



**IndoStar Home Finance Private Limited**

**Annual Report for the Financial Year 2022-23**

## **IndoStar Home Finance Private Limited**

### **Management Discussion & Analysis for AR 2022-23**

#### **Affordable finance**

Affordable housing finance plays an important role in meeting the housing needs of low and middle-income individuals in India. With the country's growing population, and an imperative demand to provide affordable and adequate housing options, affordable housing finance institutions are a perfect platform to bridge this gap and offer accessible financial solutions to those seeking affordable homes.

In the past few years, the affordable housing finance sector in India has witnessed considerable growth and innovation. Government initiatives like the Pradhan Mantri Awas Yojana (PMAY) and AHF (Affordable Housing Fund) have played a pivotal role in encouraging affordable housing finance by offering subsidies, incentives and support to borrowers and lenders.

According to a report from Reserve Bank of India (RBI) there is an estimated shortage of 10 crore units majorly impacting the low- and middle-income housing segment showing an enormous potential for affordable housing finance companies

The housing finance institutions with its wide range of products at competitive rates, simplified documentation in addition to the government schemes like PMAY can help meet the housing demands of the low- and middle-income groups promoting financial inclusion by extending credit to individuals who may have limited access to formal financial services.

#### **PMAY**

Further affordable housing loan market is expected to see increased credit demand due to budget announcements related to credit allocation in the Pradhan Mantri Aawas Yojana and urban infrastructure development fund. The higher allocation of Rs 79,000 crores, compared to previous years of Rs 48,000 crores for the Pradhan Mantri Awas Yojana, is anticipated to drive higher demand for loans in the lower-income segment.

In conclusion, the budget announcements and increased allocation for the PMAY Awas Yojana is, in all probability, likely to have a positive impact on the Indian affordable housing loan market. The higher demand for loans in the lower-income segment indicate a favourable environment for affordable housing finance companies.

## **Risk Management**

A robust and comprehensive fraud prevention mechanism prevails; where in Risk containment unit undertakes screening and conducts verification of every transaction which ensures the authenticity of documents. The Company also appointed Audit firm in order to conduct concurrent audit on disbursed loan proposals; Concurrent Auditor verifies entire set of loan documents as well as system captured information; ensuring files are processed within policy framework.

Company implemented process which ensures Portfolio Performance review is conducted at specific intervals and basis findings immediately appends internal lending policies. Company is keen in developing automated processes; in order to ensure quality decision within stipulated timeframe. Steps are already initiated towards automation and will soon start integrating various tools.

The Company regularly reviews various risks such as interest rate risk, credit risk, delinquency risk, liquidity risk, collateral risk, litigation risk etc. and take preventive/corrective measures as required

## **BUSINESS REVIEW**

### Housing Finance

IndoStar's Housing Finance business is operated through its wholly-owned subsidiary IndoStar Home Finance Private Limited. As in the case of its other retail businesses, IndoStar aims at providing access to credit for those who are underserved by the formal financial sector, specifically customers situated in Tier II and III cities, and those on the outskirts of urban markets. The Company provides affordable loans to self-employed and salaried individuals who seek to avail loans for purchase and self-construction of residential properties. IndoStar's key USP in this segment is its excellent asset quality and one of the lowest interest rates.

The Company aims to leverage the Pradhan Mantri Awas Yojana (PMAY) with the aim to boost affordable housing and achieve the Government's vision of 'Housing for All'.

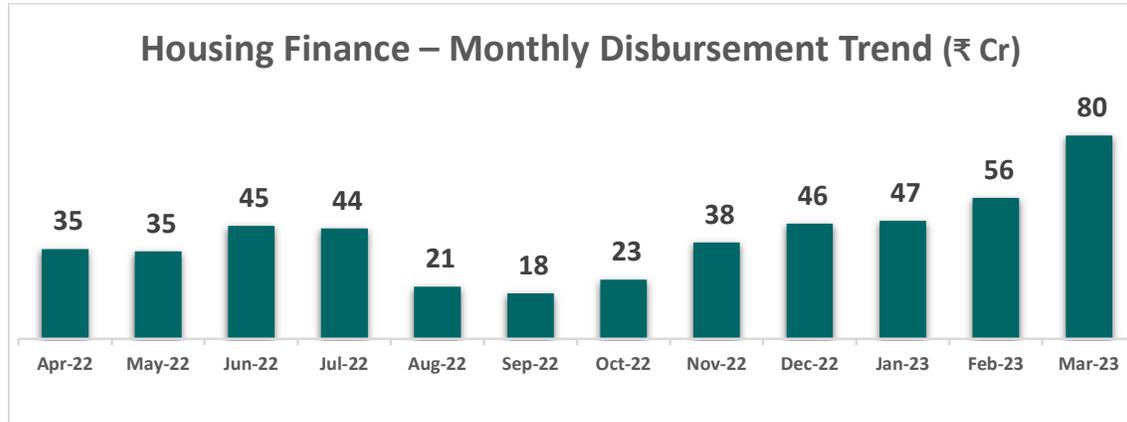
At the end of FY 2022-23, the AUM (Assets Under Management) of the Housing Finance arm stood at Rs 1623 Crores, including Securitized /Assigned loans. Fresh loans assigned/secured during the year amounted to Rs 345 crores.

The 12-month period, April 2022 – March 2023, was a good year for IndoStar Home Finance Private Limited especially the second half of the year where the company recorded the highest monthly disbursement of the year Rs 80 Cr.

The company improved its geographical footprint by adding 71 branches to the existing 65 branches on a pan-India basis disbursing loans of around Rs 487 Cr.

Our focus on prudent credit underwriting practices and proactive risk management has helped maintain a healthy asset quality. Gross NPA as on 31<sup>st</sup> Mar'23 stands at 1.25% and net NPA 0.91%

The company's employee Headcount has increased from 463 to 757. The total Live Customers has increased by 24%, from 16,200 to 20,161.



## BOARD'S REPORT

Dear Members,

Your Directors' take pleasure in presenting the 8<sup>th</sup> Board's Report on the affairs of your Company together with the Audited Financial Statements for the financial year ended March 31, 2023.

### FINANCIAL HIGHLIGHTS

The key highlights of the Audited Financial Statements of your Company for the financial year ended March 31, 2023 and comparison with previous financial year ended March 31, 2022 are summarized below:

(₹ in crore)

Particulars	As at March 31, 2023	As at March 31, 2022
Total income	209.24	144.82
Total expenditure	158.01	98.74
Profit before taxation	51.23	46.09
<b>Net Profit after taxes</b>	<b>37.78</b>	<b>34.31</b>
Other comprehensive income, net of tax	0.09	0.06
Total comprehensive income	37.86	34.37
Transfer to statutory reserve fund u/s 29C of National Housing Bank Act, 1987	7.56	6.86
Balance brought forward from previous year	31.18	4.66
Balance carried to balance sheet	61.50	31.18
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	0.84	0.89
Diluted (₹)	0.84	0.89

### FINANCIAL PERFORMANCE & COMPANY'S STATE OF AFFAIRS

Your Company is engaged in the affordable housing finance business which is aligned with the government's mission of 'Housing for All' and strives to pass on the benefits of various schemes of the National Housing Bank ("NHB") under the said mission to mid and low income Indian families who dream to own a home. Your Company commenced business operations in mid of 2017 and has built a quality and profitable portfolio of over ₹ 1,623 crore as on March 31, 2023 which is increased from ₹ 1,406 crore from previous financial year.

During the year under review, the total income of the Company was ₹ 209.24 crore as against ₹ 144.82 crore in the previous year which is primarily on account of increase in loan book. The operations of the Company during the year under review has resulted in profit after tax of ₹ 37.78 crore as against ₹ 34.31 crore in the previous year. The other key performance indicators of the Company are: (a) Return on Assets: 2.8%; (b) Capital to Risk Weighted Assets Ratio: 80.5%; (c) Debt-Equity Ratio: 1.6x; (d) Disbursements: ₹ 487 crore; (f) Gross Stage 3 assets: 1.3%; and (g) Cash & cash equivalent including undrawn lines: ₹ 291.11 crore.

Your Company has an expanded network of branches and operates across 136 branches in 10 states in India and has an employee base of over 757 employees as on March 31, 2023.

With consistent performance your Company has achieved desired results and continued to maintain good asset quality with net non-performing assets (“NPA”) of 0.91% as on March 31, 2023. Pursuant to the requirement of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (“Master Directions”), the circulars, directions, notifications issued by the Reserve Bank of India (“RBI”) and National Housing Bank (“NHB”) collectively referred as (“RBI HFC Directions”), a provision of ₹ 8.09 crore was made as at March 31, 2023.

Further, in terms of the RBI HFC Directions, the Company is required to transfer a sum not less than 20 per cent of its net profit every year to reserve fund before declaration of any dividend, accordingly an amount of ₹ 7.56 crore was transferred to statutory reserve fund. For details of Reserves and Surplus of the Company, please refer Note 19 of the Audited Financial Statements of the Company for the financial year ended March 31, 2023.

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

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

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

Subsequent to the year under review, your Company has been engaged in preliminary discussions to explore potential strategic options including potential combination and listing of the retail mortgage portfolio of JM Financial Home Loans Limited (“JM”) and the business of the Company including other mortgage-backed business of the IndoStar Capital Finance Limited, Holding Company.

The discussions are currently at a preliminary stage and non-binding in nature and any transaction concerning JM and your Company will be subject to satisfactory due diligence, negotiation of commercial terms, execution of definitive agreements and receipt of all relevant regulatory and other approvals.

## **DIVIDEND**

In order to conserve cash in the Company, *inter-alia*, for the Company’s growth, despite having sufficient distributable profits, the Board of Directors deem it proper to preserve & augment the resources and hence did not recommend dividend on equity shares for financial year 2022-23.

## **FINANCIAL STATEMENTS**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time.

In terms of Section 129 of the Act read with Rules framed thereunder, Audited Financial Statements of the Company for the financial year ended March 31, 2023 shall be laid before the ensuing Annual General Meeting of the Company.

The Audited Financial Statements together with Auditor's Report thereon forms part of the annual report and are also available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-relations>.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In terms of the requirements of RBI HFC Directions, the Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

## **SHARE CAPITAL**

### **Authorised Share Capital**

There has been no change in the Authorised Share Capital of the Company during the financial year ended March 31, 2023.

The Authorised Share Capital of the Company as on March 31, 2023 is ₹ 1,000 crore divided into 100,00,00,000 equity shares of face value of ₹ 10 each.

### **Issued, Subscribed & Paid-up Share Capital**

During the year under review, the Company has not issued any equity shares. The the paid-up share capital of the Company as on March 31, 2023 and as on date of this report stands at ₹ 450 crore divided into 45,00,00,000 equity shares of face value of ₹ 10 each.

Your Company has not issued any sweat equity shares or equity shares with differential voting rights. None of the Directors on the Board of the Company as on March 31, 2023, holds any equity shares or instruments convertible into equity shares of the Company.

## **HOLDING/SUBSIDIARY COMPANY**

During the year under review, IndoStar Capital Finance Limited ("ICFL") continues to be the Holding Company of the Company. ICFL is listed on National Stock Exchange of India Limited and BSE Limited. As per Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), your Company is considered as a Material Subsidiary Company of ICFL.

Your Company does not have any subsidiary, joint venture or associate company. Accordingly, disclosures under Rule 8(1) and Rule 8(5)(iv) of Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies are not applicable to the Company.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

At present, the Board of Directors of your Company comprises 3 (three) Directors of which 1 (one) is an Executive Director and 2 (two) are Non-Executive Non-Independent Directors. The Board composition is in compliance with the requirements of the Act, RBI HFC Directions and such other direction(s), circular(s), notification(s) and guideline(s) issued by the NHB and RBI as applicable except the provision of Section 149 of the Act with respect to appointment of woman director on the Board of Directors of the Company, vacancy of which has occurred during the period under review and the Company is looking for a suitable candidate.

Detailed composition of the Board of Directors of the Company has been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

### **Appointments and cessations**

During the year under review, Mr. Narayanan Rajagopalan Nadadur (DIN: 07877022), tendered his resignation as a Non- Executive Independent Director of the Company with effect from January 13, 2023 and Ms. Benaifer Gev Palsetia (DIN: 08678348) also tendered her resignation as a Non- Executive Director of the Company with effect from July 18, 2022.

The Board placed on record its deep appreciation and gratitude for the valuable support and guidance provided by Mr. Narayanan Rajagopalan Nadadur and Ms. Palsetia to the Company and the Board as a whole during their association with the Company.

Further, Mr. Shreejit Menon was appointed as a Whole-Time Director of the Company for a term of 5 years with effect from March 19, 2018. The said tenure of 5 years was expiring on March 18, 2023 and hence Board of Directors at its meeting held on February 13, 2023 on recommendation of Nomination & Remuneration Committee approved the re-appointment of Mr. Menon as a Whole-Time Director designated as Chief Executive Officer for further period of 5 years with effect from March 19, 2023, subject to approval of Members of the Company at the ensuing Annual General Meeting.

### **Director(s) Retiring by Rotation**

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Munish Dayal (DIN: 01683836), Non-Executive Non-Independent Director, shall retire by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting of the Company.

The resolutions for re-appointment of the Directors proposed for Members approval along with their brief profiles as detailed in the Notice of the Annual General Meeting would be placed for your approval.

### **Resignation of Independent Director**

During the year under review, Mr. Narayanan Rajagopalan Nadadur (DIN: 07877022), tendered his resignation as a Non- Executive Independent Director of the Company with effect from January 13, 2023 to pursue other professional opportunities.

## **Director(s) Declaration and Disclosures**

Based on the declarations and confirmations received in terms of the provisions of the Act, the RBI HFC Directions and other applicable direction(s), circular(s), notification(s) and guideline(s) issued by the NHB / RBI, none of the Directors on the Board of your Company are disqualified from being appointed / continuing as Directors.

Your Company has also received declarations from the Independent Director of the Company affirming the compliance with the criteria of independence as prescribed under the provisions of the Act during tenure of his directorship and has also confirmed his enrolment in the databank of Independent Directors maintained by the Indian Institute of Corporate Affairs.

## **Key Managerial Personnel (“KMP”)**

In terms of the provision of the Act, following are the KMPs of the Company as on date of this Board’s report:

Mr. Shreejit Menon	-	Whole-Time Director designated as Chief Executive Officer
Mr. Pushkar Joshi	-	Chief Financial Officer
Ms. Nidhi Sadani	-	Company Secretary & Chief Compliance Officer

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

- Mr. Pushkar Joshi was appointed as a Chief Financial Officer of the Company with effect from November 3, 2022;
- Mr. Shreejit Menon who was appointed as Whole-Time Director to hold office till March 18, 2023 was re-appointed as Whole-Time Director designated as Chief Executive Officer of the Company effective from March 19, 2023 subject to approval of the Members of the Company which is proposed at the ensuing Annual General Meeting.

Subsequent to the year under review, Ms. Nidhi Sadani, Company Secretary was designated as Chief Compliance Officer in accordance with the RBI HFC Directions.

## **NHB / RBI DIRECTIONS**

Your Company complies with the direction(s), circular(s), notification(s) and guideline(s) issued by the NHB / RBI as applicable to your Company.

Further, the RBI vide its circular dated October 22, 2021, has introduced Scale Based Regulations – A Revised Regulatory Framework for NBFCs, which had been made effective from October 1, 2022 and applicable to HFCs. In accordance with the said framework, your Company has been classified as Middle Layer.

## **COMPLIANCE WITH SECRETARIAL STANDARDS**

In terms of provisions of Section 118 of the Act, your Company is in compliance with Secretarial Standards on Meetings of the Board of Directors and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India.

## DEPOSITS

Your Company has not accepted any public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the NHB / RBI. Further, your Company being non-deposit accepting housing finance company, the disclosure requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014, as amended and Para 44 of the Master Directions, are not applicable to your Company.

## RESOURCES AND LIQUIDITY

During the year under review, your Company has raised funds from *inter-alia*, following sources (i) ₹ 150 crore as bank borrowings (outstanding as on March 31, 2023: ₹ 325.53 crore); (ii) ₹ 65 crore through borrowings from holding company (outstanding as on March 31, 2023: NIL); (iii) ₹ 50 crore through Commercial Papers (outstanding as on March 31, 2023: NIL); and (iv) ₹ 346.35 crore by sale / assignment / securitisation of loan assets of the Company.

Subsequent to the year under review, your Company has diversified its sources of funds by issuing maiden Listed Non-convertible Debentures of ₹ 30 crore resulting in debt securities of the Company being listed on the whole-sale debt market segment of BSE Limited.

### Credit Rating(s)

Your Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies. Credit Ratings assigned to the Company as on March 31, 2023 is summarised below:

Particulars / Rating Agencies	Rating
<b>Long Term Debt Programme:</b>	
CRISIL Ratings Limited	"CRISIL AA-/Negative"
<b>Short Term Debt Programme / Commercial Paper:</b>	
CARE Ratings Limited	"CARE A1+"
ICRA Limited	"ICRA A1+"
ICRA Limited	"ICRA A1+"

Subsequent to the year under review ICRA Limited has upon request by the Company withdrew rating assigned to the Commercial Paper programme of the Company.

## DISCLOSURE UNDER CHAPTER XI- GUIDELINES ON PRIVATE PLACEMENT OF NON-CONVERTIBLE DEBENTURES (NCDs) OF MASTER DIRECTIONS:

As on March 31, 2023, your Company has not issued any Non-Convertible Debentures (NCDs). Hence, disclosures under Chapter XI - Guidelines on private placement of Non-Convertible Debentures of Master Directions are not applicable.

## **DEBT EQUITY RATIO**

Your Company's Debt Equity ratio as on March 31, 2023 stood at 1.6:1.

## **CAPITAL ADEQUACY RATIO**

Your Company is well capitalized to provide adequate capital for its continued growth. As on March 31, 2023, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 80.5% (Tier I Capital to Risk Assets Ratio was 80.5% and Tier II Capital to Risk Assets Ratio was 0.0%), well above the regulatory limit of 15% as prescribed in the RBI HFC Directions.

## **NET OWNED FUNDS**

The Net Owned Funds of your Company as on March 31, 2023 stood at ₹ 486.77 crore.

## **AUDITORS**

### **Statutory Auditors & their Report**

Pursuant to circular issued by the RBI on Appointment of Statutory Auditors of Non-Banking Finance Companies ("NBFCs") [Including Housing Finance Companies ("HFCs")] and Section 139 of the Act, the Members of the Company at the 6<sup>th</sup> Annual General Meeting ("AGM") held on September 28, 2021 approved the appointment of M/s. G. D. Apte & Co., Chartered Accountants, having ICAI Firm Registration No.: 100515W, as Statutory Auditors of the Company for a term of 3 (three) years i.e. from the conclusion of 6<sup>th</sup> Annual General Meeting till the conclusion of the 9<sup>th</sup> Annual General Meeting of the Company and delegated the powers to the Board of Directors / Committee to fix their remuneration.

M/s. G. D. Apte & Co., Chartered Accountants, Statutory Auditors in their report on the Audited Financial Statements of your Company for the financial year ended March 31, 2023, have not submitted any qualifications, reservations, adverse remarks or disclaimers.

During the year under review, the Statutory Auditors have not reported any instances of fraud in the Company committed by officers or employees of the Company to the Audit Committee under Section 143(12) of the Companies Act, 2013.

### **Secretarial Auditors & their Report**

In terms of Section 204 of the Act, secretarial audit report from H Choudhary & Associates, Practicing Company Secretary, in prescribed format for the financial year ended March 31, 2023 is enclosed herewith at **Annexure I** to this Board's Report.

H Choudhary & Associates, Practicing Company Secretary, in their report on the secretarial audit of your Company for the financial year ended March 31, 2023 have submitted a qualification relating to non-appointment of woman director on the Board of Directors of the Company as required under Section 149 of the Companies Act, 2013.

### **Director's Response to the remarks/qualification in Secretarial Audit Report**

During the year under review, due to resignation tendered by the woman director a vacancy was created in the position of woman director. Your Company is looking for a suitable candidature for appointment as woman director and endeavoured to ensure compliance at the earliest.

