

INDOSTAR



Board's Report
2018-19



BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 4th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2019.

FINANCIAL HIGHLIGHTS

The key highlights of the audited financial statements of your Company for the financial year ended March 31, 2019 and comparison with previous financial year ended March 31, 2018 are summarized below:

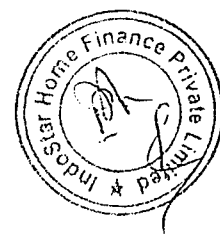
(Amount in ₹)

Particulars	As at March 31, 2019	As at March 31, 2018
Total income	42,57,10,978	1,43,32,814
Total expenditure	61,63,74,279	11,96,43,918
(Loss) / Profit before taxation	(19,06,63,301)	(10,53,11,104)
Net (Loss) / Profit after taxes	(19,06,63,301)	(10,53,11,104)
Other comprehensive income, net of tax	9,914	-
Total comprehensive income	(19,06,53,387)	(10,53,11,104)
Transfer to statutory reserve fund u/s 29C of National Housing Bank Act, 1987	-	-
Balance brought forward from previous year	(10,08,40,488)	44,70,616
Balance carried to balance sheet	(29,14,93,875)	(10,08,40,488)
Earnings per share (Face Value `10/- each)		
Basic	(2.05)	(5.17)
Diluted	(2.05)	(5.17)

Note: The Company adopted Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, from April 1, 2018 with effective transition date of April 1, 2017, and hence comparative figures for financial year 2017-18 have been restated to make them comparable.

FINANCIAL PERFORMANCE & COMPANY'S STATE OF AFFAIRS

Financial year 2018-19 was the first full operational year of your Company where it mainly focused on affordable housing finance and reached Asset Under Management (AUM) of ₹ 555.86 crore. In line with Government's mission of "Housing for All by 2020" your Company strives to pass on the benefits of various schemes of the National Housing Bank ("NHB") under the said mission to its customers.





In order to support the expansion of your Company's business, during the year under review, your Company has expanded its branches network and as on date operates in 10 states across India. Under the guidance of the management your Company turned profitable in the last quarter of FY2019.

Your Company has continued to maintain good asset quality with net non-performing assets ("NPA") of 0.1% as on March 31, 2019, in spite of a difficult macro-economic environment. Pursuant to requirement of the Housing Finance Companies (NHB) Directions, 2010 and provisions of the Companies Act, 2013 ("Act") read with Rules made thereunder, a provision of ₹ 1.32 crore (previous year: ₹ 0.13 crore) at the rate of 0.25% of outstanding standard assets of the Company was made at March 31, 2019.

During the year under review, the total income of the Company was ₹ 42.57 crore (previous year: ₹ 1.43 crore) and the loss after tax was ₹ 19.07 crore (previous year: ₹ 10.53 crore).

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.

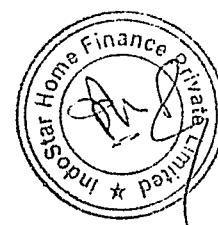
No material changes and commitments, affecting the financial position of your Company have occurred between the end of the year under review and date of this Board's Report.

FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance 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. The Company has adopted Ind AS from April 1, 2018 with an effective transition date of April 1, 2017. The transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the National Housing Bank and generally accepted accounting principles in India.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the requirements of the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 ("NHB CG 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

During the year under review, the authorised share capital of your Company was increased from ₹ 70 crore, divided into 7,00,00,000 equity shares of face value of ₹ 10/- each to ₹ 200 crore, divided into 20,00,00,000 equity shares of face value of ₹ 10/- each.

Issued, Subscribed & Paid-up Share Capital

During the year under review, the Company received the final call money of ₹ 1 per equity share on 5,00,00,000 equity share issued during financial year 2017-18 and issued and allotted 13,50,00,000 equity shares of face value ₹ 10 each, at par, to IndoStar Capital Finance Limited (ICFL), holding company (3,50,00,000 equity shares were issued on rights basis and 10,00,00,000 equity shares were issued pursuant to conversion of loan of ₹ 100 crore from ICFL, into equity shares of the Company).

Subsequent to the abovementioned allotments, the issued, subscribed and paid-up share capital of the Company stands increased to ₹ 200 crore divided into 20,00,00,000 equity shares of face value of ₹ 10/- each.

Your Company has not issued any equity shares with differential rights as to voting, dividend or otherwise.

DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP")

During the year under review, the following changes took place in the Board of Directors and KMP of your Company:

Cessation

During the year under review, Mr. Sanjay Athalye resigned from the office of Non-Executive Director of the Company with effect from September 12, 2018 and Mr. Prabhat Kumar Tripathy resigned from the office of Whole-Time Director of the Company with effect from December 31, 2018.

The Board of Directors of your Company comprises 3 (three) Directors of which 2 (two) are Non-Executive Directors and 1 (one) an Executive Director. 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.





Director(s) Retiring by Rotation:

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Pankaj Thapar being longest in office, shall retire by rotation and being eligible has offered himself for re-appointment at the ensuing Annual General Meeting of the Company. A brief profile of Mr. Pankaj Thapar has been included in the Notice convening the ensuing Annual General Meeting.

