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Indostar Capital Finance Limited
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Note 10
Property, plant and equipment

Particulars	Land - Freehold*	Buildings	Furniture and fixtures	Leasehold Improvement	Office equipment	Computers	Right-of-Use Assets	Total
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

DELOITTE HASKINS & SELLS LLP
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(Currency : Indian Rupees 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
(b) 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

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Particulars	As at 31 March 2022	As at 31 March 2021
Note 13		
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 Rs. Nil (Previous year Rs. 1,005.70 lakhs) towards claim receivable towards ex-gratia under GOI Scheme.

Note 14		
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		
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 Rate of interest >= 6.77% <= 11.40% Amount	As at 31 March 2021 Rate of interest >= 8.08% <= 11.40% 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**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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 Rate of interest >=6.30% <= 7.00% Amount**	**As at 31 March 2021 Rate of interest 8.50% Amount**
0-12 Months	44,523.97	12,312.20
	44,523.97	**12,312.20**

Note 16

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	3,99,483.46
Borrowings outside India	-	-
Total	**4,24,550.02**	**3,99,483.46**
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**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

IndoStar Capital Finance Limited
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(a) Term loan from banks/FI :
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
	>=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 (based on contractual maturity)

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)

(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

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.

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 17		
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		
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		
Non-financial liabilities		
Statutory dues payable	705.28	700.20
	705.28	**700.20**

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Note 20
Equity share capital

(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

Particulars	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**

(b) 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 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**

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(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 21		
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**

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**

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
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)**

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.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS

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 Rs. 10 each allotted on 27 May 2020 (CCPS), at rate of 10% p.a. calculated on the issue price (Rs. 290 per CCPS) amounting to Rs. 3,888.89 lakhs (dividend – Rs. 3,500.00 lakhs and withholding tax - Rs. 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 Rs. 10 each allotted on 26 November 2021 (CCPS), at rate of 10% p.a. calculated on the issue price of Rs. 290 per CCPS amounting to Rs. 1,960.42 lakhs (dividend – Rs. 1,764.38 lakhs and withholding tax - Rs. 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.

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Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Note 22		
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		
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**

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Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Note 24		
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		
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		
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		
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**

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Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Note 28		
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	307.02	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.

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Note 29
Income taxes

Tax expense
(a) Amounts recognised in statement of profit and loss

	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 Rs. 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.

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Note 29
Income Taxes (continued)

(d) Movement in deferred tax balances

	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**

	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 Rs. 5,335.63 lakhs on Unused Carried forward losses is yet to be recognized.

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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)

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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, 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.

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(Currency : Indian Rupees 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	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.

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

(Currency : Indian Rupees Lakhs)

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**

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.

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Note 31

Financial instruments – Fair values and Risk management (continued)

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

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.

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Note 31
Financial instruments – Fair values and Risk management (continued)

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 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.

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Note 31

Financial instruments – Fair values and Risk management (continued)

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))

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)	(8,694.39)	(15,216.14)	(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**

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Note 31
Financial instruments – Fair values and Risk management (continued)

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.

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Note 31
Financial instruments – Fair values and Risk management (continued)

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 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 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	91,058.71	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**

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, Rs. 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 Rs 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**

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Note 31
Financial instruments – Fair values and risk management (continued)

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.

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.

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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-Mar-22	Year ended 31-Mar-21
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**
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

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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	-

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 KMP*

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(Currency : Indian Rupees Lakhs)

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**

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**

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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 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:

	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**

	As at 31 March 2022	As at 31 March 2021
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**

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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	As at 31 March 2022	As at 31 March 2021
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	915.60	495.83	501.51

H. Other information :

1. Plans assets comprises 100% of insurance funds
2. The expected contribution for the next year is Rs. 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	Rs. Lakhs	As % of Consolidated Net assets	Rs. 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	Rs. Lakhs	As % of Consolidated Net assets	Rs. 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)**

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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.

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	30,00,000	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 (Rs. 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 (Rs. Per share)	-	300.12	303.57	-	-

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	15,04,277	25,50,500	17,44,500	14,58,000
Options granted during the year	-	-	-	-	15,75,000
Options forfeited / lapsed during the year	-	12,36,777	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 (Rs. Lakhs)	95.60	573.75	1,003.40		-
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 (Rs. Per share)	284.55	331.06	301.72	-	-

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 (Rs. 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 2021	35,700	15,10,500	3,48,000	17,19,500	30,27,500
Contractual Life (in years)	3.75	4.39	2.49	4.03	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 Assumption 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%	5.0%	NA	NA	5.3%
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	0.0%	0.0%	NA	NA	0.0%
Exercise Price	218.00	262.55	NA	NA	288.20
Weighted average exercise price (Rs. per share)	217.85	262.55	NA	NA	288.20

V. Effect of share-based payment transactions on the entity's Profit or Loss for the period:

Particulars	31-Mar-22	31-Mar-21
Employee share based expense	1,389.44	963.01
Total ESOP reserve outstanding	7,081.96	5,375.17

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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 at 31 March 2022			As at 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 at 31 March 2022			As at 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 33(G)

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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 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.

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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 Rs. 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 Rs. 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 Rs. 7,180 lakhs, liquid investments aggregating Rs. 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 Rs. 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 42.6

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.

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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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS

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