Apart from the above there were no qualifications, reservations, adverse remarks or disclaimers highlighted by the Secretarial Auditor of your Company.

### **MAINTENANCE OF COST RECORDS AND COST AUDIT**

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

### **REPORT ON CORPORATE GOVERNANCE**

The Corporate Governance Report for the year under review, including disclosures as stipulated under the requirements of RBI HFC Directions and RBI Circular on Disclosures in Financial Statements —Notes to Accounts of NBFCs dated April 19, 2022 is annexed to and forms an integral part of this Board's Report.

#### **Meetings**

The Board and its Committees meet at regular intervals *inter-alia* to discuss, review and consider various matters including business performance, strategies, policies and regulatory updates and impact. During the year under review, the Board met 4 (four) times and several meetings of Committees including the Audit Committee were held. Details with respect to the meetings of the Board of Directors and Committee(s), including attendance by Directors / Members at such meetings have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Due to business exigencies, certain decisions, as permitted by law, were taken by the Board/Committee by way of resolution(s) passed through circulation, from time to time and were noted in the subsequent meeting.

#### **Board Committees**

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

The Board of Directors has amongst others, constituted Audit Committee, Asset Liability Management Committee, Risk Management Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Internal Complaints Committee(s), Grievances Redressal Committee, Identification and Review Committee.

Subsequent to the year under review, in order to have more focused attention on fund raising via Non-Convertible Debentures and to ensure hassle free process, the Board of Directors has constituted Debenture Committee.

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

## **PERFORMANCE EVALUATION**

In terms of the provisions of the Act and RBI HFC Directions, the Board of Directors adopted a 'Board Performance Evaluation Policy' to set out a formal mechanism for evaluating performance of the Board, that of its committee(s) and individual Directors. Additionally, in order to outline detailed process and criteria to be considered for performance evaluation, the Nomination & Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees of the Board and individual Directors', which forms an integral part of the Board Performance Evaluation Policy.

Subsequent to the year under review, the Board of Directors evaluated the performance of the existing Directors, Committee(s) of the Board and the Board as a collective entity, during the year under review.

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

## **POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

In terms of provisions of Section 178(2) of the Act and RBI HFC Directions, the Board of Directors adopted a 'Policy on Selection criteria / "Fit & Proper" Person Criteria' *inter-alia* setting out parameters to be considered for appointment of Directors and Senior Management Personnel of the Company.

Details of the Policy on Selection Criteria/ "Fit & Proper" Person Criteria have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is also available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

## **REMUNERATION POLICY**

In terms of Section 178 of the Act and RBI circular on Compensation of Key Managerial Personnel ("KMP") and Senior Management in NBFCs (as amended from time to time), the Board of Directors has adopted a Remuneration Policy *inter-alia* setting out the criteria for determining remuneration of Executive Directors, Non-Executive Directors, Non-Executive Independent Directors and Senior Management / Key Managerial Personnel and other employees of the Company, provision with regard to Malus/Clawback clauses etc..

Details of the Remuneration Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report. The Remuneration Policy is also available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

## **REMUNERATION OF DIRECTORS**

During the year under review, sitting fees of ₹ 4.31 lakhs inclusive of taxes was paid to Independent Director for attending the Board and Committee meetings held during the year under review.

Non-Executive Directors were not paid any remuneration and there were no pecuniary relationships or transactions between the Company and any of its Independent Director and Non-Executive Directors.

Mr. Shreejit Menon, Whole-Time Director and CEO of the Company is entitled to remuneration by way of monthly salary / fixed component, which comprises salary, contribution to provident fund, allowances, mediclaim, gratuity and performance linked variable compensation, medical insurance including his immediate family and life insurance as per group mediclaim and term insurance policies. The employment of the Whole-Time Director of the Company can be terminated either by the Company or by him giving three months' notice or salary in lieu thereof. There is no separate provision for payment of severance fees.

Mr. Menon was entitled to a remuneration of ₹ 140 lakhs including perquisites and other allowances for financial year 2022-23 and variable bonus of ₹ 50.00 lakhs for financial year 2021-22 was paid in financial year 2022-23. Mr. Menon also holds 1,00,000 stock options of IndoStar Capital Finance Limited, the holding company of the Company.

## **WHISTLE BLOWER POLICY / VIGIL MECHANISM**

In terms of Section 177(9) and Section 177(10) of the Act, the Board of Directors adopted a Whistle Blower Policy / Vigil Mechanism *inter-alia* to provide a mechanism for Directors and employees of the Company to approach the Audit Committee of the Company and to report genuine concerns related to the Company and provide for adequate safeguards against victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

Details of the Whistle Blower Policy / Vigil Mechanism have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and the same has also been placed on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>

## **CORPORATE SOCIAL RESPONSIBILITY**

In terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended ("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. In terms of the CSR Policy, during the year under review, your Company's CSR activities were focused on women empowerment and healthcare/sanitation.

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

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

## **RISK MANAGEMENT FRAMEWORK**

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business of the Company. Major risks identified by the business and functions, if any, are systematically addressed through mitigating actions on a continuing basis. The Board of Directors have adopted a Risk Management Policy covering principles of risk management, risk governance, risk identification and categorisation, reporting, assurance and internal audit.

The Risk Management Committee of the Company is *inter-alia* responsible for identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company and overseeing execution / implementation of risk management practices.

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

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

## **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

To the best of our knowledge and belief and according to the information and explanations obtained by us, considering the size and operations of the Company and based on the report(s) of Statutory Auditors of the Company and submission(s) by Internal Auditors of the Company for the financial year under review, the Directors are of the view that the internal financial controls with reference to the financial statements of the Company were adequate and operating efficiently and further confirm that:

- a) the Company has comprehensive internal financial control systems that commensurate with the size and nature of its business;

- b) the Company has laid down standards, processes and structures which enable implementation of internal financial control systems across the organisation and ensure that the same are adequate and operating effectively;
- c) the systems are designed in a manner to provide reasonable assurance about the integrity and reliability of the financial statements;
- d) the Company adopts prudent lending policies and exercises due diligence to safeguard its loan asset portfolio; and
- e) the loan approval process involves origination and sourcing of business leads, credit appraisal and credit approval in accordance with approved processes / matrices.

### **CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY**

In term of the provisions of the Act and RBI HFC Directions, the Board of Directors adopted a 'Related Party Transaction Policy' to ensure proper approval and reporting of transactions with related parties.

In terms of Section 177 of the Act, directions issued by NHB / RBI read with the Related Party Transaction Policy of the Company and the terms of reference of the Audit Committee, transactions with related parties were placed before the Audit Committee for its approval and omnibus approval of the Audit Committee was obtained for related party transactions of repetitive nature, within the limits prescribed by the Board of Directors. The Audit Committee is updated with respect to related party transactions executed under omnibus approval.

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

Disclosure of the related party transactions as required under Ind AS-24 and Regulation 53 of the Listing Regulations is reported in Note 30 of the Audited Financial Statements of the Company for the financial year ended March 31, 2023.

Details of the Related Party Transaction Policy have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report and is available on the website of Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

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

Further, pursuant to the provisions of Section 186(4) of the Act, the details of investments made by the Company are given in the Notes to the Audited Financial Statements of the Company for the financial year ended March 31, 2023.

### **ANNUAL RETURN**

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the Annual Return as at financial year ended March 31, 2023 in form No. MGT-7 is available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>

### **EMPLOYEE STOCK OPTION PLANS**

In order to motivate and incentivize employees of the Company and for aligning their interest with the interests of the larger group, identified employees of the Company were granted stock options under employee stock option plans of ICFL, the holding company of the Company.

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

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

Considering geographic diversification throughout the country and increase in number of employees, the Board of Directors also constituted Regional Internal Complaints Committees for North, West and South regions. The said Committees were re-constituted from time to time, due to appointment / resignation of the employees during the year under review.

During the year under review, no complaints related to sexual harassment were received by the Internal Complaints Committee and the Regional Internal Complaints Committees.

### **GENERAL DISCLOSURE**

During the year under review, no petition has been filed by the Company or was pending before the National Company Law Tribunal under the Insolvency and Bankruptcy Code, 2016 for recovery of outstanding loans against its customers, being corporate debtors.

During the year under review, there has no instance of one-time settlement with any Bank(s) or Financial Institution(s).

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

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

During the year under review, your Company did not have any foreign exchange earning nor incurred any foreign currency expenditure.

Subsequent to the year under review, your Company has launched a series of digital initiatives in order to improve the productivity and enhance customer experience like the sales application, collection application and customer application. Sales application named as Niwas Saathi allows the Company's feet-on-street force to on-board seamlessly with their mobile phone and has enabled your Company to cover wider geography with reduced login turn-around-time which has resulted in improved productivity and reduced cost of customer acquisition significantly. Customer Application named as Saathi has improved customer experience meaningfully which allows them to avail host of loan related services at their finger-tips without visiting the branch.

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

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

## **DIRECTORS RESPONSIBILITY STATEMENT**

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

- a) in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis; and

- e) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **APPRECIATIONS AND ACKNOWLEDGMENT**

Your Directors take this opportunity to express their appreciation to all the stakeholders of the Company including the National Housing Bank, the Reserve Bank of India, the Ministry of Corporate Affairs, the Government of India, the Securities and Exchange Board of India and other Regulatory Authorities, the Depositories, the Bankers, IndoStar Capital Finance Limited - the holding company for their continued support and trust. Your Directors would like to express deep appreciation for the commitment shown by the employees in supporting the Company in achieving continued robust performance on all fronts.

**By the Order of the Board of Directors  
For IndoStar Home Finance Private Limited**

Sd/-  
**Vibhor Talreja**  
Non-Executive Director  
DIN: [08768297](#)

Sd/-  
**Shreejit Menon**  
Whole Time Director & CEO  
DIN: [08089220](#)

Place: Mumbai

Date: July 25, 2023

Form No. MR-3

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**IndoStar Home Finance Private Limited**  
CIN: U65990MH2016PTC271587  
Unit No. 305, 3<sup>rd</sup> Floor, Wing 2/E, Corporate Avenue,  
Andheri - Ghatkopar Link Road, Chakala,  
Andheri (East), Mumbai – 400093

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Home Finance Private Limited** (hereinafter called the “Company”) for the audit period covering the financial year ended on March 31, 2023. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and, subject to our comments hereinafter, compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the relevant & applicable provisions of:

1. The Companies Act, 2013 (“the Act”) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made thereunder (**Not Applicable during the Audit Period**);
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Indirect Foreign Investment.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable during the Audit Period)**;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not Applicable during the Audit Period)**;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not Applicable during the Audit Period)**;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended; **(Not Applicable during the Audit Period)**;
  - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended; **(Not Applicable during the Audit Period)**;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not Applicable during the Audit Period)**;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not Applicable during the Audit Period)**; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not Applicable during the Audit Period)**.
6. Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate systems and process in place for compliance with the following laws applicable specifically to the Company:
- a) The National Housing Bank Act, 1987 as applicable to Housing Finance Companies;
  - b) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021
  - c) Master Direction - Know Your Customer (KYC) Direction, 2016;
  - d) The Prevention of Money Laundering Act, 2002 and the Rules made thereunder;
  - e) Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India/National Housing Bank from time to time in respect of Non - Deposit taking Housing Finance Company to the extent applicable.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

- (i) Labour Laws and other incidental laws related to employees appointed by the Company either on its payroll or on contract basis, as related to wages, gratuity, provident fund, ESIC, compensation etc.;
- (ii) Stamp Acts and Registration Acts of respective states;
- (iii) Acts as prescribed under Direct Tax and Indirect Tax;
- (iv) Labour Welfare Acts of respective states;
- (v) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; and
- (vi) Such other Local laws as applicable to the Company and its offices/ branches.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Director and Non-Executive Directors, except regarding appointment of a woman director on the Board of Directors of the Company. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice were given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Act and Rules made thereunder and Secretarial Standards on Board Meetings, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

- (i) On September 21, 2022, the members at the Annual General Meeting *inter-alia* approved the following:
  - a. Appointment of Mr. N. R. Narayanan (DIN: 07877022) as Non-Executive Independent Director of the Company;
  - b. Increase in the Borrowing Limits of the Company;
  - c. Issue of Non - Convertible Debentures (NCDs) under Private Placement such that the aggregate principal amount of such NCDs does not exceed INR 1,000,00,00,000 (Rupees One Thousand crore only) during a period of 1 (one) year from the date of passing Special Resolution;
- (ii) During the period under review, Mr. Shreejit Menon was designated as the Chief Executive Officer of Company and the Board of Directors approved his re-appointment as Whole - time Director for a period of five year subject to approval by the members at the ensuing Annual General Meeting.

**H Choudhary & Associates**  
**(Practicing Company Secretaries)**

**Place: Mumbai**  
**Date: 25 July 2023**

**Sd/-**  
**CS Harnatharam Choudhary**  
**Proprietor**  
**Membership No: F8274**  
**C P No.: 9369**  
**UDIN: F008274E000655349**

## **Annual Report on Corporate Social Responsibility (CSR) Activities**

### **1. A brief outline of the Company's CSR policy:**

In terms of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time to time, the Company has adopted a CSR Policy in furtherance of the Company's objective to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate citizen. The CSR Policy inter-alia includes the following:

- Areas in which the Company can undertake CSR activities (within the purview of Schedule VII of the Companies Act, 2013);
- Activities which will not be considered as CSR activities;
- The CSR budget of the Company;
- The implementation process;
- Roles and responsibilities of the Board and CSR Committee;
- Monitoring and reporting framework.

### **Overview of projects / programs undertaken:**

During the year under review, your Company contributed in the area of Women Empowerment and Healthcare -Sanitation through Smile Foundation for its project Swabhimaan and Ladli Foundation Trust for its project Masik Satya, respectively.

#### **Women Empowerment:**

##### **Smile Foundation - Swabhimaan**

Swabhimaan aims at generating awareness on the issues of reproductive and sexual health in women, building confidence and assertiveness in women, improving health seeking behaviour of the focused group with respect to reproductive and sexual health issues and to capacitate underprivileged women through business skills training which help them to start their own business. The proposed contribution will benefit to around 5280 women identified in the areas of Sriperumbudur, Kanchipuram and Tamil Nadu, of which 280 women would be given entrepreneurship development training.

## Healthcare and Sanitation

### Ladli Foundation Trust - Masik Satya

Masik Satya aims at implementing social initiatives to uplift vulnerable people in urban & rural slums. The key focus is to provide education for sustainable menstrual health & hygiene management to underprivileged women and to encourage them to switch on environment-friendly and sustainable measures by providing menstrual cups and sensitization.

#### 2. Composition of CSR Committee as on date of report i.e. March 31, 2023:

Sr. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Vibhor Kumar Talreja	Non-Executive Non-Independent Director (Member)	0	0
2	Mr. Munish Dayal	Non-Executive Non-Independent Director (Member)	0	0
3	Mr. Shreejit Menon	Executive Director	0	0
4	*Ms. Benaifer Palsetia	Non-Executive Non-Independent Director (Member)	0	0
5	#Mr. Narayanan Rajagopalan Nadadur	Non-Executive Independent Director (Member)	0	0

\*Ceased to be a Member from July 18, 2022.

#Ceased to be a Member from January 13, 2023.

During the year under review, no meeting of the CSR Committee was held. The CSR Projects and other matters were approved by the Committee by way of resolutions passed through circulation.

#### 3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

Composition of CSR Committee: <https://www.indostarhfc.com/investors-corner.php#committee-composition>

CSR Policy: <https://www.indostarhfc.com/investors-corner.php#investor-services>

CSR Projects: <https://www.indostarcapital.com/about-us#csr-indostar>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5.

(a) Average net profit of the Company as per Section 135(5) of the Companies Act, 2013– INR 31,42,50, 876/-

(b) Two percent of average net profit of the company as per section 135(5) – INR 62,85,018/-

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil

(d) Amount required to be set off for the financial year, if any – Nil

(e) Total CSR obligation for the financial year (5b+5c-5d) – INR 62,85,018/-

6.

(a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): INR 62,86,200/-

(b) Amount spent in Administrative Overheads – NA

(c) Amount spent on Impact Assessment, if applicable - Not Applicable

(d) Total amount spent for the Financial Year (6a+6b+6c) – INR 62,86,200/-

(e) CSR amount spent or unspent for the Financial year:

Total Amount Spent for the Financial Year	Amount Unspent (in INR)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of Transfer
62,86,200/-	59,86,200	April 28, 2023			Not Applicable

*\*Note: Subsequently, amount marked for on-going projects was spent towards the said projects. .*

(f) Excess amount for set off, if any –

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	INR 62,85,018/-
(ii)	Total amount spent for the Financial Year	INR 62,86,200/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	INR 982/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	INR 982/-

**7. (a) Details of Unspent Corporate Social Responsibility amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in INR)	Balance Amount in Unspent CSR Account under Section 135(6) (in INR)	Amount spent in the Financial Year (in INR)	Amount transferred to a fund as specified under Schedule VII as per second proviso to Section 135(5), if any		Amount remaining to be spent in succeeding financial years (in INR)	Deficiency, if any
					Amount (in Rs.Lakhs)	Date of transfer		
1	2019-20	Not Applicable						
2	2020-21							
3	2021-22							

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: – No**

If Yes, enter the number of Capital assets created/ acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) (including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

**9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5) – Not Applicable**

Sd/-  
**Shreejit Menon**  
Whole-Time Director & CEO  
DIN: 08089220

Sd/-  
**Vibhor Talreja**  
Non-Executive Director & Committee Member  
DIN: 08768297

## REPORT ON CORPORATE GOVERNANCE

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

### BOARD COMPOSITION

The Board of Directors provides direction and exercises appropriate controls over the business and operations of the Company to achieve its objectives. As on March 31, 2023, the Board of your Company comprised 3(three) Directors of which 2(two) were Non-Executive Non-Independent Directors, and 1(one) was Executive Director. The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read with Rules framed there under ("Act"), except with regard to appointment of a woman director, the circulars / directions / notifications issued by the National Housing Bank / Reserve Bank of India ("NHB / RBI Directions") and the Articles of Association of the Company. Brief profile of the Directors is available on the Company's website at <https://www.indostarhfc.com/investors-corner#board-directors>. None of the Directors of your Company are *inter-se* related to each other.

The composition of the Board of Directors, including details of other directorship(s) of each Director on the Board of your Company and other details as on March 31, 2023, required under RBI Scale Based Regulations read with Section II of RBI Circular No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022 is given below:

#### a) Composition of Board as on March 31, 2023:

Sl. No.	Name of Director	Director Since	Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent)	DIN	Board Meetings		*No. of other Directorships	Remuneration (in lacs)			No. of shares held in and convertible instruments held in the Company
					No. of Meetings held during the year	No. of meetings attended during the year		Salary and other compensation	Sitting Fees	Commission	
1	Mr. Munish Dayal	June 14, 2021	Non-Executive - Non-Independent	01683836	4	4	1	-	-	-	-
2	Mr. Vibhor Kumar Talreja	July 10, 2020	Non-Executive - Non-Independent	08768297	4	4	3	-	-	-	-
3	Mr. Shreejit Menon	March 19, 2018	Whole-Time Director and CEO	08089220	4	4	-	190			^

\*Includes Directorships in other Indian Companies only.

^Holds employee stock options of IndoStar Capital Finance Limited, holding company of the Company

**b) Details of change in composition of the Board during the financial year 2022-23 and 2021-22:**

<b>Name of the Director</b>	<b>Category</b>	<b>Nature of Change</b>	<b>Effective date</b>
Mr. Narayanan Rajagopalan Nadadur	Non-Executive Independent Director	*Resignation	January 13, 2023
Mr. Benaifer Gev Palsetia	Non-Executive Non-Independent Director	Resignation	July 18, 2022
Mr. Narayanan Rajagopalan Nadadur	Non-Executive Independent Director	Appointment	February 2, 2022
Mr. Munish Dayal	Non-Executive Non-Independent Director	Appointment	June 14, 2021
Mr. Aditya Joshi	Non-Executive Non-Independent Director	Resignation	June 14, 2021
Mr. Pankaj Thapar	Non-Executive Non-Independent Director	Resignation	April 9, 2021

\* Mr. Narayanan Rajagopalan Nadadur (DIN: 07877022), tendered his resignation as a Non – Executive Independent Director of the Company to pursue other professional opportunities.