Director(s) Declaration and Disclosures:

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

Key Managerial Personnel

During the year under review, Mr. Prabhat Kumar Tripathy, resigned from office of Whole-Time Director of the Company with effect from December 31, 2018.

In terms of the provisions of the Act, the following persons are the Key Managerial Personnel of the Company:

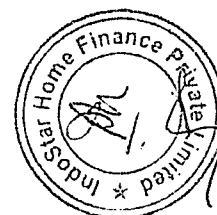
Mr. Shreejit Menon	-	Whole-Time Director
Mr. Prashant Shetty	-	Chief Financial Officer
Ms. Priyal Shah	-	Company Secretary

NHB DIRECTIONS

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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





DEPOSITS

Your Company has not accepted any public deposits during the year under review. Further, your Company being a non-deposit accepting housing finance company registered with the NHB, disclosure requirements under Chapter V of the Act read with Rule 8(5) (v) and 8(5) (vi) of the Companies (Accounts) Rules, 2014 and Para 10 of the Housing Finance Companies (NHB) Directions, 2010, are not applicable to your Company.

RESOURCES AND LIQUIDITY

During the year under review, your Company raised funds through various modes including bank borrowings, issuance of commercial papers, inter corporate deposits from holding company and sale / assignment of loan assets of the Company.

During the year under review, your Company has raised funds from *inter-alia* following sources (i) ₹ 35 crore as bank borrowings (outstanding as on 31 March 2019: ₹ 30.93 crore); (ii) ₹ 75 crore by issuance of commercial paper (outstanding as on 31 March 2019: Nil); (iii) ₹ 485 crore through borrowings from holding company (outstanding as on 31 March 2019: ₹ 335 crore); and (iv) ₹ 23.85 crore as by sale/assignment of loan assets.

Credit Rating

Your Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies, summarised below:

Particulars / Rating Agencies	Rating	Remarks
Long Term Debt Programme		
India Ratings & Research (Fitch group)	IND AA-/Stable	The rating indicates that the instruments have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.
Short Term Debt Programme / Commercial Paper		
CARE Ratings Limited	CARE A1+	The ratings indicate that the instruments have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk. Short Term Debt Programme /
ICRA Limited	[ICRA] A1+	





		Commercial Paper of your Company carry the highest rating by two major credit rating agencies
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DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2019 stood at 2.13 : 1

CAPITAL ADEQUACY RATIO

Your Company is well capitalized to provide adequate capital for its continued growth. As on March 31, 2019, the Capital to Risk Assets Ratio of your Company ('CRAR') stood at 58.3% (Tier I Capital to Risk Assets Ratio was 57.9% and Tier II Capital to Risk Assets Ratio was 0.4%), well above the regulatory limit of 12% prescribed by the NHB for housing finance companies.

NET OWNED FUNDS

The Net Owned Funds of your Company as on March 31, 2019 stood at ₹ 170.72 crore.

AUDITORS

Statutory Auditors & their Report

In terms of the provisions of the Act, S. R. Batliboi & Co. LLP, Chartered Accountants, having ICAI Firm Registration No. 301003E/E300005, were appointed as the Statutory Auditors of the Company at the 1st Annual General Meeting of the Company held on 7 September 2016 for a period of five years and they hold office till the conclusion of the 6th Annual General Meeting of the Company.

S. R. Batliboi & Co. LLP, Statutory Auditors in their report on the audited financial statements of your Company for the financial year ended March 31, 2019, have not submitted any qualifications, reservations, adverse remarks or disclaimers.

During the year under review, the Statutory Auditors have not reported any instances of fraud in the Company committed by officers or employees of the Company to the Audit Committee.





Secretarial Auditors & their Report

In terms of Section 204 of the Act, secretarial audit report from H Choudhary & Associates, Practicing Company Secretary, in prescribed format for the financial year ended March 31, 2019, is enclosed herewith at **Annexure I** to this Board's Report.

H Choudhary & Associates, Practicing Company Secretary, in its report on the secretarial audit of your Company for the financial year ended March 31, 2019, has not submitted any qualifications, reservations, adverse remarks or disclaimers.

MAINTENANCE OF COST RECORDS

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

REPORT ON CORPORATE GOVERNANCE

The Corporate Governance Report for the year under review, including disclosures as stipulated under the requirements of NHB CG Directions 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, business strategies, policies and regulatory updates and impact. During the year under review, the Board met 9 (nine) times and several meetings of Committees including the Audit Committee were held. Details with respect to the meetings of the Board of Directors and Committee(s) held during the year under review, including attendance by Directors / Members at such meetings have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Board Committees

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





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

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

PERFORMANCE EVALUATION

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

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

A statement indicating the manner in which formal evaluation of the performance of the Board, Committee(s) of the Board, individual Directors 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.

POILCY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

In terms of Section 178 of the Act and NHB CG 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.





REMUNERATION OF DIRECTORS

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 Non-Executive Directors.

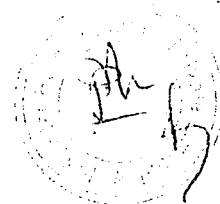
The Executive Directors of the Company are paid remuneration by way of monthly salary / fixed component as per approved terms, which comprises salary, contribution to provident fund, allowances, mediclaim, gratuity and performance linked variable compensation, medical insurance including his immediate family and life insurance as per group mediclaim and term insurance policies. The employment of the Executive Directors of the Company can be terminated either by the Company or by them by giving three months' notice or salary in lieu thereof. There is no separate provision for payment of severance fees.