## **MEETINGS**

The Board of Directors / Committee members meets at regular intervals to discuss and decide on Company’s business policy & strategy and strive to ensure maximum participation at Board / Committee meetings. The agenda along with detailed notes are circulated to the Directors / Members well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused discussions at meetings of the Board and Committees. Directors are given an option of attending Board / Committee meetings through video conference or other audio-visual means in order to ensure effective decision making through maximum participation.

With a view to leverage technology and to contribute to environment conservation by reducing usage of papers, your Company uses an electronic Board / Committee Meetings application where the agenda and all supporting documents are hosted online. The application meets the high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda in electronic form.

## **BOARD**

During the year under review, 4 (four) meetings of the Board of Directors were convened and held on May 16, 2022, August 11, 2022, November 3, 2022, and February 13, 2023. The intervening gap between any 2(two) Meetings of the Board of Directors was within the period prescribed under the Act. The required quorum was present at all the above-mentioned meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolution(s) passed through circulation, from time to time, as permitted by law, which was noted in the subsequent meeting.

**Attendance of Directors at Board Meetings of the Company held during financial year ended March 31, 2023 is given below:**

Name of Director(s)	No. of meetings attended (No. of meetings held during tenure of Directorship)
Mr. Shreejit Menon	4(4)
Mr. Munish Dayal	4(4)
Mr. Vibhor Kumar Talreja	4(4)
*Ms. Benaifer Gev Palsetia	1(0)
@Mr. Narayanan Rajagopalan Nadadur	3(3)

\*Ceased to be a Director from July 18, 2022.

@Ceased to be a Director from January 13, 2023.

**BOARD COMMITTEES**

In terms of the NHB / RBI Directions, the applicable provisions of the Act and the Company's internal corporate governance standards, the Board of Directors has constituted various Committees mentioned herein below and the role of each Committee has been defined by the Board of Directors for effective business operations and governance of the Company.

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

The Board of Directors has accepted and implemented the recommendations made by the Committees during the year under review.

**AUDIT COMMITTEE**

**Composition, Attendance and Meetings**

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

Name of Member(s)	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company as on March 31, 2023
			Held	Attended	
Mr. Shreejit Menon	September 12, 2018	Executive Director	4	4	0
Mr. Munish Dayal	June 14, 2021	Non-Executive Non-Independent Director	4	4	0
Mr. Vibhor Kumar Talreja	July 10, 2020	Non-Executive Non-Independent Director	4	4	0
*Mr. Narayanan Rajagopalan Nadadur	February 10, 2022	Non-Executive Independent Director	3	3	0

\*Ceased to be a Member from January 13, 2023.

During the year under review, 4 (four) meetings of the Audit Committee were convened and held on May 16, 2022, August 11, 2022, November 3, 2022 and February 13, 2023. The required quorum was present at all the above meetings. All the Members of the Audit

Committee were present at the last Annual General Meeting of the Company held on September 21, 2022.

### Terms of reference

The terms of reference of the Audit Committee is in accordance with Section 177 and other applicable provisions of the Act read with rules prescribed thereunder and NHB/RBI Directions which *inter-alia* include review and ensure correctness, sufficiency and credibility of the quarterly and annual financial statements of the Company, review with the management financial condition and results of operation before submission to the Board, scrutiny of inter- corporate loans and investments, recommend appointment / re-appointment / removal, remuneration and terms of appointment of Statutory and Internal Auditors, reviewing and monitoring auditors' independence and performance, and effectiveness of audit process, monitoring the statutory auditor's conflict of interest position in terms of relevant regulatory provisions, review, approve and monitor transactions with related parties including right to grant omnibus approval for proposed related party transaction, review and monitor any frauds perpetrated against the Company, review, reviewing, monitoring and evaluating the internal control system including internal financial controls and risk management system, review and monitor with the management, the functioning and compliance of relevant policies adopted by the Company, reviewing the functioning of whistle blower mechanism

The Board of Directors has accepted and implemented the recommendations made by the Audit Committee during the year under review.

## NOMINATION & REMUNERATION COMMITTEE

### Composition, Attendance and Meetings

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

Name of Member	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company as on March 31, 2023
			Held	Attended	
Mr. Munish Dayal	June 14, 2021	Member	3	3	0
Mr. Vibhor Kumar Talreja	July 10, 2020	Member	3	3	0
*Ms. Benaifer Palsetia	February 10, 2022	Member	0	0	0
@Mr. Narayanan Rajagopalan Nadadur	February 10, 2022	Member	2	2	0

\*Ceased to be a Member from July 18, 2022

\*Ceased to be a Member from January 13, 2023

During the year under review, 3 (three) meetings of the Nomination and Remuneration Committee were convened and held on August 11, 2022, November 3, 2022 and February 13, 2023. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time. The required quorum was present at all the above meetings.

### Terms of reference

The terms of reference of the Nomination & Remuneration Committee is in accordance with Section 178 and other applicable provisions of the Act read with rules prescribed thereunder

and NHB/RBI Directions which *inter-alia* includes: identifying personnel qualified to be appointed as Directors or in the Senior Management of the Company and recommend to the Board their appointment and removal, formulating criteria for determining qualification, positive attributes, ‘fit and proper’ person status of Directors, deciding on specific remuneration packages and recommending policy on remuneration of the Executive Directors, the Non-Executive Directors (including the Independent Directors) and senior level employees, formulate criteria for evaluation of Directors, the Board and its Committee(s), administering, supervising, deciding on the grant, issue, price, vesting of stock options, stock purchase or any similar scheme and the benefits to be given to beneficiaries, if any, ensuring that there is no conflict of interest in appointment of Directors and their independence is not subject to potential threats.

## RISK MANAGEMENT COMMITTEE

### Composition, Attendance and Meetings

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

Name of Member	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company as on March 31, 2023
			Held	Attended	
Mr. Shreejit Menon	September 12, 2018	Member	2	2	0
Mr. Vibhor Kumar Talreja	July 10, 2020	Member	2	2	0
Mr. Munish Dayal	June 14, 2021	Member	2	2	0
*Mr. Shripad Desai	February 10, 2022	Member	2	2	0

\* Ceased to be a Member from January 16, 2023

Subsequent to the year under review, the Risk Management Committee was reconstituted by appointment of Mr. Srikanth Balasubramanian, Mr. Krishanu Ray, Mr. Pushkar Joshi and Ms. Nidhi Sadani as Member(s) of the Committee.

During the year under review, 2 (two) meetings of the Risk Management Committee were convened and held, on May 16, 2022 and November 3, 2022. The required quorum was present at the above meetings.

### Terms of reference

The terms of reference of the Risk Management Committee is in accordance with the NHB/RBI Directions which *inter-alia* includes identifying, monitoring and managing risks that affect / may affect the Company including but not limited to credit risk, market risk and operational risk, , setting up and reviewing risk management policies of the Company after taking into account various factor including appropriateness of the size and nature of transactions undertaken by the Company, from time to time, overseeing execution/implementation of risk management practices, reviewing the minutes or document referred to it by Asset Liability Management Committee for opinion/directions for risk management on an integrated basis.

## ASSET-LIABILITY MANAGEMENT COMMITTEE

### Composition, Attendance and Meetings

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

Name of Members	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company as on March 31, 2023
			Held	Attended	
Mr. Munish Dayal	June 14, 2021	Member	2	2	0
Mr. Vibhor Kumar Talreja	July 10, 2020	Member	2	2	0
Mr. Shreejit Menon	April 6, 2018	Member	2	2	0
*Mr. Jayant Gunjal	April 6, 2018	Member	1	0	0

\* Ceased to be a Member from August 11, 2022

Subsequent to the year under review, the Asset Liability Management Committee was reconstituted by appointment of Mr. Pushkar Joshi as Member of the Committee.

During the year under review, 2 (two) meetings of the Asset-Liability Management Committee were convened and held on May 16, 2022 and November 3, 2022. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

### Terms of reference

The terms of reference of the Asset Liability Management Committee *inter-alia* includes overseeing and ensuring that an adequate and accurate management information system is put in place by the Company with respect to asset liability composition / mismatches, reviewing the gap reports (liquidity and interest rate sensitivities) admeasuring the mismatch between rate sensitive liabilities and rate sensitive assets and set limits thereof, articulating the current interest rate view of the Company and base its decisions for future business strategy, deciding on source and mix of liabilities or sale of assets, reviewing product pricing, desired maturity profile of assets and liabilities and also the mix of incremental assets & liabilities, approving proposals and detailed terms and conditions of borrowings from banks and non-bank sources, reviewing and recommending borrowing programme for the company,

## CORPORATE SOCIAL RESPONSIBILITY (“CSR”) COMMITTEE

### Composition and Meetings

Composition of the Committee as at the end of the year are as under:

Name of Member	Member of Committee since	Capacity	No. of shares held in the Company as on March 31, 2023
Mr. Munish Dayal	June 14, 2021	Member	0
Mr. Vibhor Kumar Talreja	August 12, 2020	Member	0
*Ms. Benaifer Palsetia	August 12, 2020	Member	0
@Mr. Narayanan Rajagopalan Nadadur	February 10, 2022	Member	0

\*Ceased to be a Member from July 18, 2022

@Ceased to be a Member from January 13, 2023.

Subsequent to the year under review, the Corporate Social Responsibility Committee was reconstituted by appointment of Mr. Shreejit Menon as Member of the Committee.

During the year under review, no meeting of the CSR Committee was held. Due to business exigencies, decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

### Terms of reference

The terms of reference of the CSR Committee is in accordance with Section 178 and other applicable provisions of the Act read with rules prescribed thereunder which *inter-alia* includes formulating and recommending to the Board, a Corporate Social Responsibility Policy, to recommend the amount of expenditure to be incurred on the CSR activities, to monitor the Corporate Social Responsibility Policy of the Company from time to time, to ensure that CSR activities undertaken by the Company are appropriately disclosed in the Annual Report, to review the adequacy of the CSR policy at periodic intervals and review/modify policy on annual basis, if necessary.

## GRIEVANCE REDRESSAL COMMITTEE

### Composition and Meetings

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

Name of Member	Member of Committee since	Capacity	Number of Meetings of the Committee		No. of shares held in the Company as on March 31, 2023
			Held	Attended	
Mr. Shreejit Menon	April 6, 2018	Member	1	1	0
*Mr. Rakesh Kumar	February 10, 2022	Grievance Redressal Officer	1	1	0
#Ms. Darshana Dahiwele	August 11, 2022	Grievance Redressal Officer	0	0	0

\*Ceased to be a Member and Grievance Redressal Officer from August 10, 2022

#Ceased to be a Member and Grievance Redressal Officer from April 13, 2023

Subsequent to the year under review, the Grievance Redressal Committee was reconstituted by appointment of Mr. Suresh Chhotelal Vishwakarma as Grievance Redressal Officer (“GRO”) and Member of the Committee and cessation of Ms. Darshana Dahiwele as GRO and Member of the Committee.

During the year under review, 1 (one) meeting of the Grievance Redressal Committee was convened and held on May 16, 2022. The required quorum was present at the said meeting.

### Terms of reference

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

borrower or customer may have against the Company, framing, adopting and periodically reviewing mechanism establishing procedure for receiving, registering and disposing of complaints / grievances of customers, reviewing the statement of complaints received, resolved and pending, along with reasons for the same.

The status of customer complaints pending at the beginning of the year, received during the year, redressed during the year and pending at the end of the year, forms part of notes to the audited financial statements of the Company for the financial year ended March 31, 2023.

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

## **OTHER COMMITTEES**

### **INTERNAL COMPLAINTS COMMITTEE**

#### **Composition and Meetings**

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

The Internal Complaint Committee comprises Ms. Paulomi Desai (Presiding Officer), Mr. Shreejit Menon, Mr. Pushkar Joshi, and Ms. Srividya Sriram (External Member from an association committed to the cause of women).

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

#### **Terms of Reference**

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

### **IDENTIFICATION AND REVIEW COMMITTEE**

#### **Composition**

As on March 31, 2023, the Identification and Review Committee comprises Mr. Shreejit Menon and Mr. Jayesh Kothawade.

Subsequent to the year under review, the Identification and Review Committee was reconstituted by appointment of Mr. Srikanth Balasubramanian and Mr. Satish Mehta and by cessation of Mr. Jayesh Kothawade.

#### **Terms of reference**

The terms of reference of the Identification and Review Committee *inter-alia* includes examining of evidence of wilful default and analyzing whether a borrower, its promoter / whole-time director should be categorized as a wilful defaulter.

### **MANAGEMENT COMMITTEE**

#### **Composition**

As on March 31, 2023, the Management Committee comprises Mr. Shreejit Menon, Mr. Pushkar Joshi and Mr. Amit Ashwin Kothari.

During the year under review, the Management Committee was reconstituted by cessation of Mr. Shripad Desai as Member(s) of the Committee and appointment of Mr. Pushkar Joshi as Member(s) of the Committee w.e.f January 16, 2023 and February 13, 2023, respectively.

Subsequent to the year under review, the Management Committee was further reconstituted by cessation of Mr. Amit Ashwin Kothari as Member of the Committee and appointment of Ms. Paulomi Desai as a Member of the Committee w.e.f April 27, 2023.

#### **Meetings**

The Committee meets on multiple occasions as and when required and due to business exigencies, certain decisions were taken by the Committee by way of resolution(s) passed through circulation, from time to time.

#### **Terms of Reference:**

The Board of Directors constituted the Management Committee as the principal forum *inter-alia* for taking administrative and operational decisions for the effective functioning of the Company in terms of authority / responsibility delegated by the Board of Directors / Committees from time to time.

### **DEBENTURE COMMITTEE**

Subsequent to the year under review, the Board of Directors constituted the Debenture Committee comprising of Mr. Shreejit Menon, Mr. Pushkar Joshi and Mr. Srikanth Balasubramanian as Members of the Committee.

#### **Terms of Reference:**

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

## GENERAL BODY MEETINGS:

### A) Annual General Meeting(s):

The details of Annual General Meetings (“AGM”) held during the last 3 years and the special resolutions passed thereat are as under:

Financial Year	Date of AGM	Time	Venue	Summary of Special Resolutions
2019-20	September 8, 2020	11:30 A.M.	One Indiabulls Center, 20 <sup>th</sup> Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013.	<ul style="list-style-type: none"> <li>• Issue of Non-Convertible Debentures under private placement.</li> <li>• Adoption of Restated Articles of Association of the Company.</li> </ul>
2020-21	September 28, 2021	10:00 A.M.	One World Center, 20 <sup>th</sup> Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013.	<ul style="list-style-type: none"> <li>• Increase in the borrowing limits of the Company</li> <li>• Issue of Non-Convertible Debentures under private placement</li> <li>• Approve payment of remuneration to Mr. Shreejit Menon, Whole-Time Director of the Company</li> <li>• Alteration to object clause of the Memorandum of Association of the Company</li> </ul>
2021-22	September 21, 2022	11:00 A.M.	One World Center, 20 <sup>th</sup> Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013	<ul style="list-style-type: none"> <li>• Increase in the borrowing limits of the Company</li> <li>• Issue of Non-Convertible Debentures under private placement</li> </ul>

**B) Extraordinary General Meetings (“EGM”):** No EGM was held during the financial year 2022-23.

### DETAILS OF NON-COMPLIANCE WITH REQUIREMENTS OF COMPANIES ACT, 2013

The position of woman director as required under Companies Act, 2013 was vacant pursuant to resignation tendered by the woman director of the Company during the year under review. However, the Company is looking for a suitable candidate and endeavoured to ensure compliance at the earliest.

### DETAILS OF PENALTIES AND STRICTURES

During the year under review, no penalties or strictures have been imposed on the Company by the National Housing Bank / Reserve Bank of India or any other statutory authority.

### BREACH OF COVENANT

To the best of our knowledge and belief, there were no breach of covenant observed by the Company with respect to any loan(s) as availed by the Company.

## **DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING**

To the best of our knowledge and belief, there were no divergence observed by the Company, in the asset classification and provisioning, as mentioned in the RBI Circular No. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022.

## **CODES AND POLICIES**

In terms of the NHB / RBI Directions, provisions of the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and various other laws applicable to the Company and as a part of good corporate governance and also to ensure strong internal controls, the Board of Directors has adopted and amended from time to time, several codes / policies / guidelines which amongst others includes the following:

### **Internal Guidelines on Corporate Governance**

In terms of the NHB / RBI Directions and in order to adopt best practices and facilitate greater transparency in operations, the Board of Directors adopted the ‘Internal Guidelines on Corporate Governance’.

The Internal Guidelines on Corporate Governance covers areas related to corporate governance and compliance *inter-alia* with respect to the Board, the Committees constituted by the Board, auditors, conflict of interest and reference to other code(s), policy (ies), Article of Associations in connection with functioning of the Board / Committees and performance evaluation of Board and individual Directors of the Company. The Internal Guidelines on Corporate Governance is available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

### **Fair Practices Code**

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

In terms of the Fair Practices Code to provide best customer services and to ensure speedy redressal of customer grievances, the Grievances Redressal Committee has adopted a ‘Customer Grievance Redressal Mechanism’ which includes the manner in which complaints can be registered by a customer and the manner of resolution of complaints by the Company. Such a mechanism ensures that all disputes arising out of the decisions of the Company are heard and disposed of at least at the next higher level. The Fair Practices Code and the Grievance Redressal Mechanism are available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

### **Investment and Loan Policy**

Pursuant to the requirements of the NHB / RBI Directions to have a documented policy for investment and demand / call loans granted by the Company, the Board of Directors has adopted an ‘Investment and Loan Policy’ which also includes specific provisions for demand / call loans.

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

#### **Policy on Single / Group Exposure Norms**

In line with the requirements of the NHB / RBI Directions, the Board of Directors has adopted a 'Policy on Single / Group Exposure Norms'.

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

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

In terms of the circular(s) and direction(s) on KYC Norms and AML Measures issued by the Reserve Bank of India including Know Your Customer (KYC) Direction, 2016, the Prevention of Money Laundering Act, 2002 and rules made thereunder, the Board of Directors adopted a 'KYC & AML Policy' which *inter-alia* incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT").

The KYC & AML Policy provides a comprehensive and dynamic framework and measures relating to KYC, AML and CFT to be considered while conducting business. The primary objective of the Policy is to prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities.

#### **Policy on Valuation of Property and Collateral**

In order to ensure correct and realistic valuation of properties or fixed assets owned by housing finance companies and that accepted by them as security, NHB / RBI Directions requires housing finance companies to put in place a system / procedure for realistic valuation of properties / fixed assets and also for empanelment of valuers for the purpose. In terms of the said circular, the Board of Directors of the Company has adopted Policies on Valuation of Property.

The said Policy(ies) *inter-alia* outlines various aspects to be considered for collateral accepted for exposures, valuation of immovable properties, revaluation of fixed assets owned by the Company and procedure for empanelment of professional valuers.

#### **Interest Rate Policy**

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

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

#### **Asset Liability Management Policy (“ALM Policy”)**

In terms of requirements of the NHB / RBI Directions, the Board of Directors adopted an Asset Liability Management Policy to establish guidelines to ensure prudent management of assets and liabilities for the Company.

The ALM Policy *inter-alia* provides a comprehensive and dynamic framework for assessing, measuring, monitoring and managing ALM risks and describes the process that should be followed by the Asset Liability Management Committee to evaluate the effectiveness of the Company’s internal control procedures with respect to managing ALM risks.

#### **Fraud Risk Policy**

In terms of NHB / RBI Directions to strengthen the reporting and monitoring system relating to fraudulent transactions reported by housing finance company(s), the Board of Directors adopted a ‘Fraud Risk Policy’.

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

#### **Model Code of Conduct for Direct Selling Agents**

In terms of NHB / RBI Directions, the Board of Directors has adopted a Model Code of Conduct for Direct Selling Agents (“Code”) for adoption and implementation by DSAs while operating as agents to market the financial products of the Company. The Code provides guidance with respect to their conduct while dealing with customers/prospective customers on behalf of the Company.