Mr. Shreejit Menon and Mr. Prabhat Kumar Tripathy, Whole-Time Directors of the Company, were granted 1,00,000 stock options each by IndoStar Capital Finance Limited, holding company of the Company. Subsequent to termination of employment of Prabhat Kumar Tripathy with the Company, stock options held by him were cancelled.

RISK MANAGEMENT FRAMEWORK

Your Company has initiated the process of establishing a mechanism to identify, access, monitor and mitigate various risks associated with the Company. Your Company is in process of putting in place a Risk Management Policy and management information systems, well defined organizational structures, authority matrix and documented policies, processes and codes together form the risk management system of the Company. During the year under review, the Board of Directors constituted the Risk Management Committee which 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, from time to time 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.





INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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:

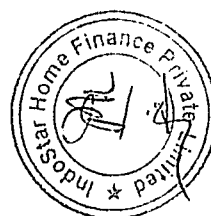
- (i) the Company has comprehensive internal financial control systems that are commensurate with the size and nature of its business;
- (ii) the Company has laid down standards, processes and structures which enable implementation of internal financial control systems across the organisation and ensure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

CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

In term of the provisions of the Act and NHB CG 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 NHB CG Directions read with the Act and terms of reference of the Audit Committee, transactions with related parties were placed before the Audit Committee for its approval. Omnibus approval of the Audit Committee was obtained for related party transactions of repetitive nature, within the limits prescribed by the Board of Directors.

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 is reported in Note 25 of the audited financial statements of the Company for the financial year ended March 31, 2019.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

During the year under review as a part of management of surplus funds, your Company made investments in units of mutual funds.

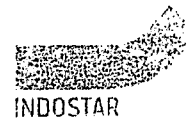
EXTRACT OF ANNUAL RETURN

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the extract of Annual Return as at financial year ended March 31, 2019, in the prescribed Format MGT-9 has been provided at Annexure II to this Board's Report and is also available on the website of the Company at www.indostarhfc.com.

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 IndoStar Capital Finance Limited, holding company of the Company. Accounting treatment for the said stock options granted by the holding company to the employees of the Company has been disclosed in the Financial Statements of the Company.

A handwritten signature in black ink is written over a circular stamp. The stamp contains the text "INDOSTAR" and "HFC" around the perimeter, with a central emblem.



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

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

Considering geographic diversification 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.

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

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

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

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

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

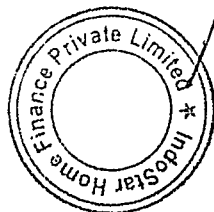


- a) in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed and no material departures have been made from the same;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis; 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

The 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 and other Regulatory Authorities, the Depositories, 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



Place: Mumbai
Date: May 20, 2019

Pankaj Thapar
Pankaj Thapar
Director
DIN: 01225255

Prashant Joshi
Prashant Joshi
Director
DIN: 06400863



H Choudhary & Associates

Company Secretaries

Office: No. 57, Ground Floor, 343-C, Kalbadevi Road, Kalbadevi, Mumbai-400002,

E-mail id:- csharnath17@gmail.com Tel. No. 022 22400055

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To,
The Members,
IndoStar Home Finance Private Limited
CIN: U65990MH2016PTC271587
One Indiabulls Center, 20th Floor,
Tower 2A, Jupiter Mills Compound,
Senapati Bapat Marg,
Mumbai – 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IndoStar Home Finance Private Limited (hereinafter called the "Company") for the audit period covering the financial year ended on March 31, 2019. 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, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the relevant & applicable provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made there;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under (Not Applicable during the Audit Period);
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Indirect Foreign Investment.



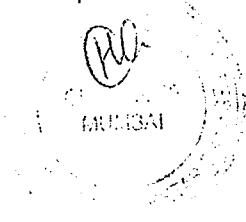
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not Applicable during the Audit Period);
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 (Not Applicable during the Audit Period);
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018(Not Applicable during the Audit Period);
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable during the Audit Period);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(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, 2009 (Not Applicable during the Audit Period); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable during the Audit Period).
6. Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate systems and process in place for compliance with the following laws applicable specifically to the Company:
- a) The National Housing Bank Act, 1987 as applicable to Housing Finance Companies;
 - b) The Housing Finance Companies (NHB) Directions, 2010;
 - c) Guidelines on Fair Practices Code for HFCs;
 - d) Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016;
 - e) Guidelines on 'Know Your Customer' & 'Anti Money Laundering Measures' for Housing Finance Companies;
 - f) The Prevention of Money Laundering Act, 2002 and the Rules made there under;
 - g) Housing Finance Companies-Corporate Governance (National Housing Bank) Directions, 2016;
 - h) Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies; and
 - i) Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the 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.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Circulars, Notifications, Directions, Guidelines, Standards, etc. mentioned above.

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) Stamps 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 Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

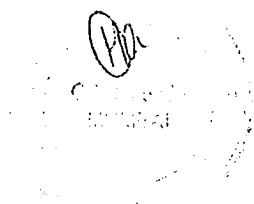
Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in compliance with the provisions of the Act and Rules made there under and Secretarial Standards on Board Meetings, and a system exists for seeking and obtaining further information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

During the period under review, majority decisions were carried through and no dissenting views were captured and recorded as part of the minutes.

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

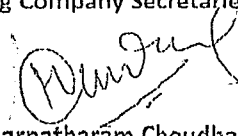
We further report that during the audit period the Company has undertaken following event/ action having a major bearing on the Company's affairs in pursuance of the above referred laws, acts, rules, regulations, circulars, notifications, directions, guidelines, standards:

- (i) On June 15, 2018, the members at the Extra-Ordinary General Meeting *inter-alia* approved the following:
 - a. Increase in the Authorised Share Capital of the Company from INR 70,00,00,000 (Rupees Seventy crore only) to INR 100,00,00,000 (Rupees One Hundred crore only) and consequent alteration to Clause V of the Memorandum of Association of the Company;
 - b. Increase in the Borrowing Limit of the Company under Section 180(1)(c) up to INR 1000,00,00,000 (Rupees One Thousand crore only);
 - c. Creation of security/charge on the assets of the Company under Section 180(1)(a), up to the borrowing limits approved by the members under Section 180(1)(c);
 - d. Issue of Non - Convertible Debentures under Private Placement such that the aggregate principal amount of such NCDs does not exceed INR 500,00,00,000 (Rupees Five Hundred crore only) during a period of 1(one)year from the date of passing Special Resolution.
 - e. Appointment of Mr. Prabhat Kumar Tripathy and Mr. Shreejit Menon as Whole – Time Director of the Company.
- (ii) On June 19, 2018, the Board of Directors approved allotment of 3,50,00,000 partly paid-up equity shares of INR 10/- each at par, with INR 5/- per equity share received on application and balance INR 5/- per equity share to be received by way of call, on Rights Basis to IndoStar Capital Finance Limited; the said 3,50,00,000 partly paid-up equity shares were made fully paid pursuant to call made by the Board of Directors on June 27, 2018.
- (iii) On February 25, 2019, the members at the Extra-Ordinary General Meeting approved the following:



- a. Borrowing of up to INR 200,00,00,000 (Rupees Two Hundred crore only) from IndoStar Capital Finance Limited (ICFL) with an option to ICFL to convert the loan into equity shares of the Company;
 - b. Increase in the Authorised Share Capital of the Company from INR 100,00,00,000 (Rupees One Hundred crore only) to INR 200,00,00,000 (Rupees Two Hundred crore only) and consequent alteration to Clause V of the Memorandum of Association of the Company;
- (iv) On March 29, 2019, the Board of Directors approved allotment of 10,00,00,000 equity shares of INR 10/- each, at par, aggregating to INR 1,00,00,00,000 (Rupees One Hundred Crore only) pursuant to exercise of option of conversion of loan of INR 100 crore granted by ICFL to the Company in to equity shares of the Company.

H Choudhary & Associates
(Practicing Company Secretaries)


CS Harnatharam Choudhary
Proprietor

Membership No: F8274

C P No.: 9369

Place: Mumbai

Date: May 20, 2019

Annexure - II

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN**

as on financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the
Companies (Management and Administration) Rules, 2014]

I. Registration and other Details:

CIN	U65990MH2016PTC271587
Registration Date	January 1, 2016
Name of the Company	IndoStar Home Finance Private Limited
Category / Sub-Category of the Company	Private Company Limited by shares, Non-Government Company
Address of the Registered Office and contact details	One Indiabulls Center, 20 th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg Mumbai 400013 Telephone: +91 22 43157000; Fax: +91 22 43157010; Email id: ihf.legal@indostarcapital.com
Whether listed company (Yes / No)	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

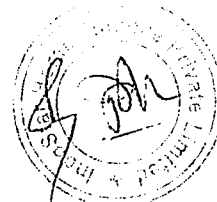
II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company are given below:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Housing Finance Company engaged in lending and allied activities	649	100

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	IndoStar Capital Finance Limited One Indiabulls Center, 20 th Floor, Tower 2A, Jupiter Mills	L65100MH2009PLC268160	Holding Company	100	Section 2(46)



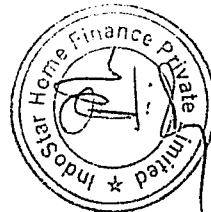
Compound, Senapati Bapat Marg, Mumbai 400013			
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IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	--	--	--	--	--	--	--	--	--
b) Central Government	--	--	--	--	--	--	--	--	--
c) State Govt (s)	--	--	--	--	--	--	--	--	--
d) Bodies Corp. ¹	--	6,50,00,000	6,50,00,000	100.00	--	20,00,00,000	20,00,00,000	100.00	0
e) Banks/FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1) :-	--	6,50,00,000	6,50,00,000	100.00	--	20,00,00,000	20,00,00,000	100.00	0
2) Foreign									
a) NRIs – Individuals	--	--	--	--	--	--	--	--	--
b) Other – Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corp.	--	--	--	--	--	--	--	--	--
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (2):-	--	--	--	--	--	--	--	--	--
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	--	6,50,00,000	6,50,00,000	100.00	--	20,00,00,000	20,00,00,000	100.00	0
B. Public shareholding	--	--	--	--	--	--	--	--	--
1. Institutions	--	--	--	--	--	--	--	--	--
a) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Government	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--