#### **Information Technology related Policies and Processes**

In terms of the NHB / RBI Directions, the Board of Directors adopted various policies for Information Technology (IT) risk management, resource management and performance management, of IndoStar Capital Finance Limited, the holding Company of the Company, which *inter-alia* include the ‘IT Policy’, ‘Information Security Policy’, ‘Cyber Security Policy’, ‘IS Audit Policy’, ‘Logical Access Management Policy’, ‘Change Management Policy’, ‘Backup Management & Restoration Policy’, ‘Asset Management Policy’, ‘Capacity Management Policy’ and ‘IT Outsourcing Policy’.

### **Mechanism for Identification of Wilful Defaulters**

In terms of the NHB / RBI Directions, the Board of Directors adopted a Mechanism for Identification of Wilful Defaulters which *inter-alia* outline the process to be followed for identification and reporting of willful default, so that the penal provisions are not misused and the scope of discretionary powers were kept to the barest minimum.

### **Risk Management Policy**

In terms of the NHB / RBI Directions and in order to integrate various elements of risk management embodied in the business and administrative aspects of the Company into a single enterprise-wide policy, the Board of Directors adopted a Risk Management Policy. The policy *inter-alia* covers Principles of Risk Management, Risk Governance, Risk Identification and Categorisation, Reporting, Assurance and Internal Audit.

### **Expected Credit Loss Policy**

In line with the NHB / RBI Direction and to promote high quality and consistent implementation of Accounting Standards as well as to facilitate comparison and better supervision of the financial parameters of the Company, the Board of Directors adopted the Expected Credit Loss Policy (“ECL Policy”).

The ECL Policy *inter-alia* outlines the sound methodologies that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures commensurate with the size, complexity and risk profile specific to the Company for computation of Expected Credit Losses.

### **Policy on Selection Criteria / “Fit & Proper” Person Criteria**

In terms of provisions of the Act, the NHB / RBI Directions, the Board of Directors adopted a ‘Policy on Selection Criteria / “Fit and Proper” Person Criteria’ which lays down a framework relating to appointment of Director(s) and senior management personnel including key managerial personnel of the Company.

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

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

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

- Guiding and recommending to the Board of Directors the appointment and removal of Director(s), senior management personnel and key managerial personnel;
- Ensuring “Fit and Proper” Person status of proposed / existing Director(s).

The Policy on Selection Criteria / “Fit & Proper” Person Criteria is available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

### **Whistle Blower Policy / Vigil Mechanism**

In terms of requirements of the provisions of the Act and other applicable regulations, the Board of Directors adopted a codified 'Whistle Blower Policy / Vigil Mechanism' *inter-alia* to report/make concerned authority alert of the instances of unethical behavior actual or suspected, fraud or violation and provide a mechanism for Directors and employees of the Company to approach the Audit Committee and report genuine concerns related to the Company. It also provide for adequate safeguards against victimization who report genuine concerns under the mechanism.

The Vigil Mechanism provides a channel including an online platform and telephonic hotline number to report to the management concerns about unethical behavior, actual or suspected fraud or violation of various codes or policies of the Company and provides adequate safeguards against victimization of persons who use such mechanism. The mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to Audit Committee. The policy is available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

Further, in order to ensure that complaints with respect to any wrong-doing / policy-breach by an employee or any third party, were investigated appropriately and in order to ensure that actions to be taken against convicts were approved by an appropriate authority, during the year under review, the Company implemented a formal investigation protocol document.

### **Related Party Transaction Policy**

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

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

### **Code of Conduct for Directors & Employees**

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

### **Board Performance Evaluation Policy**

In terms of the provisions of the Act, the Board of Directors adopted a 'Board Performance Evaluation Policy' to set out a formal mechanism for evaluating performance of the Board, that of its Committee(s) and individual Directors including the Chairman. Additionally, in order to outline detailed process and criteria for performance evaluation, the Nomination & Remuneration Committee has put in place the 'Performance Evaluation Process – Board, Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

The manner in which formal annual evaluation of the performance of the Board, its committees and individual Directors including Chairman is conducted is given below:

- A structured questionnaire prepared in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process, *inter-alia* setting out criteria for evaluation of performance of the Executive and Non-Executive Directors, the Board as a collectively entity and of Committees, is circulated to each member of the Board.;
- Based on feedback of each member of the Board and in light of the criteria prescribed in the Performance Evaluation Process, the Board analyses its own performance, that of its Committees and each Director.

### **Loan policy for Non-Housing loans to Corporates**

In order to enable the Company to grant loans to corporate borrowers (public or private limited and limited liability partnerships, but not trusts) including by way of subscription to non-convertible and / or other debt securities, which are not meant to be used for the purpose of home finance, construction finance or loan against property i.e. Corporate Loans, the Company adopted the 'Loan policy for Non-Housing loans to Corporates'. The said policy prescribes broad parameters for non-housing loans viz. limits, reporting, commercial terms, and asset classification & provisioning requirements.

### **Anti-Corruption Policy**

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

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

In order to digitize the process of registering complaints *inter-alia* under the Anti-Corruption Policy and to maintain a complete record of complaints raised till closure, an online platform and telephonic hotline no. has been enabled. Further, employees have been made aware of this mode of raising complaints.

### **Care and Dignity Policy**

Consistent with our core values, the Company is committed to create an environment in which all individuals are treated with respect and dignity and promote a gender sensitive safe work environment. The Company has zero tolerance to any form of sexual discrimination and / or harassment and hence has adopted a 'Care and Dignity Policy' to ensure that its employees are not subjected to any form of discrimination and / or sexual harassment.

### **Record Retention Policy**

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

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

### **Corporate Social Responsibility ("CSR") Policy**

In terms of the provisions of the Act, the Board of Directors adopted a 'CSR Policy' which helps towards contribution and furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a socially responsible corporate citizen.

The CSR Policy of the Company *inter-alia* indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company.

The CSR Policy is available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

### **Resource Planning Policy**

In terms of the requirement of the NHB / RBI Directions, to have a documented policy with respect to resource planning for every year, the Board of Directors adopted a 'Resource Planning Policy' for the year under review. The Resource Planning Policy of the Company *inter-alia* promotes discipline in resource planning and raising of funds *inter-alia* through private placement of non-convertible debentures, bank borrowings, borrowings from NHB, loan assignment and issuance of commercial paper, etc. and also covers the planning horizon and the periodicity of fund raising by the Company.

### **Policy on Appointment of Auditors**

In terms of requirements of the guidelines issued by RBI from time to time and applicable to the Company, provision of the Act and in order to clearly outline the parameters to be considered for appointment and continuation of Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company including qualification, eligibility and tenor, the Board of Directors adopted a Policy on Appointment of Auditors.

### **Code for Independent Directors**

In terms of provision of the Act review and pursuant to appointment of Independent Director, the Board of Directors, during the year under review, adopted a 'Code for Independent Directors' in order to ensure fulfillment of responsibilities of Independent Director of the Company in a professional manner.

The Code for Independent Directors inter-alia sets out the guidelines of professional conduct of Independent Directors, their roles, functions and duties, the process of performance evaluation etc. The Code for Independent Directors is available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

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

### **Remuneration Policy**

In terms of the provisions of the Act and pursuant to appointment of Independent Director, the Board of Directors adopted the 'Remuneration Policy' covering aspects relating to remuneration to be paid to Directors and employees including criteria for making payment to Executive and Non-Executive Directors, senior management including key managerial personnel and other employees of the Company, details on guaranteed bonus & recovery of annual bonus and modification of salary structure.

The Remuneration Policy is adopted to *inter-alia* ensure that remuneration paid by the Company is in compliance with the requirements of the applicable law(s) and relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Remuneration Policy is available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

In terms of Scale Based Framework issued by Reserve Bank of India and Guidelines on Compensation of Key Managerial Personnel and Senior Management in NBFCs issued by RBI on April 29, 2022, subsequent to the year under review, the Remuneration Policy was amended to cover the requirements inter-alia with regard malus/claw back provisions. The said provision provisions would enable the NRC to reduce or cancel unvested awards and recover previously paid compensation in certain situations, viz. Fraud, Misconduct or any other parameter as may be determined by the NRC.

### **Policy on Securitization of Asset and Transfer of Loan Exposure**

In accordance with the NHB / RBI Directions, the Board of Directors has adopted Policy on Securitization of Asset and Transfer of Loan Exposure inter-alia determining criteria and other attributes with respect to (a) transfer of loan exposures to various lenders including Non-Banking Financial Companies and Housing Finance Companies and b) securitization of standard assets.

### **Risk-Based Internal Audit Policy**

The Company has adopted the Risk-Based Internal Audit Policy to establish and maintain an effective internal audit function as a key component of its governance framework, to improve the Company's operations and to advise the management of any deficiencies in processes, procedures, and functions.

### **Outsourcing Policy**

In line with the NHB / RBI Directions, the Board of Directors adopted an 'Outsourcing Policy' to govern its material outsourcing arrangements inter-alia setting out parameters for defining materiality of outsourcing arrangements, listing out activities which can and cannot be outsourced, criteria for selection of service providers, risks in outsourcing and its mitigation, delegation of authority for entering into outsourcing arrangements depending on risks and materiality, and systems to monitor and review the operations of the outsourced activities.

### **Collection Policy**

In order to enable the Company to ensure the collection of dues and repossession of security in accordance with the prevailing laws, the Board of Directors adopted a Collection Policy inter-alia providing the activities to be undertaken by Collection Manager, collection strategy for various category of customer depending upon their staging.

### **Compromise Settlement & Technical Write-off Policy**

In terms of Circular no. DOR.STR.REC.20/21.04.048/2023-24 dated 8 June 2023 on "Framework for Compromise Settlements and Technical Write-offs" issued by the Reserve Bank of India, the Board of Directors subsequent to the year under review adopted a Compromise Settlements and Technical Write-off Policy *inter-alia* providing the process to be followed for all compromise settlements and technical write-offs, with specific guidance on the necessary conditions precedent such as minimum ageing etc., approval authority matrix in various scenario, examination of staff accountability for cases crossing specified thresholds, reporting to Board and Management Committee .

### **Policy for Co-lending of loans**

In order to ensure that a proper guideline is in place to govern and manage the co-lending business to be undertaken by the Company, subsequent to the year under review, the Board of Directors adopted the Policy for Co-lending of loans. The policy inter-alia will help the Company to adhere to guidelines as defined by the RBI from time to time and ensure consistent approach & transparency in the roles and responsibilities of key stakeholders.

### **Archival Policy**

In terms of the provisions of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ("Listing Regulations") which was applicable to the Company since April 2023, the Board of Directors subsequent to the year under review adopted the Archival Policy in order to prescribe the period for which events / information disclosed to the stock exchanges under Regulation 51 of Listing Regulations shall be hosted on the website of the Company. The Archival Policy is available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services> .

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

In terms of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and in order to maintain highest standards whilst dealing with confidential and unpublished price sensitive information of the Company and in order to ensure uniform

dissemination of unpublished price sensitive information, subsequent to the year under review, the Board of Directors adopted (i) a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'; and (ii) a self-regulated 'Code of Conduct for Prohibition of Insider Trading and Internal Procedures'.

The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Company is available on the website of the Company at <https://www.indostarhfc.com/investors-corner#investor-services>.

**INDEPENDENT AUDITOR'S REPORT ON STANDALONE FINANCIAL STATEMENTS**

**To the Members of**

**IndoStar Home Finance Private Limited**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of **IndoStar Home Finance Private 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 notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("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, its profit including other comprehensive income, changes in equity and its cash flows for the yearended on that date.

**Basis for Opinion**

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 Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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 we have obtained is sufficient and appropriate to provide a basis for our opinion on standalone financial statements.

**Information Other than the Standalone 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, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the 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. We have nothing to report in this regard.

#### **Responsibility of Management for Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 of 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 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 Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 controls 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 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 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 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.

#### **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 the "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 Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure-B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
- 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, 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 no. 32 to 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;
  - iv)
    - a) The management has represented that, to the best of its knowledge and belief, as disclosed in the note no. 5(iii) 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, whether, 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, other than as disclosed in the note no. 5(iii) 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, whether, 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; and

- c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v) No dividend has been declared or paid during the year by the Company;
- vi) No comments have been offered as regards the maintenance of books of account using accounting software which has a feature of recording audit trail (edit log) facility under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 since the said requirements under proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 are not applicable to the company for the financial year ended on March 31, 2023.

**For G. D. Apte & Co.**  
**Chartered Accountants**  
ICAI Firm Registration No.: 100515W

Sd/-  
**Mayuresh V. Zele**  
Partner  
Membership No.: 150027  
UDIN : 23150027BGYKfV5448  
Place : Mumbai  
Date : April 27, 2023

**“ANNEXURE-A” TO THE INDEPENDENT AUDITOR’S REPORT ON STANDALONE FINANCIAL STATEMENTS OF INDOSTAR HOME FINANCE PRIVATE LIMITED**

**(Referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” 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 accounts and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i)
- a) A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment;  
B) The Company has maintained proper records showing full particulars including quantitative details and situation of intangible assets.
  - b) The Property, Plant and Equipment have been physically verified by the management in the year in accordance with a planned phased programme of verifying them over a period of three years and no material discrepancies were noticed on such verification.
  - c) The Company does not have any immovable properties and hence, reporting requirement under clause 3(i)(c) of the Order is not applicable to the Company.
  - d) The Company has neither revalued its Property, Plant and Equipment (including Right of Use assets) nor intangible assets during the year.
  - e) As per the information and explanation provided to us, 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 the Rules made thereunder.
- (ii)
- a) The Company’s business does not involve maintenance of inventories and, accordingly, the requirements under paragraph 3(ii)(a) of the Order are not applicable to the Company.
  - b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of five crores rupees, in aggregate, from banks by way of lien over book debts and receivables of the Company. The quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii)
- a) Since the principal business of the Company is to give loans, reporting requirement under clause 3(iii)(a) of the Order is not applicable to the Company.
  - b) As per the information and explanations given to us, terms and conditions of the grant of all loans and advances provided by the Company, are not prejudicial to the Company’s interest. The Company has not made investments or given any guarantees, security, and advances in the nature of loans during the year.
  - c) In respect of the loans / advances in the nature of loan granted by the Company as part of its business, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Further, except for loans where there are delays of defaults in repayment of

principal and / or payment of interest as at the balance sheet date, in respect of which the Company has disclosed asset classification / staging in note no. 29 (F) to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish party-wise details of amount, due date of repayment or receipt and the extent of delay in this report, in respect of loans and advances which were not repaid / paid when they were due or were repaid / paid with a delay, in the normal course of lending business.

- d) In respect of the loans / advances in nature of loans, the total amount overdue for more than ninety days (including cases classified as non-performing asset (NPA) as per 'Non – Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021' ("NHB Master Directions") as at March 31, 2023 is Rs. 1667.61 Lakhs, the details of the same are disclosed in note no. 29 (F) to the standalone financial statements. In such instances, in our opinion, reasonable steps have been by the Company for recovery of the overdue amount of principal and interest.
  - e) Since the principal business of the Company is to give loans, reporting requirement under clause 3(iii)(e) of the Order is not applicable to the Company.
  - f) According to the information and explanation given to us, the Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of sections 185 and 186 of the Act are applicable and hence not commented upon.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or the amounts deemed to be deposit as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act and the Rules framed. Accordingly, clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost record has not been specified for business activities carried out by the Company. Thus, reporting under Clause 3(vi) of the Order is not applicable to the Company.
- (vii)
- a) According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including goods and service tax, provident fund, employees' state insurance, income-tax, cess and any other statutory dues, wherever applicable. The provisions relating to duty of excise, duty of customs, sales tax, value added tax, and service tax are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2023 for a period of more than 6 months from the date they became payable.
  - b) According to the information and explanations given to us, there were no dues in respect of statutory dues referred to in sub-clause (a) above which have not been deposited on account of any dispute.

- (viii) According to the information and explanations given to us, no transactions or income, not recorded in the books of account, have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix)
- (a) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayments of dues from any lender during the year.
  - (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
  - (c) According to the information and explanation given to us and based on our examination of the records of the Company, company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
  - (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
  - (e) The Company does not have any subsidiaries, associates or joint ventures and hence clause 3(ix)(e) of the Order is not applicable to the Company.
  - (f) The Company does not have any subsidiaries, associates or joint ventures and hence clause 3(ix)(f) of the Order is not applicable to the Company.
- (x)
- (a) According to the information and explanations given to us and on the basis of examination of records of the Company, the company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence the reporting requirement under clause 3(x)(a) of the Order is not applicable to the Company.
  - (b) According to the information and explanations given to us and on the basis of examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence the reporting requirement under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)
- (a) According to the information and explanation given to us, no fraud on or by the Company, by its officers and employees has been noticed or reported during the year.
  - (b) According to the information and explanations given to us, during the year, no report under sub-section 12 of section 143 of the Act has been filed by the secretarial auditor, predecessor auditor or by us in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
  - (c) According to the information and explanation given to us, no whistle-blower complaints have been received during the year by the Company.
- (xii) The Company is not a Nidhi company as per provisions of the Act. Therefore, the reporting requirement on clause 3(xii)(a) to 3(xii)(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 records of the Company, the transactions entered with related parties are in compliance with provisions of section 177 and 188 of the Act, where applicable and the details of such transactions are disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv)
- (a) According to the information and explanation given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditors of the company issued till date for the period under audit were considered by us.
- (xv) In our opinion and according to the information and explanations given to us and based on our examination of records of the Company, the Company during the year has not entered into any non-cash transactions with directors or persons connected with the directors covered under the provisions of section 192 of the Act and accordingly the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi)
- (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- (b) The Company is a Housing Finance Company registered with the National Housing Bank and is not required to obtain Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;
- (c) According to the information and explanation given to us, the Company is not a Core Investment Company (CIC) as defined in the Regulations made by the Reserve Bank of India. Hence, the reporting requirement under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanation given to us, the group has no Core Investment Company (CIC). Hence, the reporting requirement under clause 3(xvi)(d) of the Order is not applicable to the Company.
- (xvii) According to the information and explanation given to us, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditor during the year and accordingly, the reporting requirement under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanation given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, and our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report and that Company is capable of meeting its liabilities existing as at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx)

- (a) According to the information and explanation given to us, the company does not have any amount remaining unspent under sub-section (5) of section 135 of the said Act in respect to other than ongoing projects pertaining to current financial year and immediately preceding financial year.
- (b) According to the information and explanation given to us, in respect of ongoing project, the Company has transferred unspent amount to a special account, within a period of thirty days from the end of the financial year in compliance with the provision under sub-section (6) of section 135 of the said Act.

**For G. D. Apte & Co.**  
**Chartered Accountants**  
ICAI Firm Registration No.: 100515W

Sd/-  
**Mayuresh V. Zele**  
Partner  
Membership No.: 150027  
UDIN : 23150027BGYKVF5448  
Place : Mumbai  
Date : April 27, 2023

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT ON STANDALONE FINANCIAL STATEMENTS OF INDOSTAR HOME FINANCE PRIVATE LIMITED**

(Referred to in paragraph 2 (f) 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 Home Finance Private Limited** (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) 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 company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by the 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 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 judgment, 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 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 Standalone 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 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 Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2023, 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 issued by the ICAI.

**For G. D. Apte & Co.**  
**Chartered Accountants**  
ICAI Firm Registration No.: 100515W

Sd/-  
**Mayuresh V. Zele**  
Partner  
Membership No.: 150027  
UDIN : 23150027BGYK5448  
Place : Mumbai  
Date : April 27, 2023

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Balance Sheet as at 31 March 2023**

(Currency : Indian Rupees Lakhs)

Particulars	Note	As at 31 March 2023	As at 31 March 2022
<b>I. ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	1,010.38	391.87
Bank balances other than cash and cash equivalents	4	3,260.09	2,070.48
Loans	5	1,32,005.47	1,21,597.18
Investments	6	3,500.54	2,300.12
Other financial assets	7	4,065.23	2,338.36
		<b>1,43,841.71</b>	<b>1,28,698.01</b>
<b>Non-financial assets</b>			
Current tax assets (net)	8	230.53	258.96
Property, plant and equipment	10	564.73	333.48
Intangible assets	11	316.79	207.95
Other non-financial assets	12	473.48	209.80
		<b>1,585.53</b>	<b>1,010.19</b>
<b>TOTAL ASSETS</b>		<b>1,45,427.24</b>	<b>1,29,708.20</b>
<b>II. LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Trade payables	13		
		3.27	0.05
(i) total outstanding to micro enterprises and small enterprises			
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		2,384.62	1,199.65
Borrowings	14	83,496.56	74,045.20
Other financial liabilities	15	5,000.94	4,257.00
		<b>90,885.39</b>	<b>79,501.90</b>
<b>Non-financial liabilities</b>			
Provisions	16	90.27	89.86
Deferred tax liabilities (net)	9	579.54	80.75
Other non-financial liabilities	17	158.54	134.22
		<b>828.35</b>	<b>304.83</b>
<b>TOTAL LIABILITIES</b>		<b>91,713.74</b>	<b>79,806.73</b>
<b>Equity</b>			
Equity share capital	18	45,000.00	45,000.00
Other equity	19	8,713.50	4,901.47
<b>TOTAL EQUITY</b>		<b>53,713.50</b>	<b>49,901.47</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,45,427.24</b>	<b>1,29,708.20</b>

See accompanying notes forming part of the financial statements 1 to 57

In terms of our report attached  
**For G. D. Apte & Co**  
Chartered Accountants  
FRN-100515W

Sd/-

**CA Mayuresh V. Zele**  
Partner  
M. No. 150027

Place: Mumbai  
Date: 27 April 2023

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

Sd/-

**Shreejit Menon**  
Chief Executive Officer  
DIN: 08089220

Sd/-  
**Pushkar Dattatray Joshi**  
Chief Financial Officer

Place: Mumbai  
Date: 27 April 2023

Sd/-

**Vibhor Kumar Talreja**  
Non-Executive Director  
DIN: 08768297

Sd/-  
**Nidhi Sadani**  
Company Secretary

## 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
<b>Revenue from operations</b>	20		
Interest income		17,177.66	13,551.74
Fees and commission income		709.88	592.41
Net gain on fair value changes		283.12	92.89
Gain on derecognition of financial instruments measured at amortised cost category		2,659.01	223.96
<b>Total revenue from operations</b>		<b>20,829.67</b>	<b>14,461.00</b>
Other income	21	94.50	21.30
<b>Total income</b>		<b>20,924.17</b>	<b>14,482.30</b>
<b>Expenses</b>			
Finance costs	22	6,523.33	4,933.35
Impairment on financial instruments	23	(22.62)	612.11
Employee benefit expenses	24	4,525.83	2,876.59
Depreciation and amortisation expenses	25	321.59	156.55
Other expenses	26	4,452.87	1,295.01
<b>Total expenses</b>		<b>15,801.00</b>	<b>9,873.61</b>
<b>Profit before tax</b>		<b>5,123.17</b>	<b>4,608.69</b>
<b>Tax expense:</b>			
1. Current tax	27	850.00	1,325.00
2. Deferred tax expense	9	495.63	(147.14)
<b>Total tax expenses</b>		<b>1,345.63</b>	<b>1,177.86</b>
<b>Profit after tax</b>		<b>3,777.54</b>	<b>3,430.83</b>
<b>Other comprehensive income</b>			
<u>Items that will not be reclassified to profit and loss</u>			
- Remeasurements of the defined benefit plans		12.56	8.60
- Income tax relating to items that will not be reclassified to profit or loss		(3.16)	(2.17)
		9.40	6.43
<b>Other comprehensive income for the year, net of tax</b>		<b>9.40</b>	<b>6.43</b>
<b>Total comprehensive income for the year</b>		<b>3,786.94</b>	<b>3,437.26</b>
<b>Earnings per equity share</b>	28		
Basic earnings per share (Rs.)		0.84	0.89
Diluted earnings per share (Rs.)		0.84	0.89
(Equity Share of face value of Rs. 10 each)			

See accompanying notes forming part of the financial statements 1 to 57

In terms of our report attached

For G. D. Apte &amp; Co

Chartered Accountants

FRN-100515W

Sd/-

CA Mayuresh V. Zele

Partner

M. No. 150027

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

Sd/-

Shreejit Menon

Chief Executive Officer

DIN: 08089220

Sd/-

Vibhor Kumar Talreja

Non-Executive Director

DIN: 08768297

Sd/-

Pushkar Dattatray Joshi

Chief Financial Officer

Sd/-

Nidhi Sadani

Company Secretary

Place: Mumbai

Date: 27 April 2023

Place: Mumbai

Date: 27 April 2023

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A Cash Flow from Operating Activities</b>		
Profit before tax	5,123.17	4,608.69
<b>Adjustments for :</b>		
Interest income on financial assets	(17,177.66)	(13,551.74)
Finance costs	6,523.33	4,933.35
Depreciation and amortisation expense	321.59	156.55
Impairment on financial instruments	(22.62)	612.11
Provision for gratuity and compensated absences	37.78	35.03
Share based payment expense	25.09	33.60
Loss on sale of property plant and equipment	-	0.05
Impairment allowance on assets held for sale	-	(117.79)
Net gain on financial instruments at FVPL	(283.12)	(92.89)
<b>Operating Loss before working capital changes</b>	<b>(5,452.44)</b>	<b>(3,383.04)</b>
Interest income realised on financial assets	17,063.56	13,146.35
Finance costs paid	(6,653.30)	(6,290.04)
<b>Cash generated from operating activities before working capital changes</b>	<b>4,957.82</b>	<b>3,473.27</b>
<b>Adjustments:</b>		
(Increase)/Decrease in loans and advances	(10,211.54)	(37,942.53)
(Increase)/Decrease in other financial assets	(1,787.73)	314.04
(Increase)/Decrease in other non-financial assets	(263.68)	15.53
Increase/(Decrease) in trade payable	1,188.19	703.80
Increase/(Decrease) in other financial liabilities	651.97	1,419.67
Increase/(Decrease) in other non-financial liabilities	(12.21)	32.55
<b>Cash (used in)/generated from operating activities</b>	<b>(5,477.18)</b>	<b>(31,983.67)</b>
Taxes paid (net)	(821.57)	(1,360.46)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(6,298.75)</b>	<b>(33,344.13)</b>
<b>B Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(253.12)	(52.51)
Purchase of intangible assets	(270.31)	(179.08)
Sale of property, plant and equipment	-	5.69
Sale / (Purchase) of assets held for sale	-	595.28
Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(1,189.61)	(1,810.20)
(Acquisition)/Redemption of FVTPL investments (net)	(917.30)	(1,707.21)
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>(2,630.34)</b>	<b>(3,148.03)</b>
<b>C Cash Flow from Financing Activities</b>		
Proceeds from issue of equity share capital	-	24,901.31
Proceeds from borrowings	42,352.05	62,970.23
Repayments towards borrowings	(32,740.39)	(51,552.80)
Payment of lease liabilities	(64.06)	-
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>9,547.60</b>	<b>36,318.74</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)</b>	<b>618.51</b>	<b>(173.42)</b>
<b>Cash and Cash Equivalents at the beginning of the period</b>	<b>391.87</b>	<b>565.29</b>
<b>Cash and Cash Equivalents at the end of the period</b>	<b>1,010.38</b>	<b>391.87</b>
<b>Reconciliation of cash and cash equivalents with the balance sheet</b>		
Cash on hand	9.41	4.42
Balances with banks		
- in current accounts	483.43	387.45
Deposits with original maturity of less than 3 months	517.54	-
<b>Total</b>	<b>1,010.38</b>	<b>391.87</b>

See accompanying notes forming part of the financial statements 1 to 57

In terms of our report attached  
**For G. D. Apte & Co**  
Chartered Accountants  
FRN-100515W

Sd/-

**CA Mayuresh V. Zele**  
Partner  
M. No. 150027

Place: Mumbai  
Date: 27 April 2023

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

Sd/-

**Shreejit Menon**  
Chief Executive Officer  
DIN: 08089220

Sd/-

**Vibhor Kumar Talreja**  
Non-Executive Director  
DIN: 08768297

Sd/-

**Pushkar Dattatray Joshi**  
Chief Financial Officer

Sd/-

**Nidhi Sadani**  
Company Secretary

Place: Mumbai  
Date: 27 April 2023

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**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**

**As at 31 March 2023**

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
45,000.00	-	45,000.00	-	45,000.00

**As at 31 March 2022**

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
20,000.00	-	20,000.00	25,000.00	45,000.00

**(b) Other equity**

Particulars	Reserves and surplus		Capital contribution from Holding Company	Total
	Statutory Reserves u/s 29C	Retained earnings		
<b>(i) Balance at 1 April 2022</b>	1,537.68	3,118.28	245.51	4,901.47
Profit for the year	-	3,777.54	-	3,777.54
Transfer from Retained Earnings	755.51	(755.51)	-	-
Gain/loss on re-measurement of defined benefit plans	-	9.40	-	9.40
Share based payment expense	-	-	25.09	25.09
<b>Balance at 31 March 2023</b>	<b>2,293.19</b>	<b>6,149.71</b>	<b>270.60</b>	<b>8,713.50</b>
<b>(ii) Balance at 1 April 2021</b>	851.51	465.88	211.91	1,529.30
Profit for the year	-	3,430.83	-	3,430.83
Transfer from Retained Earnings	686.17	(686.17)	-	-
Gain/loss on re-measurement of defined benefit plans	-	6.43	-	6.43
Share issue expenses	-	(98.69)	-	(98.69)
Share based payment expense	-	-	33.60	33.60
<b>Balance at 31 March 2022</b>	<b>1,537.68</b>	<b>3,118.28</b>	<b>245.51</b>	<b>4,901.47</b>

See accompanying notes forming part of the financial statements 1 to 57

In terms of our report attached

For G. D. Apte & Co

Chartered Accountants

FRN-100515W

Sd/-

CA Mayuresh V. Zele

Partner

M. No. 150027

For and on behalf of the Board of Directors of

IndoStar Home Finance Private Limited

Sd/-

Shreejit Menon

Chief Executive Officer

DIN: 08089220

Sd/-

Pushkar Dattatray Joshi

Chief Financial Officer

Sd/-

Vibhor Kumar Talreja

Non-Executive Director

DIN: 08768297

Sd/-

Nidhi Sadani

Company Secretary

Place: Mumbai

Date: 27 April 2023

Place: Mumbai

Date: 27 April 2023

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**1 Corporate Information**

IndoStar Home Finance Private Limited ('the Company') was incorporated on January 01, 2016 and is domiciled in India. The Company is wholly owned subsidiary of IndoStar Capital Finance Limited. The Company is engaged in housing finance business and registered with National Housing Bank ('NHB') as housing finance Company (HFC) not accepting public deposits, as defined under section 29A of the National Housing Bank Act, 1987.

**2 Basis of Preparation and Significant accounting policies****2.1 Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time. The financial statements have been prepared under the historical cost convention, as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The financial statements are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

**2.2 Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the 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.

An analysis regarding recovery or settlement of assets and liabilities of the Company as on balance sheet dates, within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current).

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

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**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 '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 amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 recognized in the profit or loss.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**(b) Financial assets at fair value through other comprehensive income (FVTOCI)**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

**(c) Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at fair value through profit or loss are those that are either held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met (such designation is determined on an instrument-by-instrument basis):

The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis.

Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

**(d) Debt securities and other borrowed funds**

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

**(e) Financial guarantees**

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of (i) the amount initially recognised less cumulative amortisation recognised in the Statement of Profit and Loss and (ii) the amount of loss allowance. The premium/deemed premium is recognised in the Statement of Profit and Loss on a straight line basis over the life of the guarantee.

**(f) Undrawn loan commitments**

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of 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.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**(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 both 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.

**(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.

**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 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 categorized 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 categorized 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.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**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 recognized in the Statement of Profit and Loss when the asset is derecognized.

**Subsequent expenditure**

Subsequent costs are included in the assets carrying amount or recognized 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 derecognized when replaced. All other repair and maintenance 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
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.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**d) Intangible assets**

**Recognition and measurement**

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the 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) 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, together with undrawn loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

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:** 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. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

**Stage 3:** All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. 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 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.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Loss Given Default (LGD) :** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral.

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:

**12-month ECL:** 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.

**Lifetime ECL:** Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.

The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments.

**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.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default 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 loans 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 day past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

**Modification and derecognition of financial assets**

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of a 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.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

If this do 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**

For financial assets measured at amortised cost, loss allowance for ECL is presented as a deduction from the gross carrying amount of the assets.

**(ii) Non-financial assets****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.

**f) Recognition of income**

Revenue generated from the business transactions (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration to be received or receivable by the Company. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

**Step 1:** Identify contract(s) with a customer

**Step 2:** Identify performance obligations in the contract

**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 Company satisfies a performance obligation

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**(a) Recognition of interest income**

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR for the amortised cost asset is calculated by taking into account any discount or premium on acquisition, origination fees and transaction costs that are an integral part of the EIR.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company recognised the interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial status of the financial asset improves and it no longer remains to be a credit-impaired, the Company revises the application of interest income on such financial asset to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised as interest income in the statement of profit or loss.

**(b) 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.

**(c) 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 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.

**(d) 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.

**(e) 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.

**g) 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.

**h) 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.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**(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 recognized 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 recognized 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.

**i) 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.

Such rights have been provided to the employees on the equity shares of the Indostar Capital Finance Limited, who is holding Company. Such contribution is credited directly as capital contribution of the Company.

**j) 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.

Short-term leases and leases of low-value assets :The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**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.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**k) Foreign currency translation****Functional and presentational currency**

The financial statements are presented in INR which is also functional currency of the Company and the currency of the primary economic environment in which the Company operates.

**l) 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.

**m) 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 reassessed 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.

**n) 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.

**o) 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**p) Segment reporting**

The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as per Ind AS 108 dealing with Operating segment.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**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 doubtful debts/advances, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Note 3</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	9.41	4.42
Balances with banks		
- in current accounts	483.43	387.45
Deposits with original maturity of less than three months	517.54	-
	<b>1,010.38</b>	<b>391.87</b>
<b>Note 4</b>		
<b>Bank balances other than cash and cash equivalents</b>		
Deposits with original maturity of more than three months	3,260.09	2,070.48
	<b>3,260.09</b>	<b>2,070.48</b>
<b>Note 5</b>		
<b>Loans</b>		
<b>At amortized cost</b>		
Term Loans	1,33,252.18	1,23,577.53
<b>Total - Gross</b>	<b>1,33,252.18</b>	<b>1,23,577.53</b>
Less: Impairment allowance	(1,246.71)	(1,980.35)
<b>Total - Net</b>	<b>1,32,005.47</b>	<b>1,21,597.18</b>
Secured by tangible assets	1,33,252.18	1,23,577.53
<b>Total - Gross</b>	<b>1,33,252.18</b>	<b>1,23,577.53</b>
Less: Impairment allowance	(1,246.71)	(1,980.35)
<b>Total - Net</b>	<b>1,32,005.47</b>	<b>1,21,597.18</b>
<b>Loans in India</b>		
(a) Public sector	-	-
(b) Others	1,33,252.18	1,23,577.53
<b>Total - Gross</b>	<b>1,33,252.18</b>	<b>1,23,577.53</b>
Less: Impairment allowance	(1,246.71)	(1,980.35)
<b>Total - Net</b>	<b>1,32,005.47</b>	<b>1,21,597.18</b>
<b>Loans outside India (b)</b>	-	-
Less: Impairment allowance	-	-
<b>Total - Net (b)</b>	-	-
<b>Total - Net (a)+(b)</b>	<b>1,32,005.47</b>	<b>1,21,597.18</b>

**Notes :**

(i) The Company does not have any financing activities against collateral of gold jewellery. Hence percentage of outstanding loans granted against collateral of gold jewellery to total assets at 31 March 2023 is NIL (31 March 2022: NIL).

(ii) Detailed analysis on year end stage classification of loans and impairment allowance is disclosed in Note 29.

(iii) The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("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;

The Company has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("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.

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Note 6</b>		
<b>Investments (at fair value through profit or loss)</b>		
Investments in Mutual Fund	3,500.54	2,300.12
	<b>3,500.54</b>	<b>2,300.12</b>
<b>Note 7</b>		
<b>Other financial assets</b>		
Security deposit	68.76	31.03
Assignment receivables	3,568.58	2,410.72
Other receivables	-	-
Deposits with Trustee for securitisation	592.13	-
	4,229.47	2,441.75
Less: ECL on assignment receivable	(164.24)	(103.39)
	<b>4,065.23</b>	<b>2,338.36</b>
<b>Note 8</b>		
<b>Current tax assets (net)</b>		
Advance tax (net of provision)	230.53	258.96
	<b>230.53</b>	<b>258.96</b>
<b>Note 9</b>		
<b>Deferred tax assets</b>		
Provision for gratuity	15.61	14.23
Provision for leave encashment	4.36	5.43
Provision on assets held for sale	-	-
Provision for expected credit loss	357.86	488.31
Income amortisation	37.27	44.12
Depreciation on PPE and intangible assets	19.90	22.75
Lease liabilities	6.26	4.57
<b>Deferred tax liabilities</b>		
Assignment income amortisation	(898.14)	(606.74)
Borrowing cost amortisation	(122.66)	(53.42)
<b>Deferred tax asset/(liabilities) (net)</b>	<b>(579.54)</b>	<b>(80.75)</b>

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Note 12</b>		
<b>Other non-financial assets</b>		
Prepaid expenses	124.33	67.85
Advances recoverable in cash or in kind or for value to be received	349.15	141.95
	<b>473.48</b>	<b>209.80</b>
<b>Note 13</b>		
<b>Trade payables</b>		
Dues to Micro, small and medium enterprises	3.27	0.05
Dues to Others	2,384.62	1,199.65
	<b>2,387.89</b>	<b>1,199.70</b>

**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	3.27	-	-	-	3.27
(ii) Others	2,384.62	-	-	-	2,384.62
(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	0.05	-	-	-	0.05
(ii) Others	1,199.65	-	-	-	1,199.65
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Note 14</b>		
<b>Borrowings</b>		
<b>At amortised cost</b>		
<b>Term loans</b>		
Term loans from banks (Refer note (a) below)	32,552.58	24,718.61
Term loans from NHB (Refer note (b) below)	22,756.77	28,313.20
Other borrowings	28,187.21	21,013.39
<b>Total</b>	<b>83,496.56</b>	<b>74,045.20</b>
Borrowings in India	83,496.56	74,045.20
Borrowings outside India	-	-
<b>Total</b>	<b>83,496.56</b>	<b>74,045.20</b>
Secured borrowings	83,496.56	74,045.20
Unsecured borrowings	-	-
<b>Total</b>	<b>83,496.56</b>	<b>74,045.20</b>

**(a) Term loan from banks (TL):**

Redeemable within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 7.90% <= 10.25%	>= 7.90% <= 8.85%
	Amount	Amount
Above 60 Months	1,259.79	2,915.71
48-60 Months	3,527.82	2,104.57
36-48 Months	4,376.47	3,173.05
24-36 Months	5,439.39	4,879.46
12-24 Months	9,197.55	6,448.55
0-12 Months	8,751.56	5,197.27
<b>Total</b>	<b>32,552.58</b>	<b>24,718.61</b>

**(b) Term loan from NHB (TL):**

Redeemable within	As at 31 March 2023	As at 31 March 2022
	Rate of interest	Rate of interest
	>= 6.60% <= 8.95%	>= 5.25% <= 6.65%
	Amount	Amount
Above 60 Months	6,145.00	8,224.86
48-60 Months	1,832.90	3,387.59
36-48 Months	3,388.68	3,590.28
24-36 Months	3,599.19	4,440.98
12-24 Months	4,452.00	4,440.98
0-12 Months	3,339.00	4,228.51
<b>Total</b>	<b>22,756.77</b>	<b>28,313.20</b>

**Foot Notes:**

- (i) Term loan from banks and financial institutions have been used for the purpose for which they were borrowed.  
(ii) Quarterly returns/statements filed by the Company with Banks or Financial Institutions are in agreement with the books of accounts.