¹ As on March 31, 2018 and March 31, 2019, 1 (one) share each was held by six Individual jointly with IndoStar Capital Finance Limited, the beneficial interest of which is transferred in favour of IndoStar Capital Finance Limited.
The Company is a wholly owned subsidiary of IndoStar Capital Finance Limited and hence the entire shareholding of the Company is included under the head 'Bodies Corporate'

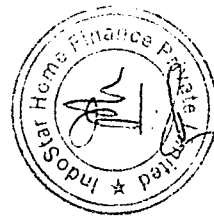


Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
Sub-total (B)(1):-	--	--	--	--	--	--	--	--	--
2. Non-Institutions									
a) Bodies Corp.	--	--	--	--	--	--	--	--	--
i) Indian	--	--	--	--	--	--	--	--	--
ii) Overseas	--	--	--	--	--	--	--	--	--
b) Individuals	--	--	--	--	--	--	--	--	--
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	--	--	--	--	--	--	--	--	--
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	--	--	--	--	--	--	--	--	--
c) Others	--	--	--	--	--	--	--	--	--
Sub-total (B)(2):-	--	--	--	--	--	--	--	--	--
Total Public Shareholding (B)=(B)(1)+(B)(2)	--	--	--	--	--	--	--	--	--
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	--	6,50,00,000	6,50,00,000	100.00	--	20,00,00,000	20,00,00,000	100.00	0



ii) **Shareholding of Promoters:**

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	IndoStar Capital Finance Limited	6,49,99,994	99.99	0	19,99,99,994	99.99	0	Negligible
2	Mr. Jitendra Bhati jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	(Negligible)
3	Mr. Pankaj Thapar jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	(Negligible)
4	Mr. Prashant Joshi jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	(Negligible)
5	Mr. Nishant Kotak jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	(Negligible)
6	Mr. Deepak Bakliwal jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	(Negligible)
7	Mr. Sanjay Athalye jointly with IndoStar Capital Finance Limited	1	Negligible	0	0	--	0	(Negligible)
8	Ms. Priyal Shah jointly with IndoStar Capital Finance Limited	0	--	--	1	Negligible	0	Negligible
	Total	6,50,00,000	100.00	0	20,00,00,000	100.00	0	---



iii) Change in Promoters' Shareholding:

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year*	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
IndoStar Capital Finance Limited	At the beginning of the year	6,50,00,000	100.00	6,50,00,000	100.00
	Purchase during the year – June 19, 2018	3,50,00,000	35.00	10,00,00,000	100.00
	Purchase during the year – March 29, 2019	10,00,00,000	50.00	20,00,00,000	100.00
	At the end of the year	20,00,00,000	100.00	20,00,00,000	100.00

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	NA			
Date wise Increase / Decrease in Shareholding during the year				
At the end of the year				

v) Shareholding of Directors and Key Managerial Personnel:

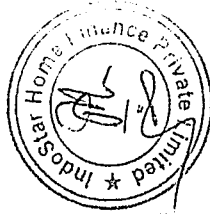
Name*	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares*	% of total shares of the Company	No. of shares*	% of total shares of the Company
Mr. Pankaj Thapar jointly with IndoStar Capital Finance Limited	At the beginning of the year	1	Negligible	1	Negligible
	Date wise Increase / Decrease in Promoters Shareholding during the year	No Purchase/Sale during the year			
	At the end of the year	1	Negligible	1	Negligible

Name*	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares*	% of total shares of the Company	No. of shares*	% of total shares of the Company
Mr. Prashant Joshi jointly with IndoStar Capital Finance Limited	At the beginning of the year	1	Negligible	1	Negligible
	Date wise Increase / Decrease in Promoters Shareholding during the year	No Purchase/Sale during the year			
	At the end of the year	1	Negligible	1	Negligible
Mr. Sanjay Athalye jointly with IndoStar Capital Finance Limited#	At the beginning of the year	1	Negligible	1	Negligible
	Sale during the year – September 12, 2018	(1)	Negligible	0	--
	At the end of the year	0	--	0	--
Ms. Priyal Shah jointly with IndoStar Capital Finance Limited	At the beginning of the year	0	--	0	--
	Purchase during the year – September 12, 2018	1	Negligible	1	Negligible
	At the end of the year	1	Negligible	1	Negligible

*Beneficial interest in the share is transferred in favour of IndoStar Capital Finance Limited

Mr. Sanjay Athalye resigned as a Director from September 12, 2018

Note: Mr. Shreejit Menon, Whole-time Director, Mr. Prabhat Kumar Tripathy, Whole-Time Director and Mr. Prashant Shetty, Chief Financial Officer, did not hold any shares at the beginning, during and at the end of the year under review.



V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	--	--	--	--
(i) Principal Amount	--	--	--	--
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	--	--	--	--
Total (i+ii+iii)	--	--	--	--
Change in Indebtedness during the financial year	--	--	--	--
◦ Addition	34,82,78,858	5,04,78,90,419		5,39,61,69,277
◦ Reduction	3,88,88,892	*1,55,78,84,931		1,59,67,73,823
Net Change	30,93,89,966	3,49,00,05,488		3,79,93,95,454
Indebtedness at the end of the financial year	--	--	--	--
(i) Principal Amount	30,93,89,966	3,35,00,00,000		3,65,93,89,966
(ii) Interest due but not paid	--	--	--	--
(iii) Interest accrued but not due	0	14,00,05,488		14,00,05,488
Total (i+ii+iii)	30,93,89,966	3,49,00,05,488		3,79,93,95,454

*Loan of ₹ 100 crore was converted into 10 crore equity shares of face value ₹ 10 each.



VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration paid to Whole-time Director(s):

(Amount in ₹)

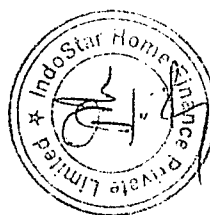
Sr. No.	Particulars of Remuneration	Name of Whole-Time Director(s)		Total Amount
		Shreejit Menon	*Prabhat Kumar Tripathy	
1	Gross salary			--
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84,24,725	77,61,603	1,61,86,328
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	--	39,600
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission - as % of profit - others, specify	--	--	--
5	Others, please specify			
	Total (A)	84,64,325	77,61,603	1,62,25,928
	Ceiling as per the Companies Act, 2013	Not Applicable		

*Mr. Prabhat Kumar Tripathy resigned as a Whole-Time Director of the Company from December 31, 2018

B. Remuneration to other Directors:

Independent Directors

Particulars of Remuneration	Name of Directors	Total Amount
Fee for attending board/committee meetings		--
Commission		--
Others, please specify		--
Total (1)		--



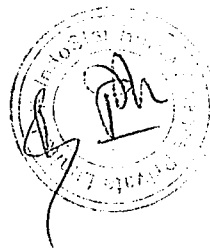
Other Non-Executive Directors

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. Prashant Joshi	Mr. Pankaj Thapar	Mr. Sanjay Athalye	
Fee for attending board /committee meetings	--	--	--	--
Commission	--	--	--	--
Others, please specify	--	--	--	--
Total (2)	--	--	--	--
Total (B)=(1+2)				
Ceiling as per the Act				--
Total Managerial Remuneration (A+B)				₹ 1,62,25,928
Overall Ceiling as per the Companies Act, 2013	Not Applicable			

C. Remuneration to Key Managerial Personnel other than Whole-Time Director

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		*Mr. Prashant Shetty (CFO)	*Ms. Priyal Shah (CS)	
1	Gross salary	--	--	--
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	b) Value of perquisites under section 17(2) of the Income-tax Act, 1961			
	c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961			
2	Stock Option	--	--	--
3	Sweat Equity	--	--	--
4	Commission - as % of profit - others, specify	--	--	--
5	Others, please specify	--	--	--
	Total	--	--	--

* Employee of IndoStar Capital Finance Limited, holding company, appointment as KMP of the Company on secondment from holding company.



VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act, 2013	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any
A. COMPANY					
Penalty			Nil		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Nil		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			Nil		
Punishment					
Compounding					



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. Currently the Board of your Company comprises 3 Directors of which 2 are Non-Executive Directors and 1 is a Whole-Time Director. The composition of the Board of your Company is governed by the requirements of the Companies Act, 2013 read with Rules framed there under ("Act"), the circulars / directions / notifications issued by the National Hosing Bank ("NHB Directions") and the Articles of Association of the Company. Brief profile of the Directors is available on the Company's website.

BOARD AND COMMITTEE MEETINGS

The Board of Directors/ Committee members strive to ensure maximum participation at Board/Committee meetings. The agenda along with detailed notes are circulated to the Director / 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.

BOARD

During the year under review, 9 (nine) meetings of the Board of Directors were convened and held on April 06, 2018, May 30, 2018, June 13, 2018, June 19, 2018, June 27, 2018, August 10, 2018, October 31, 2018, February 02, 2019 and March 29, 2019. These meetings were held in a manner that not more than 120 days intervene between two consecutive meetings. The required quorum was present at all the above mentioned meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

Attendance of Directors at Board Meetings of the Company held during financial year ended March 31, 2019 is given below:

Name of Directors	No of meetings attended
Mr. Pankaj Thapar	9
Mr. Prashant Joshi	8
Mr. Sanjay Athalye*	5
Mr. Shreejit Menon	8
Mr. Prabhat Kumar Tripathy**	0

*Mr. Sanjay Athalye resigned as Non-Executive Director from September 12, 2018

**Mr. Prabhat Kumar Tripathy resigned as Whole-time Director from December 31, 2018.

BOARD COMMITTEES

In terms of the NHB 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 Board of Directors for discussion and noting.

AUDIT COMMITTEE

Composition, Meetings and Attendance

The Audit Committee comprises Mr. Pankaj Thapar, Mr. Prashant Joshi, and Mr. Shreejit Menon.

During the year under review, the Committee met 4 (Four) times on May 30, 2018, August 10, 2018, October 31, 2018 and February 02, 2019. The required quorum was present at all the above meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on September 27, 2018.