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Note 15</b>		
<b>Other financial liabilities</b>		
Book overdraft	1,896.60	1,524.95
Employee benefits payable	306.70	227.29
Unamortised lease liabilities	354.48	282.56
Others	2,443.16	2,222.20
	<b>5,000.94</b>	<b>4,257.00</b>
<b>Note 16</b>		
<b>Provisions</b>		
Provision for employee benefits:		
- Gratuity	62.01	56.52
- Compensated absences	17.34	21.58
Others :		
- Expected credit loss on undrawn loan commitments	10.92	11.76
	<b>90.27</b>	<b>89.86</b>
<b>Note 17</b>		
<b>Non-financial liabilities</b>		
Statutory dues payable	158.54	134.22
	<b>158.54</b>	<b>134.22</b>

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Note 19</b>		
<b>Other equity</b>		
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	2,293.19	1,537.68
Capital contribution from Holding Company	270.60	245.51
Retained earnings	6,149.71	3,118.28
	<b>8,713.50</b>	<b>4,901.47</b>
<b>19.1 Other equity movement</b>		
<b>Statutory reserves u/s 29C of the National Housing Bank Act, 1987</b>		
Opening Balance	1,537.68	851.51
Add : Transferred from surplus	755.51	686.17
Closing Balance	<b>2,293.19</b>	<b>1,537.68</b>
<b>Capital contribution from holding Company</b>		
Opening Balance	245.51	211.91
Movement during the year	25.09	33.60
Closing Balance	<b>270.60</b>	<b>245.51</b>
<b>Retained earnings</b>		
Opening Balance	3,118.28	465.88
Add: Transferred from the statement of profit and loss	3,777.54	3,430.83
Less: Transfer to statutory reserve as per Section 29C of the National Housing Bank Act, 1987	(755.51)	(686.17)
Less : Share issue expenses	-	(98.69)
Add: Re-measurement of defined benefit obligations	9.40	6.43
Closing Balance	<b>6,149.71</b>	<b>3,118.28</b>

**19.2 Nature and purpose of reserves****Statutory reserves u/s 29C of the National Housing Bank Act, 1987**

Statutory reserves fund is required to be created by Housing Finance Company as per Section 29C of the National Housing Bank of India Act, 1987. The Company is not allowed to use the reserve fund except with authorisation of National Housing Bank.

As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Company 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 Company 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.

**Capital contribution from holding company**

Capital contribution reserve represents the proportionate amount of fair value of options charged to the Company on account of issuance of employee stock options to the employees of the Company by its Parent Company (i.e. Indostar Capital Finance Limited) on its own shares.

**Retained earnings**

Retained earnings represents surplus/(deficit) of accumulated earnings of the Company.

**Indostar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 10****Property, plant and equipment**

DESCRIPTION	Leasehold Improvement	Office equipment	Computers	Furniture and fixtures	Right-of-Use Assets- Building	Total
<b>Cost as at 1 April 2021</b>	<b>108.23</b>	<b>19.64</b>	<b>254.46</b>	<b>1.01</b>	<b>124.89</b>	<b>508.23</b>
Additions	21.89	7.71	18.43	4.48	196.36	248.87
Disposals	(24.68)	(1.01)	(3.64)	-	(8.22)	(37.55)
<b>Cost as at 31 March 2022</b>	<b>105.44</b>	<b>26.34</b>	<b>269.25</b>	<b>5.49</b>	<b>313.03</b>	<b>719.55</b>
Additions	76.41	25.67	111.90	39.14	215.54	468.66
Disposals	-	-	-	-	(109.89)	(109.89)
<b>Cost as at 31 March 2023 (A)</b>	<b>181.85</b>	<b>52.01</b>	<b>381.15</b>	<b>44.63</b>	<b>418.68</b>	<b>1,078.32</b>
<b>Accumulated depreciation as at 1 April 2021</b>	<b>67.16</b>	<b>11.47</b>	<b>240.81</b>	<b>1.01</b>	<b>16.01</b>	<b>336.46</b>
Depreciation for the year	20.89	4.82	11.16	3.84	40.72	81.43
Disposals	(19.22)	(0.79)	(3.59)	-	(8.22)	(31.82)
<b>Accumulated depreciation as at 31 March 2022</b>	<b>68.83</b>	<b>15.50</b>	<b>248.38</b>	<b>4.85</b>	<b>48.51</b>	<b>386.07</b>
Depreciation for the year	28.62	10.15	31.76	17.26	72.34	160.13
Disposals	-	-	-	-	(32.61)	(32.61)
<b>Accumulated depreciation as at 31 March 2023 (B)</b>	<b>97.45</b>	<b>25.65</b>	<b>280.14</b>	<b>22.11</b>	<b>88.24</b>	<b>513.59</b>
<b>Net carrying amount as at 31 March 2023 (A) - (B)</b>	<b>84.40</b>	<b>26.36</b>	<b>101.01</b>	<b>22.52</b>	<b>330.44</b>	<b>564.73</b>
<b>Net carrying amount as at 31 March 2022</b>	<b>36.61</b>	<b>10.84</b>	<b>20.87</b>	<b>0.64</b>	<b>264.52</b>	<b>333.48</b>

**Indostar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 11****Intangible assets**

<b>Particulars</b>	<b>Computer Software</b>	<b>Total</b>
<b>Cost as at 1 April 2021</b>	<b>293.32</b>	<b>293.32</b>
Additions	179.08	179.08
Disposals	(0.28)	(0.28)
<b>Cost as at 31 March 2022 (A)</b>	<b>472.12</b>	<b>472.12</b>
Additions	270.31	270.31
Disposals	-	-
<b>Cost as at 31 March 2023 (A)</b>	<b>742.43</b>	<b>742.43</b>
<b>Accumulated amortisation as at 1 April 2021</b>	<b>189.33</b>	<b>189.33</b>
Amortisation for the year	75.12	75.12
Disposals	(0.28)	(0.28)
<b>Accumulated amortisation as at 31 March 2022 (B)</b>	<b>264.17</b>	<b>264.17</b>
Amortisation for the year	161.47	161.47
Disposals	-	-
<b>Accumulated amortisation as at 31 March 2023 (B)</b>	<b>425.64</b>	<b>425.64</b>
<b>Net carrying amount as at 31 March 2023 (A)- (B)</b>	<b>316.79</b>	<b>316.79</b>
<b>Net carrying amount as at 31 March 2022 (A)- (B)</b>	<b>207.95</b>	<b>207.95</b>

## Note 18

## Equity 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
<b>Authorised capital</b>				
Equity shares of Rs.10/- each	1,00,00,00,000	1,00,000.00	1,00,00,00,000	1,00,000.00
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10/- each fully paid up	45,00,00,000	45,000.00	45,00,00,000	45,000.00
Total	<b>45,00,00,000</b>	<b>45,000.00</b>	<b>45,00,00,000</b>	<b>45,000.00</b>

## b. Reconciliation of number of shares 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	45,00,00,000	45,000.00	20,00,00,000	20,000.00
Add: Issued during the year (fully paid Rs. 10 each)	-	-	25,00,00,000	25,000.00
<b>Shares outstanding at the end of the year</b>	<b>45,00,00,000</b>	<b>45,000.00</b>	<b>45,00,00,000</b>	<b>45,000.00</b>

## c. Particulars of 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
Indostar Capital Finance Limited	Holding Company	45,00,00,000	100%	45,00,00,000	100%

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 shares held

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
IndoStar Capital Finance Limited*	Holding Company	45,00,00,000	100%	45,00,00,000	100%

\* 1 equity share each is held by six individuals jointly with IndoStar Capital Finance Limited, further beneficial interest of the same is with IndoStar Capital Finance Limited.

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 for managing capital

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.

## g. Shares held by promoters at the end of the year

Promoter Name	No. of Shares	% of Total Shares	% Change during the year
<b>As at 31 March 2023</b>			
Indostar Capital Finance Limited	45,00,00,000	100%	0%
<b>As at 31 March 2022</b>			
Indostar Capital Finance Limited	45,00,00,000	100%	0%

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements 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
<b>Note 20</b>		
<b>Revenue from operations</b>		
<b>Interest income on financial assets measured at amortised cost:</b>		
<b>Interest on loans</b>		
- Loan portfolio	17,063.22	13,524.97
<b>Interest on deposits</b>		
- Deposits with banks	103.92	26.77
- Investments in PTCs	10.52	-
	<b>17,177.66</b>	<b>13,551.74</b>
<b>Fees and commission income</b>		
- Fees	709.88	592.41
	<b>709.88</b>	<b>592.41</b>
<b>Net gain on fair value changes</b>		
<b>Net gain/(loss) on financial instruments at fair value through profit or loss</b>		
- Investments	283.12	92.89
<b>Total fair value changes</b>	<b>283.12</b>	<b>92.89</b>
<b>Fair value changes:</b>		
- Realised	282.65	92.65
- Unrealised	0.47	0.24
<b>Total fair value changes</b>	<b>283.12</b>	<b>92.89</b>
<b>Gain on derecognition of financial instruments measured at amortised cost category</b>		
- Assignment Income	2,659.01	223.96
	<b>2,659.01</b>	<b>223.96</b>
<b>Total</b>	<b>20,829.67</b>	<b>14,461.00</b>
<b>Note 21</b>		
<b>Other Income</b>		
Miscellaneous income	65.33	2.78
Interest on income tax refund	29.17	18.52
	<b>94.50</b>	<b>21.30</b>
<b>Note 22</b>		
<b>Finance cost</b>		
<b>Interest expense on financial liabilities measured at amortised cost:</b>		
<b>Interest expense on borrowings</b>		
Loans from banks	4,373.37	2,205.09
Other borrowings (including Inter Corporate Deposits)	1,907.36	2,684.42
<b>Interest expense on debt securities</b>		
Commercial paper	178.34	-
<b>Other interest expense</b>		
Bank charges & other related costs	64.26	43.84
	<b>6,523.33</b>	<b>4,933.35</b>
<b>Note 23</b>		
<b>Impairment on financial instruments</b>		
<b>Impairment on loans measured at amortised cost</b>		
Provision for expected credit loss	(733.64)	446.99
Financial assets written off (net of recovery)	651.01	126.14
<b>Impairment on others</b>		
Undrawn loan commitments	(0.84)	6.90
Others	60.85	32.08
	<b>(22.62)</b>	<b>612.11</b>

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements 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
<b>Note 24</b>		
<b>Employee Benefits Expenses</b>		
Salaries, other allowances and bonus	3,828.60	2,288.77
Gratuity expenses	30.02	23.47
Compensated absences	7.76	11.56
Contribution to provident and other funds	168.81	93.81
Staff welfare expenses	108.50	19.35
Share based payment expense	25.09	33.60
Employee shared service costs	357.05	406.03
	<b>4,525.83</b>	<b>2,876.59</b>
<b>Note 25</b>		
<b>Depreciation and amortisation expenses</b>		
Depreciation of property, plant and equipment (PPE)	160.12	81.43
Amortisation of intangible assets	161.47	75.12
	<b>321.59</b>	<b>156.55</b>
<b>Note 26</b>		
<b>Other Expenses</b>		
Rent	77.06	32.77
Rates & taxes	56.33	90.49
Printing and stationery	30.67	16.76
Travelling & conveyance	264.62	154.99
Advertisement	61.66	7.15
Commission & brokerage	90.12	36.21
Office expenses	307.22	83.80
Office Expenses IT	309.53	108.00
Directors' fees & commission	4.31	0.82
Communication expenses	55.96	27.97
Payment to auditors (note below)	12.54	21.22
CSR expenses (note below)	62.86	19.41
Legal & professional charges	472.60	87.70
Off roll employee expenses	839.92	-
Loss on sale of property plant and equipment	-	0.05
Other shared service costs	1,807.47	725.46
Impairment allowance on assets held for sale	-	(117.79)
	<b>4,452.87</b>	<b>1,295.01</b>
<b>Payment to auditor includes:</b>		
a) Statutory Audit (refer footnote)	8.04	12.00
b) Tax Audit	1.50	1.50
c) Certifications	3.00	7.72
d) Other Services	-	-
<b>Total</b>	<b>12.54</b>	<b>21.22</b>
<b>Details for expenditure on Corporate Social Responsibility:</b>		
a) Gross amount required to be spent during the year	62.86	19.41
b) Amount of expenditure incurred	62.86	19.41
c) Shortfall at the end of the year	-	-
d) Total of previous years shortfall	NA	NA
e) Reason for shortfall	NA	NA
f) Nature of CSR activities	Women Empowerment Healthcare and Sanitation	
g) Details of related party transactions	-	-

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 28****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
<b>i. Profit attributable to equity holders (A)</b>		
Profit attributable to equity holders for basic and diluted EPS (Rs. Lakh)	3,777.54	3,430.83
<b>ii. Weighted average number of equity shares for calculating Basic EPS (B)</b>	45,00,00,000	38,69,86,301
<b>iii. Weighted average number of equity shares for calculating Diluted EPS (C)</b>	45,00,00,000	38,69,86,301
<b>iv. Basic earnings per share (Rs.)</b>	0.84	0.89
<b>v. Diluted earnings per share (Rs.)</b>	0.84	0.89

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 29****Financial instruments – Fair values and Risk management****A. Accounting classification and fair values**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique.

The management has assessed that the carrying amounts of cash and cash equivalents, loans carried at amortised cost, other financial assets, trade payables, borrowings, bank/book overdrafts and other current liabilities are a reasonable approximation to their fair value.

**B. Risk Management Framework:**

Company's risk management framework is based on

- Clear understanding and identification of various risks
- Disciplined risk assessment by evaluating the probability and impact of each risk
- Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks and
- Adequate review mechanism to monitor and control risks.

Company's risk management division works as a value centre by constantly engaging with the business providing reports based on key analysis and insights. The key risks faced by the company are credit risk, liquidity risk, interest rate risk, operational risk, fraud risk, reputational and regulatory risk, which are broadly classified as credit risk, market risk and operational risk. The company has a well established risk reporting and monitoring framework. The company identifies and monitors risks periodically. This process enables the company to reassess the all critical risks in a changing environment that need to be focused on.

**C. Risk governance structure:**

Company's risk governance structure operates with a robust Board and Risk Management Committee ('RMC') with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the company directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, 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 division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Company about risk management.

**D. Fair value hierarchy**

Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to unadjusted 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 3.

The following table shows the carrying amounts and fair values of financial assets including their levels in the fair value hierarchy:

Particulars	As at 31 March 2023							
	Carrying amount				Fair value			
	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
<b>Investments covered under Ind AS 109</b>								
(a) Investments	3,500.54	-	-	3,500.54	3,500.54	-	-	3,500.54
(b) Loans	-	-	1,32,005.47	1,32,005.47	-	-	1,32,005.47	1,32,005.47
<b>Total</b>	<b>3,500.54</b>	<b>-</b>	<b>1,32,005.47</b>	<b>1,35,506.01</b>	<b>3,500.54</b>	<b>-</b>	<b>1,32,005.47</b>	<b>1,35,506.01</b>
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
<b>Investments covered under Ind AS 109</b>								
(a) Investments	2,300.12	-	-	2,300.12	2,300.12	-	-	2,300.12
(b) Loans	-	-	1,21,597.18	1,21,597.18	-	-	1,21,597.18	1,21,597.18
<b>Total</b>	<b>2,300.12</b>	<b>-</b>	<b>1,21,597.18</b>	<b>1,23,897.30</b>	<b>2,300.12</b>	<b>-</b>	<b>1,21,597.18</b>	<b>1,23,897.30</b>

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**E. Liquidity risk**

Liquidity is the Company's capacity to fund increase in assets and meet both the expected and unexpected obligations without incurring unacceptable losses. Liquidity risk is the inability to meet such obligations as they become due without adversely affecting the company's financial conditions. The Asset Liability Management Policy of the Company stipulates a broad framework for Liquidity risk management to ensure that the Company can meet its liquidity obligations. The Asset Liability Management Committee ('ALCO') monitors composition, characteristics and diversification of funding sources to ensure there is no over reliance on single source of funding. The Company tracks the cash flow mismatches for measuring and managing net funding requirement through Maturity Ladder approach and reviews short-term liquidity profiles based on business projections and other commitments for planning purposes through Dynamic Liquidity analysis. The ALCO also reviews the individual mismatch in each time bucket and cumulative mismatch and ensures the bucket wise limits are not generally breached.

The Company maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow. The liquidity position of the company is assessed under a variety of scenarios giving due consideration to stress factors relating to both the market in general and risk specifics to the Company. Basis the liquidity position assessed under various stress scenarios; the Company reviews the following to effectively handle any liquidity crisis:

- Adequacy of contingency funding plan in terms of depth of various funding sources, time to activate, cost of borrowing, etc
- Availability of unencumbered eligible assets

Maturity profile of undiscounted cash flows for financial liabilities as on balance sheet date have been provided below:

**As on 31 March 2023**

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>					
Trade payables	2,387.89				2,387.89
Borrowings (other than debt securities)	2,157.69	11,767.10	44,828.80	24,742.97	83,496.56
Other financial liabilities	4,662.68	49.73	224.06	64.47	5,000.94
<b>Total</b>	<b>9,208.26</b>	<b>11,816.83</b>	<b>45,052.86</b>	<b>24,807.44</b>	<b>90,885.39</b>

**As on 31 March 2022**

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>					
Trade payables	1,199.70	-	-	-	1,199.70
Borrowings (other than debt securities)	1,970.78	8,065.29	36,044.36	27,964.77	74,045.20
Other financial liabilities	3,985.70	35.13	213.07	23.10	4,257.00
<b>Total</b>	<b>7,156.18</b>	<b>8,100.42</b>	<b>36,257.43</b>	<b>27,987.87</b>	<b>79,501.90</b>

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 29****Financial instruments – Fair values and Risk management (continued)****F. Credit risk**

Credit risk arises when a borrower is unable to meet his financial obligations to the lender. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process to identify credit portfolio 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.

**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. Additionally, accounts identified and reviewed by the Executive committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

**Write off policy**

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument 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 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, together with undrawn loan commitments (referred to as 'financial instrument').

**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:** 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. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

**Stage 3:** All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. 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, considering the change in the risk of default occurring over the remaining life of the financial instrument. The company undertakes the classification of exposures within the aforesaid stages at borrower level

**Definition of default**

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Further if the customer has requested forbearance in repayment terms, such restructured, rescheduled or renegotiated accounts are also classified as Stage 3. Non-payment on another obligation of the same customer is also considered as a stage 3.

**The calculation of ECL**

The Company calculates ECL to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The key elements of the ECL are summarised below:

**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.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 29**
**Financial instruments – Fair values and Risk management (continued)**
**Forward looking information**

The company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. Such statistical models are selected considering the availability of information related to the probability of default for each product. This analysis includes the identification and calibration of relationships between changes in GNPA as proxy for default rates and changes in key macro-economic factors. Key economic indicators considered for forward looking includes:

- GDP growth
- WPI (Wholesale price index)

For the purpose of determination of impact of forward looking information, the company applies macro economic (ME) variables as stated above to each product and assess the trend of the historical probability of defaults as compared to the forecasted probability of default. Based on the directional trend of output, management applies an overlay if required. Overtime, new ME variable may emerge to have a better correlation and may replace ME being used now.

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	31 March 2023			
	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets measured at amortised cost</b>				
Loans	1,28,450.76	3,133.81	1,667.61	<b>1,33,252.18</b>
<b>Total</b>	<b>1,28,450.76</b>	<b>3,133.81</b>	<b>1,667.61</b>	<b>1,33,252.18</b>

Particulars	31 March 2022			
	Stage 1	Stage 2	Stage 3	Total
<b>Financial assets measured at amortised cost</b>				
Loans	1,15,274.30	6,078.92	2,224.31	<b>1,23,577.53</b>
<b>Total</b>	<b>1,15,274.30</b>	<b>6,078.92</b>	<b>2,224.31</b>	<b>1,23,577.53</b>

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
<b>Gross carrying amount opening balance</b>	<b>1,15,274.30</b>	<b>6,078.92</b>	<b>2,224.31</b>	<b>1,23,577.53</b>	<b>80,587.29</b>	<b>3,217.54</b>	<b>1,550.91</b>	<b>85,355.74</b>
New assets originated or purchased	47,112.84	133.29	218.43	<b>47,464.56</b>	58,317.15	<b>181.41</b>	<b>289.28</b>	<b>58,787.84</b>
Assets derecognised or repaid (excluding write offs)	(35,057.55)	(1,179.85)	(852.78)	<b>(37,090.18)</b>	(19,030.38)	(591.66)	(817.87)	<b>(20,439.91)</b>
Transfers to stage 1	2,621.44	(2,489.06)	(132.38)	-	2,327.03	(2,098.90)	(228.13)	-
Transfers to stage 2	(1,038.90)	1,049.18	(10.28)	<b>(0.00)</b>	(6,681.10)	7,822.58	(1,141.48)	-
Transfers to stage 3	(461.37)	(458.67)	920.04	-	(241.85)	(2,443.51)	2,685.36	-
Amounts written off	-	-	(699.73)	<b>(699.73)</b>	(3.84)	(8.54)	(113.76)	<b>(126.14)</b>
<b>Gross carrying amount closing balance</b>	<b>1,28,450.76</b>	<b>3,133.81</b>	<b>1,667.61</b>	<b>1,33,252.18</b>	<b>1,15,274.30</b>	<b>6,078.92</b>	<b>2,224.31</b>	<b>1,23,577.53</b>

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
<b>ECL allowance - opening balance</b>	<b>894.42</b>	<b>265.79</b>	<b>820.14</b>	<b>1,980.35</b>	<b>595.31</b>	<b>587.36</b>	<b>350.69</b>	<b>1,533.36</b>
New assets originated or purchased	235.04	3.47	25.52	264.03	460.63	9.22	74.74	544.59
Assets derecognised or repaid (excluding write offs)	(281.93)	(57.57)	(123.25)	<b>(462.75)</b>	(134.50)	(41.65)	(210.96)	<b>(387.11)</b>
Transfers to stage 1	86.03	(57.66)	(28.37)	-	123.56	(68.04)	(55.52)	-
Transfers to stage 2	(8.02)	10.23	(2.21)	-	(47.73)	314.01	(266.28)	-
Transfers to stage 3	(3.56)	(21.76)	25.32	-	(1.73)	(112.40)	114.13	-
Impact on year end ECL on exposures transferred between stages during the year	(288.15)	8.96	271.65	(7.54)	(101.10)	(422.47)	845.60	322.03
Amounts written back (net of recovery)	-	-	(527.39)	<b>(527.39)</b>	(0.02)	(0.24)	(32.26)	<b>(32.52)</b>
<b>ECL allowance - closing balance</b>	<b>633.83</b>	<b>151.46</b>	<b>461.41</b>	<b>1,246.70</b>	<b>894.42</b>	<b>265.79</b>	<b>820.14</b>	<b>1,980.35</b>

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 29****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 application verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 29****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, National Housing Board(NHB). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB.

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.

<b>Particulars</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Tier I capital ratio	80.5%	83.2%
Tier II capital ratio	0.0%	0.0%
<b>Total capital adequacy ratio</b>	<b>80.5%</b>	<b>83.2%</b>

**Ratios**

<b>Particulars</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Debt Equity Ratio	1.57	1.49

(Debt-equity ratio = (Debt securities + Borrowings (other than debt securities)) / Networth.)

Total debts to Total assets (Total debts to total assets = (Debt securities+ Borrowings (other than debt securities)) / total assets.)	0.57	0.57
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Net profit margin (Net profit margin= Net profit after tax / total income)	18.1%	23.7%
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**IndoStar Home Finance Private Limited**

(Currency : Indian Rupees Lakhs)

Related Party disclosures, as required by Indian Accounting Standard 24 (Ind AS 24) are given below:

**a) Relationships****Ultimate Controlling Party**

Brookfield Asset Management Inc. (from 9 July 2020)

**Holding Company**

BCP V Multiple Holdings Pte. Ltd. (from 9 July 2020)

IndoStar Capital Finance Limited

**Fellow Subsidiary**

IndoStar Asset Advisory Private Limited

**Names of other related parties with whom the Company had transactions during the year:****Key Managerial Personnel**

Narayanan Nadadur Rajagopalan - Non-Executive Independent Director (till 13 th January 2023)

Shreejit Menon -Whole Time Director and CEO

Munish Dayal - Non-Executive Non-Independent Director

Vibhor Kumar Talreja - Non-Executive Non-Independent Director

Benaifer Palsetia - Non-Executive Non-Independent Director (till 18 th July 2022)

**b) Transactions with Key Management Personnel :**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
1) Short-term employee benefits	164.65	114.28
2) Reimbursement of expenses	1.02	6.59
3) Directors sitting fees	4.31	0.82

Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

**c) Transactions other than those with key management personnel :**

Particulars		Holding Company
1) Reimbursement of expenses	2023	2,164.52
	2022	1,139.76
2) Interest on loan from holding company	2023	299.52
	2022	2,410.16
3) Loan taken/(repaid) from holding company (net) (repayments includes conversion to equity)	2023	-
	2022	(38,000.00)
4) Issue of equity shares	2023	-
	2022	25,000.00

**d) The related party balances outstanding at year end are as follows:**

Particulars		Holding Company	Key Management Personnel
1) Reimbursement of expenses	2023	2,328.93	-
	2022	1,196.36	-
2) Loan from holding company (including accrued interest)	2023	-	-
	2022	-	-

**IndoStar Home Finance Private Limited**

(CIN: L65100MH2009PLC268160)

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees in Lakhs)

**Note 30 A- 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)	8,000.00	-	-	-	-	-	-
			2021-22 (PY)	43,000.00	-	-	-	-	-	43,000.00
		Loan taken/(repaid) from holding company (net)/(repayments includes conversion to equity)	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-38,000.00	-	-	-	-	-	-38,000.00
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)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
5	Investments	Outstanding as at Year End	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
		Maximum Outstanding during the year	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
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)	299.52	-	-	-	-	-	299.52
			2021-22 (PY)	2,410.16	-	-	-	-	-	2,410.16
9	Interest received		2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	-	-	-	-	-	-	-
10	Others	Reimbursement of expenses	2022-23 (CY)	2,164.52	-	-	1.02	-	-	2,165.54
			2021-22 (PY)	1,139.76	-	-	6.59	-	-	1,146.35
		Director Sitting Fees	2022-23 (CY)	-	-	-	4.31	-	-	4.31
			2021-22 (PY)	-	-	-	0.82	-	-	0.82
		Short Term benefits	2022-23 (CY)	-	-	-	210.27	-	-	210.27
			2021-22 (PY)	-	-	-	114.28	-	-	114.28
		Issue of Equity shares	2022-23 (CY)	-	-	-	-	-	-	-
			2021-22 (PY)	25,000.00	-	-	-	-	-	25,000.00

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 31****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
<b>Type of Services or service</b>		
Fees	709.88	592.41
<b>Total revenue from contracts with customers</b>	<b>709.88</b>	<b>592.41</b>
<b>Geographical markets</b>		
India	709.88	592.41
Outside India	-	-
<b>Total revenue from contracts with customers</b>	<b>709.88</b>	<b>592.41</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	709.88	592.41
Services transferred over time	-	-
<b>Total revenue from contracts with customers</b>	<b>709.88</b>	<b>592.41</b>

**Note 32****Contingent liabilities and Commitments**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Capital commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account	-	-
Loans sanctioned not yet disbursed	5,441.36	6,744.05

**Note 33****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/Transition Adjustment	282.56	113.07
Add : Additions during the year	122.23	196.36
Add : Interest on lease liability	30.33	19.32
Less : Lease rental payments	(80.64)	(46.19)
	<b>354.48</b>	<b>282.56</b>

a. Lease rentals of ₹ 67.12 lakhs (Previous year ₹ 19.23 lakhs ) pertaining to short-term leases and low value assets has been charged to statement of profit and loss.

**(B) Future lease cashflow for all leased assets**

Particulars	As at 31 March 2023	As at 31 March 2022
Not later than one year	96.86	70.50
Later than one year but not later than five years	285.36	262.66
Later than five years	75.88	23.09
	<b>458.10</b>	<b>356.25</b>

**(C) Maturity analysis of lease liability**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Lease liability</b>		
Less than 12 months	65.95	46.39
More than 12 months	288.53	236.17
	<b>354.48</b>	<b>282.56</b>

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 34****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 :

<b>Particulars</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
a. Principal and interest amount remaining unpaid	3.27	0.05
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act. This has been relied upon by the auditors.

No interest has been paid/is payable by the Company during the year to the suppliers registered under this Act.

**Note 35****Gratuity and other post-employment benefit plans:**

The Company has an funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Based on 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:

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
<b>A. Amount recognised in the balance sheet</b>		
Present value of the obligation as at the end of the year	62.01	56.52
Fair value of plan assets as at the end of the year	-	-
<b>Net asset / (liability) to be recognized in the balance sheet</b>	<b>62.01</b>	<b>56.52</b>

**B. Change in projected benefit obligation**

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Projected benefit of obligation at the beginning of the year	56.52	41.65
Current service cost	26.13	20.83
Interest cost	3.89	2.64
Actuarial (gain) / loss on obligation	(12.56)	(8.60)
Benefits paid by company	(11.97)	
<b>Projected benefit obligation at the end of the year</b>	<b>62.01</b>	<b>56.52</b>

**C. Bifurcation of Projected benefit Obligation**

	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
Current Liability	16.81	1.22
Non Current Liability	45.20	55.30
<b>Total</b>	<b>62.01</b>	<b>56.52</b>

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**D. Change in plan assets**

	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Benefits paid	-	-
<b>Fair value of plan assets at the end of the year</b>	<b>-</b>	<b>-</b>

**E. Amount recognised in the statement of profit and loss**

	As at 31 March 2023	As at 31 March 2022
Current service cost	26.13	20.83
Net interest cost	3.89	2.64
<b>Expenses recognised in the statement of profit and loss</b>	<b>30.02</b>	<b>23.47</b>

**F. Amount recognised in other comprehensive income**

	As at 31 March 2023	As at 31 March 2022
Actuarial (gains) / loss		
- change in financial assumption	(0.65)	(3.47)
- change in demographic assumption	(13.52)	-
- experience variation	1.61	(5.13)
<b>Expenses recognised in other comprehensive income</b>	<b>(12.56)</b>	<b>(8.60)</b>

**G. 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

**H. 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)	61.10	62.94	53.87	59.39
Salary growth rate (0.5% movement)	62.91	61.13	59.24	53.81
Withdrawal rate (10% movement)	60.77	63.37	56.17	56.85

**I. Expected Future Cash Flows**

Particulars	As at 31 March 2023	As at 31 March 2022
Year 1 Cashflow	16.81	1.22
Year 2 Cashflow	23.23	4.05
Year 3 Cashflow	10.27	4.33
Year 4 Cashflow	8.38	4.50
Year 5 Cashflow	7.96	4.90
Year 6 to Year 10 Cashflow	17.05	23.76

**J. Other information :**

1. The expected contribution for the next year is Rs. NIL
2. The average outstanding term of the obligations as at valuation date is 3.24 years.

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 36 - Maturity pattern of Assets and Liabilities**

Financial statements of the Company are disclosed in the format or order of liquidity. An analysis of its assets and liabilities according to their timing of recoverability and settlement has been presented below in a tabulated format.

Particulars	Note	As on 31 March 2023			As on 31 March 2022		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
<b>ASSETS</b>							
<b>Financial assets</b>							
Cash and cash equivalents	3	1,010.38	-	<b>1,010.38</b>	391.87	-	<b>391.87</b>
Bank balances other than cash and cash equivalents	4	1,858.99	1,401.10	<b>3,260.09</b>	1,798.96	271.52	<b>2,070.48</b>
Loans	5	5,577.57	1,26,427.90	<b>1,32,005.47</b>	4,917.03	1,16,680.15	<b>1,21,597.18</b>
Investments	6	3,500.54	-	<b>3,500.54</b>	2,300.12	-	<b>2,300.12</b>
Other financial assets	7	5.73	4,059.50	<b>4,065.23</b>	-	2,338.36	<b>2,338.36</b>
<b>Non-financial assets</b>							
Current tax assets (net)	8	-	230.53	<b>230.53</b>	-	258.96	<b>258.96</b>
Property, plant and equipment	10	-	564.73	<b>564.73</b>	-	333.48	<b>333.48</b>
Intangible assets	11	-	316.79	<b>316.79</b>	-	207.95	<b>207.95</b>
Other non-financial assets	12	473.48	-	<b>473.48</b>	209.80	-	<b>209.80</b>
<b>TOTAL ASSETS</b>		<b>12,426.68</b>	<b>1,33,000.56</b>	<b>1,45,427.24</b>	<b>9,617.78</b>	<b>1,20,090.42</b>	<b>1,29,708.20</b>

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
<b>LIABILITIES</b>							
<b>Financial liabilities</b>							
Trade payables	13	2,387.89	-	<b>2,387.89</b>	1,199.70	-	<b>1,199.70</b>
Borrowings (other than debt securities)	14	13,924.79	69,571.77	<b>83,496.56</b>	10,036.07	64,009.13	<b>74,045.20</b>
Other financial liabilities	15	4,712.41	288.53	<b>5,000.94</b>	4,020.83	236.17	<b>4,257.00</b>
<b>Non-financial liabilities</b>							
Provisions	16	34.10	56.17	<b>90.27</b>	-	89.86	<b>89.86</b>
Deferred Tax Liability	9	-	579.54	<b>579.54</b>	-	80.75	<b>80.75</b>
Other non-financial liabilities	17	158.54	-	<b>158.54</b>	134.22	-	<b>134.22</b>
<b>Equity</b>							
Equity share capital	18	-	45,000.00	<b>45,000.00</b>	-	20,000.00	<b>20,000.00</b>
Other equity	19	-	8,713.50	<b>8,713.50</b>	-	(1,353.67)	<b>(1,354.00)</b>
<b>TOTAL LIABILITIES</b>		<b>21,217.73</b>	<b>70,496.01</b>	<b>91,713.74</b>	<b>15,390.82</b>	<b>64,415.91</b>	<b>79,806.73</b>

**Note 37 - Disclosure pursuant to Ind AS 108 - 'Operating Segments'**

The Company operates mainly in business segment of housing finance. Further, all activities are carried out in India. As such there are no reportable segments as per Ind-AS 108 'Operating Segments'.

**Note 38**

**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:**

- The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- 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.
- The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- The Company has not entered into any scheme of arrangement.
- Charges or satisfaction to be registered with Registrar of Companies (ROC) have been registered within the stipulated statutory timelines.
- 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 Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 39 - Disclosure as required by Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>I. Capital</b>		
(i) CRAR (%)	80.5%	83.2%
(ii) CRAR – Tier I Capital (%)	80.5%	83.2%
(iii) CRAR – Tier II Capital (%)	0.0%	0.0%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-
<b>II. Reserve Fund u/s 29C of NHB Act, 1987</b>		
<b>Balance at the beginning of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1,537.68	851.51
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
c) Total	<u>1,537.68</u>	<u>851.51</u>
<b>Addition / Appropriation / Withdrawal during the year</b>		
<b>Add:</b>		
a) Amount transferred u/s 29C of the NHB Act, 1987	755.51	686.17
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 (refer footnote below)	-	-
<b>Less:</b>		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
<b>Balance at the end of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	2,293.19	1,537.68
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 (refer footnote below)	-	-
c) Total	<u>2,293.19</u>	<u>1,537.68</u>
Footnote :As per Section 29C of The National Housing Bank Act, 1987 (the “NHB Act”), the Company 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 Company 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.		
<b>III. Investments</b>		
<b>1. Value of Investments</b>		
<b>(i) Gross value of Investments</b>		
(a) In India	3,500.07	2,299.88
(b) Outside India	-	-
<b>(ii) Provisions for Depreciation/Appreciation*</b>		
(a) In India	0.47	0.24
(b) Outside India	-	-
<b>(iii) Net value of Investments</b>		
(a) In India	3,500.54	2,300.12
(b) Outside India	-	-
<b>2. Movement of provisions held towards depreciation/appreciation on investments</b>		
(i) Opening balance	0.24	0.05
(ii) Add: Provisions made during the year	0.47	0.24
(iii) Less: Write-off / Written-bank of excess provisions during the year	(0.24)	(0.05)
(iv) Closing balance	<u>0.47</u>	<u>0.24</u>
*Represents Unrealised gain due to Fair value Change		
<b>IV. Derivatives</b>		
<b>1. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)</b>		
(i) The notional principal of swap agreements	-	-
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the HFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	-	-

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 39 - Disclosure as required by Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021**
**2. Exchange Traded Interest Rate (IR) Derivative**

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2022	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

**3. Disclosures on Risk Exposure in Derivatives**

Particulars	As at 31 March 2023	As at 31 March 2022
-------------	------------------------	------------------------

**A. Qualitative Disclosure**

HFCs shall describe their risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The discussion shall also include:

a) the structure and organization for management of risk in derivatives trading,	-	-
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	-	-
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and	-	-
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	-	-

**Quantitative Disclosure**

Particulars	As on 31 March 2023		As on 31 March 2022	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	-	-	-	-
(ii) Marked to Market Positions				
(a) Assets (+)	-	-	-	-
(b) Liability (-)	-	-	-	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-

**V. Securitisation**
**1. Details of Securitisation pertaining to STC Transactions**

Particulars	As at 31 March 2023	As at 31 March 2022
1. No of SPVs sponsored by the HFC for securitisation transactions	4	2
2. Total amount of securitised assets as per books of the SPVs sponsored	28,276.96	21,013.39
3. Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
(I) Off-balance sheet exposures towards Credit Enhancements	2,584.99	1,790.00
(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	1,094.69	-
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	35,439.00	22,370.23
b) gain/loss on sale on account of securitisation	-	-
6. Form & quantum of Services Provided:		
a) Collection Agent Fees	8.67	1.30

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 39 - Disclosure as required by Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021**

Particulars	As at 31 March 2023	As at 31 March 2022
7. Performance of facility provided		
I) Credit Enhancement		
(a) Amount Paid	2,584.99	1,790.00
(b) Repayment Received	-	-
(c) Outstanding Amount	2,584.99	1,790.00
II) Collection Agent fees	-	-
(a) Amount Paid	8.67	1.30
(b) Repayment Received	(8.67)	1.30
(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	-	-

**2. Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction**

Particulars	As at 31 March 2023	As at 31 March 2022
(i) No. of accounts	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

**3. Details of Assignment transactions undertaken by Indostar Home Finance Private Limited**

Particulars	As at 31 March 2023	As at 31 March 2022
(i) No. of accounts	2,436	1,041
(ii) Aggregate value (net of provisions) of accounts assigned	18,424.29	6,364.96
(iii) Aggregate consideration	18,424.29	6,364.96
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value*	-	-
(vi) Weighted average maturity (No. of Years)**	12.58	12.22
(vi) Weighted average holding period (months)	16.86	19.00
(vii) Retention of beneficial economic interest	10.00%	10.00%

\* During the year, the company has booked gain on derecognised (assigned) loans of Rs.2604.62 Lakhs on account of excess interest spread and servicing assets which does not form part of aggregate consideration, consequently aggregate gain over net book value is NIL

\*\* Based on scheduled maturity of the pool contracts; may change on account of prepayment and yield change. The weighted average life of the pool after taking into account prepayments is expected to be much lower

**4. Details of non-performing financial assets purchased / sold**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>A. Details of non-performing financial assets purchased:</b>		
(a) Number of accounts purchased during the year	-	-
(b) Aggregate outstanding	-	-
(a) Of these, number of accounts restructured during the year	-	-
(b) Aggregate outstanding	-	-
<b>B. Details of Non-performing Financial Assets sold:</b>		
1. No. of accounts sold	-	-
2. Aggregate outstanding	-	-
3. Aggregate consideration received	-	-

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**VI. Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)**

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	Total
<b><u>Liabilities</u></b>											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from bank	38.84	-	179.27	292.78	1,220.52	4,688.70	5,718.70	22,686.23	13,118.60	7,365.71	55,309.35
Market borrowing	-	-	139	146.04	141.16	437.36	922.34	4,147.38	4,876.59	17,377.26	28,187.21
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
<b><u>Assets</u></b>											
Advances	1,357.83	155.41	-	345.02	300.81	974.39	2,477.17	10,093.54	14,508.64	1,03,039.37	1,33,252.18
Investments	3,500.54	-	-	-	-	-	-	-	-	-	3,500.54
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