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 the Members	Status	No. of Meetings attended
Pankaj Thapar	Chairman	4
Prashant Joshi	Member	3
Shreejit Menon*	Member	2
Sanjay Athalye [@]	Member	1

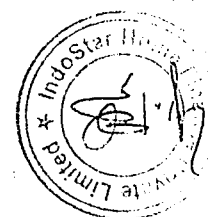
[@] Ceased to be a Member from September 12, 2018

* Appointed as Member from September 12, 2018

Terms of reference

The terms of reference of the Audit Committee *inter-alia* includes: review and ensure correctness, sufficiency and credibility of annual financial statements of the Company, review with the management financial condition and results of operation, review quarterly and annual financial statements, scrutiny of inter-corporate loans and investments, recommend appointment / re-appointment / removal of Statutory and Internal Auditors, review, approve and monitor transactions with related parties, reviewing, review and monitor any frauds perpetrated against the Company, review and monitor, with the management, the functioning and compliance of relevant policies adopted by the Company.

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



NOMINATION & REMUNERATION COMMITTEE

Composition, Meeting and Attendance

The Nomination & Remuneration Committee comprises Mr. Pankaj Thapar and Mr. Prashant Joshi.

During the year under review, the Committee met on February 02, 2019. Both the members were present at the meeting.

Terms of reference

The terms of reference of the Nomination & Remuneration Committee *inter-alia* includes: identifying personnel qualified to be appointed as Directors or in the Senior Management of the Company, formulating criteria for determining qualification, positive attributes, 'fit and proper' person status of Directors, deciding on specific remuneration packages and formulate criteria for evaluation of Directors, the Board and its Committee(s).

RISK MANAGEMENT COMMITTEE

Composition, Meetings and Attendance

The Risk Management Committee comprises Mr. Pankaj Thapar, Mr. Prashant Joshi and Mr. Shreejit Menon.

During the year under review, the Committee met on May 30, 2018 and October 31, 2018. The required quorum was present at all the above meeting(s).

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

Name of the Members	Status	No. of Meetings attended
Pankaj Thapar	Member	2
Prashant Joshi	Member	1
Shreejit Menon*	Member	1
Sanjay Athalye@	Member	1

* Appointed as Member from September 12, 2018

@ Ceased to be a Member from September 12, 2018

Terms of reference

The terms of reference of the Risk Management Committee *inter-alia* includes: identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company, from time to time, overseeing execution / implementation of risk management practices, reviewing 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, Meetings and Attendance

The Asset Liability Management Committee comprises Mr. Shreejit Menon, Mr. Pankaj Thapar, Mr. Prashant Shetty and Mr. Jayant Gunjal.

During the year under review, the Committee met on May 30, 2018 and October 31, 2018. The required quorum was present at all the above meeting(s).

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

Name of the Members	Status	No. of Meetings attended
Shreejit Menon	Member	2
Pankaj Thapar	Member	2
Prashant Shetty	Member	2
Jayant Gunjal	Member	1

Terms of reference

The terms of reference of the Asset Liability Management Committee *inter-alia* includes: monitoring the asset liability composition of the Company's business, determining actions to mitigate risks associated with the asset liability mismatches, determining and reviewing the current interest rate model of the Company, approve proposals and detailed terms and conditions of borrowings from banks and reviewing the borrowing programme of the Company.

GRIEVANCE REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee comprises Mr. Prashant Joshi and Mr. Shreejit Menon.

During the year under review, the Committee met on October 31, 2018.

Terms of reference

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

The status of 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, 2019.



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

INTERNAL COMPLAINTS COMMITTEE

Composition and Meetings

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

The Internal Complaint Committee comprises Ms. Benaifer Palsetia (Presiding Officer), Mr. Shreejit Menon, Mr. Jitendra Bhati, Ms. Mamata Pradhan 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.

MANAGEMENT COMMITTEE

Composition:

The Management Committee comprises Mr. Prashant Joshi, Mr. Pankaj Thapar and Mr. Shreejit Menon.

Meetings: The Committee(s) meet on multiple occasions as and when required.

Terms of Reference:

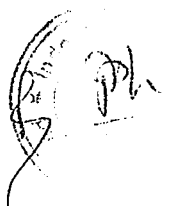
The Board of Directors constituted the Management Committee as the principal forum for taking operational decisions for the effective functioning of the Company in terms of authority / responsibility delegated by the Board of Directors / Committees from time to time.

CODES AND POLICIES

In terms of the NHB Directions, provisions of the Act, various other laws applicable to the Company and as a part of good corporate governance and also to ensure strong internal controls, the Board of Directors has adopted several codes / policies / guidelines which amongst others includes the following:

Internal Guidelines on Corporate Governance

In terms of the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016 issued by the National Housing Bank (“NHB CG 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

A handwritten signature in black ink is written over a circular stamp. The stamp contains some illegible text and a central emblem. The signature appears to be 'P. Thapar'.

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) and policy(ies) of the Company. The Internal Guidelines on Corporate Governance is available on the website of the Company.

Fair Practices Code

In terms of the Guidelines on Fair Practices Code for Housing Finance Companies issued by National Housing Bank, 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 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. The Fair Practices Code are available on the website of the Company.

Investment and Loan Policy

Pursuant to the requirements of the Housing Finance Companies (NHB) Directions, 2010 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.

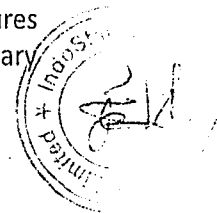
Policy on Single / Group Exposure Norms

In line with the requirements of the Housing Finance Companies (NHB) Directions 2010 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.