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. 24600.00 lakhs

Cash &amp; Cash Equivalents (refer note 3)

1,010.38**Total****1,010.38**

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**VII. Exposure****1. Exposure to Real Estate Sector**

Category	As at 31 March 2023	As at 31 March 2022
a) Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual housing loans up to 15 lakhs Rs.88,753.16 lakhs. (Previous year Rs.84,567.68 lakhs) Exposure would also include non-fund based (NFB) limits;	1,33,245.43	1,23,469.48
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose 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;	6.75	108.05
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
<b>Total</b>	<b>1,33,252.18</b>	<b>1,23,577.53</b>

**2. Exposure to Capital Market**

Particulars	As at 31 March 2023	As at 31 March 2022
(i) 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;	-	-
(ii) 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;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) 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;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) 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;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
viii) 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	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II	-	-
(iii) Category III	-	-
<b>Total Exposure to Capital Market</b>	<b>-</b>	<b>-</b>

**3. Details of financing of parent Company products: None****4. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC:**

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

**5. Unsecured Advances : None****6. Exposure to group companies engaged in real estate business**

Description	Amount	% to Net Owned Funds
(i) Exposure to any single entity in a group engaged in real estate business	-	-
(ii) Exposure to all entities in a group engaged in real estate business	-	-

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

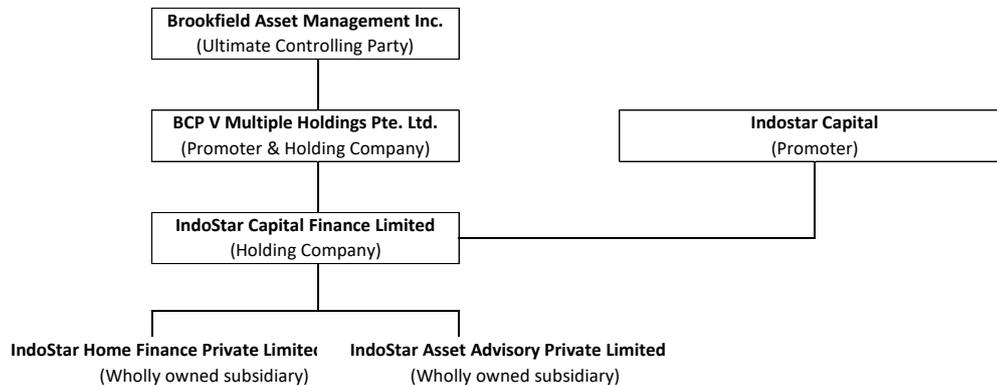
**VIII. Miscellaneous**

1. Registration obtained from other financial sector regulators : None

2. Disclosure of Penalties imposed by NHB and other regulators : Current year - Nil (Previous year - Nil).

3. Related Party Transactions : Refer Note 30

4. Group structure:



5. Rating assigned by Credit Rating Agencies and migration of rating during the year:

Instrument	Credit Rating Agency	As at 31 March 2023	As at 31 March 2022
Commercial Paper	CARE	A1+	A1+
	ICRA	A1+	A1+
	CRISIL	A1+	A1+
Term Loans/NCD's	CRISIL	AA-	AA-
	India Ratings and Research Private Limited		

5. Remuneration of Directors (non executive) : Refer Note 30(b)

**IX. Additional Disclosures**

1. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	As at 31 March 2023	As at 31 March 2022
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax	850.00	1,325.00
3. Provision towards NPA	(358.73)	469.45
4. Provision for Standard Assets (including provision on Teaser Loan Rs. NIL, CRE-RH for Rs. NIL & CRE for Rs. NIL (Previous Year Teaser Loan Rs. NIL, CRE-RH for Rs. NIL & CRE for Rs. NIL)	(374.91)	(22.46)
5. Other Provision and Contingencies	60.01	38.98

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
<b>Standard Assets</b>				
a) Total Outstanding Amount	1,07,643.70	99,112.69	23,940.87	22,240.53
b) Provisions made	639.70	932.58	145.59	227.63
<b>Sub-Standard Assets</b>				
a) Total Outstanding Amount	731.02	1,017.92	270.41	285.71
b) Provisions made	130.02	222.34	55.65	61.12
<b>Doubtful Assets – Category-I</b>				
a) Total Outstanding Amount	433.43	351.07	122.90	143.79
b) Provisions made	127.45	79.46	38.45	31.40
<b>Doubtful Assets – Category-II</b>				
a) Total Outstanding Amount	74.10	326.01	12.62	57.89
b) Provisions made	74.10	326.01	12.62	57.89
<b>Doubtful Assets – Category-III</b>				
a) Total Outstanding Amount	22.84	38.59	0.29	0.30
b) Provisions made	22.84	38.59	0.29	0.30
<b>Loss Assets</b>				
a) Total Outstanding Amount	-	-	-	3.03
b) Provisions made	-	-	-	3.03
<b>TOTAL</b>				
a) Total Outstanding Amount	1,08,905.09	1,00,846.28	24,347.09	22,731.25
b) Provisions made	994.11	1,598.98	252.60	381.37

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

2. Draw Down from Reserves : None

**3. Concentration of Public Deposits, Advances, Exposures and NPAs**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>3a. Concentration of Public Deposits (for Public Deposit taking/holding HFCs)</b>		
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	-	-
<b>3b. Concentration of Loans &amp; Advances</b>		
Total Loans & Advances to twenty largest borrowers	1,436.72	1,662.38
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	1.08%	1.35%
<b>3c. Concentration of all Exposure (including off-balance sheet exposure)</b>		
Total Exposure to twenty largest borrowers / customers	1,539.62	1,822.84
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	1.11%	1.40%
<b>3d. Concentration of NPAs</b>		
Total Exposure to top ten NPA accounts	452.70	453.74
<b>3e. Sector-wise NPAs</b>		
<b>Percentage of NPAs to Total Advances in that sector</b>		
<b>A. Housing Loans:</b>		
1. Individuals	1.16%	1.72%
2. Builders/Project Loans	-	-
3. Corporates	-	-
4. Others	-	-
<b>B. Non-Housing Loans:</b>		
1. Individuals	1.67%	2.16%
2. Builders/Project Loans	-	-
3. Corporates	-	-
4. Others	-	-

**4. Movement of NPAs**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>(I) Net NPAs to Net Advances (%)</b>	0.91%	1.14%
<b>(II) Movement of NPAs (Gross)</b>		
a) Opening balance	2,224.31	1,550.91
b) Additions during the year	1,138.47	2,974.64
c) Reductions during the year	(1,695.17)	(2,301.24)
d) Closing balance	1,667.61	2,224.31
<b>(III) Movement of Net NPAs</b>		
a) Opening balance	1,404.17	1,200.22
b) Additions during the year	815.98	1,940.17
c) Reductions during the year	(1,013.95)	(1,736.22)
d) Closing balance	1,206.20	1,404.17
<b>(IV) Movement of provisions for NPAs (excluding provisions on standard assets)</b>		
a) Opening balance	820.14	350.69
b) Provisions made during the year	322.49	1,034.47
c) Write-off/write-back of excess provisions	(681.22)	(565.02)
d) Closing balance	461.41	820.14

5. Overseas Assets : None

6. Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) : None

**X. Customers Complaints****1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman**

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Complaints received by the NBFC from its customers</b>		
1 Number of complaints pending at beginning of the year	3	13
2 Number of complaints received during the year	209	156
3 Number of complaints disposed during the year	212	166
3.1 Of which, number of complaints rejected by the NBFC	0	0
4 Number of complaints pending at the end of the year	0	3
<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>		
5 Number of maintainable complaints received by the NBFC from Office of Ombudsman	0	0
5.1 Number of complaints resolved in favour of the NBFC by Office of Ombudsman	0	0
5.2 Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	0	0
5.2 Number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	0	0
6 * Number of Awards unimplemented within the stipulated time	0	0

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme. \* It shall only be applicable to NBFCs which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

**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
<b>For the year ended 31st March 2023</b>					
Ground - 1	3	51	24%	0	0
Ground - 2	0	122	171%	0	0
Ground - 3	0	6	12%	0	0
Ground - 4	0	0	0%	0	0
Ground - 5	0	0	0%	0	0
Others	0	33	-71%	0	0
Totals	3	212		0	0
<b>For the year ended 31st March 2022</b>					
Ground - 1	10	41	-45%	3	0
Ground - 2	1	52	247%	0	0
Ground - 3	0	1	0%	0	0
Ground - 4	0	0	0%	0	0
Ground - 5	0	0	0%	0	0
Others	2	62	11%	0	0
Totals	13	156		3	0

\* The list of grounds of complaints given below are indicative only.

1. Loans & Advances
2. Operational issues
3. Staff Behaviour
4. Others

**Breach of Covenant-** There were no instances of breach of covenant of loan availed or debt securities issued for FY 22-23

**Divergence in Asset Classification and Provisioning**

There are no instances where additional provisioning requirements are assessed by RBI (or National Housing Bank(NHB) exceeding 5 percent of the the reported profits before tax and impairment loss on financial instruments for the reference period

Also there are no instances where additional Gross NPAs identified by RBI/NHB exceeds 5 per cent of the reported Gross NPAs for the reference period

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 39- Sectoral exposure**

SL No	Sectors	As at 31 March 2023			As at 31 March 2022		
		Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1	Agriculture and Allied Activities	-	-	-	-	-	-
2	Industry						
	- Micro and Small	-	-	-	-	-	-
	- Large	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
3	Services						
	- Transport Operators	-	-	-	-	-	-
	- Computer Software	-	-	-	-	-	-
	- Tourism, Hotel and Restaurants	-	-	-	-	-	-
	- Professional Services	-	-	-	-	-	-
	- Retail Trade	-	-	-	-	-	-
	- Commercial Real Estate	-	-	-	-	-	-
	- NBFCs	-	-	-	-	-	-
	- Other Services	-	-	-	-	-	-
	Total (3)	-	-	-	-	-	-
4	Personal Loan	1,38,849.59	1,667.61	1.20%	1,30,497.34	2,224.31	1.70%
5	Retail Loans						
	- Vehicle/Auto Loans	-	-	-	-	-	-
	- Other Retail loans	-	-	-	-	-	-
	Total (5)	-	-	-	-	-	-
	<b>Total (1+2+3+4+5+6)</b>	<b>1,38,849.59</b>	<b>1,667.61</b>	<b>-</b>	<b>1,30,497.34</b>	<b>2,224.31</b>	<b>-</b>

**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	-	-

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 40 - Disclosure as required by Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021**

Particulars	As at 31 March 2023	
<b>Liabilities side :</b>		
<b>(1) Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>
(a) Debenture : Secured	-	-
: Unsecured	-	-
(b) Deferred Credits	-	-
(c) Term Loans	55,309.35	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits (Refer Note 1 below)	-	-
(g) Other Loans	28,187.21	-
<b>(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>	<b>Amount outstanding</b>	<b>Amount overdue</b>
(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	-	-
<b>Assets side :</b>		
<b>(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below ):</b>	<b>Amount outstanding</b>	
(a) Secured	1,33,252.18	
(b) Unsecured	-	
<b>(4) Break up of Leased Assets and stock on hire counting towards AFC activities</b>	<b>Amount outstanding</b>	
(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	-	
<b>(5) Break-up of Investments :</b>	<b>Amount outstanding</b>	
<b>Current Investments :</b>		
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	3,500.54	

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 40 - Disclosure as required by Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021**

<b>Break-up of Investments :</b>	<b>Amount outstanding</b>
(iv) Government Securities	-
(v) Others (Please specify)	-
<b>Long Term investments :</b>	
1. Quoted :	
(I) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (Please specify)	-
<b>Amount outstanding</b>	
2. Unquoted :	
(I) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others: Pass through certificates	-

**(6) Borrower group-wise classification of assets, financed as in (3) and (4) above :**

<b>Category</b>	<b>Amount ( Net of provisions )</b>		
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	1,33,252.18	-	1,33,252.18

**(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

<b>Category</b>	<b>Market Value / Break up or fair value or NAV*</b>	<b>Book Value (Net of Provisions)</b>
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	3,500.54	3,500.54

**(8) Other information**

<b>Particulars</b>	<b>Amount</b>
<b>(i) Gross Non-Performing Assets</b>	
(a) Related parties**	-
(b) Other than related parties	1,667.61
<b>(ii) Net Non-Performing Assets</b>	
(a) Related parties**	-
(b) Other than related parties	1,206.20
<b>(iii) Assets acquired in satisfaction of debt</b>	-

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 40 - Disclosure as required by Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021****(9) Principal business criteria:**

The Company is in compliance with the requirement of Principal Business Criteria in terms of Para 4.1.17 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

Particulars	%	Limit
<b>Criteria-I</b>		
Financial Assets / Total Assets (net of Intangible Assets)	96.26%	> 50%
Income from Financial Assets / Gross Income	99.05%	> 50%
<b>Criteria-II</b>		
Housing Finance / Total Assets (net of Intangible Assets)	75.22%	≥ 60%
Housing Finance for Individual / Total Assets (net of Intangible Assets)	75.22%	≥ 50%

Footnote: Cash/Bank Balance and Investments in fixed deposits is not classified as "financial assets" and Interest income on fixed deposits is not classified as "income from financial assets" in terms of Master Direction.

**(10) Disclosure on liquidity risk management framework:****(i) Funding Concentration based on significant counterparty (both deposits and borrowing)**

Particulars	As at 31 March 2023
Number of significant counter parties	12
Amount	55,309.35
Percentage of funding concentration to total deposits	NA
Percentage of funding concentration to total liabilities excluding network	60.31%

**(ii) Top 20 large deposits**

Particulars	As at 31 March 2023
Total amount of top 20 deposits	NA
Percentage of amount of top 20 deposits to total deposits	NA

**(iii) Top 10 borrowings**

Particulars	As at 31 March 2023
Total Amount	55,309.35
% of Total Borrowings	100%

**(iv) Funding Concentration based on significant instrument/product**

Particulars	As at 31 March 2023	%age of total liability (excluding Network)
Term loans from banks	32,552.58	35.49%
Term loans from NHB	22,756.77	24.81%

**(v) Stock ratio**

Particulars	As at 31 March 2023
Commercial paper as a percentage of total public funds	NA
Commercial paper as a percentage of total liabilities	NA
Commercial paper as a percentage of total assets	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total public funds	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total assets	NA
Other short term liabilities as a percentage of total public funds	13.19%
Other short term liabilities as a percentage of total liabilities	7.95%
Other short term liabilities as a percentage of total assets	5.01%

**(vi) Institutional set-up for liquidity risk Management** Refer Note 29

Footnote: Borrowing and Public Funds excludes associated liabilities in respect of securitised asset that has not been derecognised due to non fulfillment of derecognition criteria as per IndAS.

**(11) Percentage of outstanding loans against collateral of gold jewellery** Nil**(12) Fraud reported during the year - Nil (previous year Nil)**

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 41 - 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)
<b>Performing Assets</b>						
Standard	Stage 1	1,28,450.76	633.83	1,27,816.93	354.14	279.69
	Stage 2	3,133.81	151.46	2,982.35	113.19	38.27
<b>Subtotal</b>		<b>1,31,584.57</b>	<b>785.29</b>	<b>1,30,799.28</b>	<b>467.33</b>	<b>317.96</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	1,001.43	185.66	815.77	153.92	31.74
Doubtful - up to 1 year	Stage 3	556.33	165.90	390.43	136.03	29.87
1 to 3 years	Stage 3	86.72	86.72	-	30.70	56.02
More than 3 years	Stage 3	23.13	23.13	-	20.63	2.50
<b>Subtotal for doubtful</b>		<b>666.18</b>	<b>275.75</b>	<b>390.43</b>	<b>187.36</b>	<b>88.39</b>
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>1,667.61</b>	<b>461.41</b>	<b>1,206.20</b>	<b>341.28</b>	<b>120.13</b>
<b>Total</b>		<b>1,33,252.18</b>	<b>1,246.70</b>	<b>1,32,005.48</b>	<b>808.61</b>	<b>438.09</b>
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	Stage 1	-	10.92	(10.92)	-	10.92
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
<b>Subtotal</b>		<b>-</b>	<b>10.92</b>	<b>(10.92)</b>	<b>-</b>	<b>10.92</b>
<b>Total</b>	Stage 1	1,28,450.76	644.75	1,27,806.01	354.14	290.61
	Stage 2	3,133.81	151.46	2,982.35	113.19	38.27
	Stage 3	1,667.61	461.41	1,206.20	341.28	120.13
<b>Total</b>	<b>Total</b>	<b>1,33,252.18</b>	<b>1,257.62</b>	<b>1,31,994.56</b>	<b>808.61</b>	<b>449.01</b>

Note 42 - The Company does not have any unhedged foreign currency exposure for the year ended 31 March 2023.

Note 43 - Companies (Indian Accounting Standard) Amendment Rules, 2023 have been issued on March 31, 2023. However, said rules are effective from April 01, 2023 and accordingly shall be applicable to the Company from financial year 2023-24.

Note 44 - Figures for the previous years have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

Note 45 - No penalties have been imposed by NHB/RBI and other regulators during the current and previous year.

Note 46 - The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

Note 47- Relationship with struck off companies on the basis of available data on the date of reporting

Name of Struck off Company	Nature of transactions	As per 31 March 2023	As per 31 March 2022	Relation ship with the struck off company, if any ,to be disclosed
Nil	Nil	Nil	Nil	Nil

**IndoStar Home Finance Private Limited**

CIN: U65990MH2016PTC271587

**Notes to the financial statements for the year ended 31 March 2023**

(Currency : Indian Rupees Lakhs)

**Note 48 - Standards issued but not yet effective**

On March 24, 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. The Company has evaluated the same for reporting.

**Note 49 - Segment information**

The Company is engaged primarily in business of financing and accordingly there are no reportable segment as per Ind AS-108 on 'Operating Segments' notified under the Companies (Indian Accounting Standard) Rules, 2015 (as amended). The Company operates in a single geographical segment i.e. domestic.

**Note 50 - Event after reporting date**

Subsequent events are tracked and evaluated by the Company. There are no material subsequent events requiring adjustments / disclosures in the financial statements.

**Note 51-Disclosure Pursuant to Regulation 54 of the Securities and Exchange Board of India(Listing Obligations and Disclosure Requirements) Regulations,2015**

All secured Non-Convertible Debentures (NCDs) issued (in April '23) by the Company are fully secured by first pari passu charge created over the freehold immovable properties, current assets, cash flows and receivables of the Company. Accordingly, the Company is maintaining asset cover of 1.25x or such higher asset cover required as per the terms of offer document/Information Memorandum.

**Note 52-**The Company has not accepted deposits, within the meaning of 'Public Deposits' as defined in the prudential norms issued by the Reserve Bank of India. Details of expenditure in foreign currency for the year ended March 31, 2023 Nil (March 31, 2022 – Nil)

**Note 53-Registration of charges or satisfaction with Registrar of Companies (ROC)**

Charge registration with ROC for NCD issued in April 2023

**Note 54-Compliance with number of layers of companies**

The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 and Section 186 of Companies act , 2013

**Note 55- Details of Benami Property held**

There are no proceedings which have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

**Note 56- Undisclosed income**

The Company will not have any transaction which not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

**Note 57- Details of the loan taken from Banks and other parties**

All Secured long term borrowings are secured by way of hypothecation of receivables i.e. loans & advances.

**In terms of our report attached**

For G. D. Apte & Co  
Chartered Accountants  
FRN-100515W

Sd/-  
CA Mayuresh V. Zele  
Partner  
M. No. 150027

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

Sd/-  
Shreejit Menon  
Chief Executive Officer  
DIN: 08089220

Sd/-  
Vibhor Kumar Talreja  
Non-Executive Director  
DIN: 08768297

Sd/-  
Pushkar Dattatray Joshi  
Chief Financial Officer

Sd/-  
Nidhi Sadani  
Company Secretary

Place: Mumbai  
Date: 27 April 2023

Place: Mumbai  
Date: 27 April 2023