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

In terms of the Guidelines on KYC and AML Measures issued by the National Housing Bank, 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, the National Housing Bank vide its circular on Valuation of Properties – Empanelment of Valuers, requires housing finance companies 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 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.

Policy on Selection Criteria / "Fit & Proper" Person Criteria

In terms of provisions of the Act and NHB CG 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;
- 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.

Related Party Transaction Policy

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

The Related Party Transaction Policy *inter-alia* sets out criteria for identifying material related party transactions and includes the process and manner of approval of transactions with related parties, identification of related parties and identification of potential related party transactions. In terms of the Related Party Transaction Policy of the Company, any transaction with any related parties shall be considered to be appropriate only if it is in the best interests of the Company and its shareholders. The Related Party Transaction Policy is available on the website of the Company.

Code of Conduct for Directors & Employees

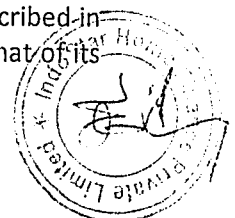
As an initiative towards setting out a good corporate governance structure within the organization, the Board of Directors adopted a comprehensive 'Code of Conduct for Directors and Employees' which is applicable to all the Directors and employees of the Company to the extent of their role and responsibilities 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 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.



Care and Dignity Policy

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

Record Retention Policy

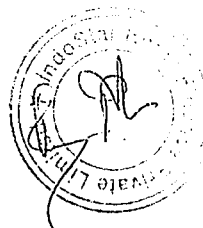
In order to facilitate operations by promoting efficiency in record keeping, eliminating accidental destruction of valuable records and in compliance with various laws applicable in this regard, the Board of Directors adopted a 'Record Retention Policy'.

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

Model Code of Conduct for Direct Selling Agents

In terms of a Model code of Conduct for Direct Selling Agents (DSAs) issued by the National Housing Bank, 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.

The Code provides guidance to DSAs with respect to their conduct while dealing with customers / prospective customers on behalf of the Company.



MANAGEMENT DISCUSSION & ANALYSIS

HOUSING FINANCE COMPANIES (HFC) SECTOR OVERVIEW

Housing is an important sector for any economy due to its interlinkages with other industries. The development of housing sector has direct impact on employment generation, GDP growth and consumption pattern in the economy. In India, the real estate industry is the second largest employer after agriculture. It is expected to employ more than 67 million people by 2022.

Real estate sector in India is expected to reach a market size of US\$ 1 trillion by 2030 from US\$ 120 billion in 2017 and contribute 13 per cent of the country's GDP by 2025. Retail, hospitality and commercial real estate are also growing significantly, providing the much-needed infrastructure for India's growing needs. (Source: Economic Survey; CREDAI)

The Indian real estate sector has witnessed high growth in recent times with the rise in demand for office as well as residential spaces. Private Equity and Venture Capital investments in the sector have reached US\$ 1.47 billion between Jan-Mar 2019.

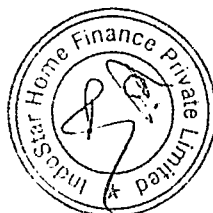
Over the past decade, Non-Banking Finance Companies (NBFCs) and Housing Finance Companies (HFCs) have emerged as the key drivers of housing finance growth on the back of their multi-pronged distribution model, last-mile connectivity in Tier II and III cities and efficient loan processing capabilities. From a market share standpoint, share of HFCs and NBFCs taken together would account for around 45% of the aggregate housing finance loans outstanding. As per ICRA estimate, India's housing finance market has more than 80 entities, with the top five accounting for 78% of the market share. More importantly, the average loan size of HFCs is at approximately ₹ 30 lakhs in India. This coupled with a total housing demand ranging from 12 to 20 million units translates to a market size of over ₹ 28 lakh crore (USD 400 billion), provides tremendous opportunities to housing finance industry.

Total outstanding housing finance in India stood at ₹ 19.1 lakh crore as on 31st March 2019, with HFCs registering a growth of 10% during the fiscal year as per ICRA estimates. The HFC sector accounts for around 50% of the aggregate loans granted by all the NBFCs. During the current year HFC sector has clocked a growth of around 15% with growth in affordable segment becoming the key driver for the entire industry.

Growth has been impacted due to tight liquidity environment witnessed in the second half of the year. Given the challenging operating environment, housing credit growth is estimated to be in the range of 13-15% in FY 2019-20.

Affordable Housing

Affordable housing has been one of the key initiatives taken by the Government of India towards growth of real estate industry. Affordable houses will get a boost with reduction in GST from 12% to 8%. It will also be driven by a take-off in Credit Linked Subsidy Scheme (CLSS) for Economically Weaker Section (EWS), and Lower Income Groups (LIG).



Allocation for EWS and LIG increased from ₹ 8 billion in FY17-18 to ₹ 10 billion in FY18-19. Also, the allocation for Middle income groups has been increased from ₹ 6 billion in FY17-18 to ₹ 10 billion in 2019. With a ticket size of ₹ 10 Lakh to ₹ 50 Lakh, affordable houses are becoming popular for buyers in Tier 1 and Tier 2 cities.

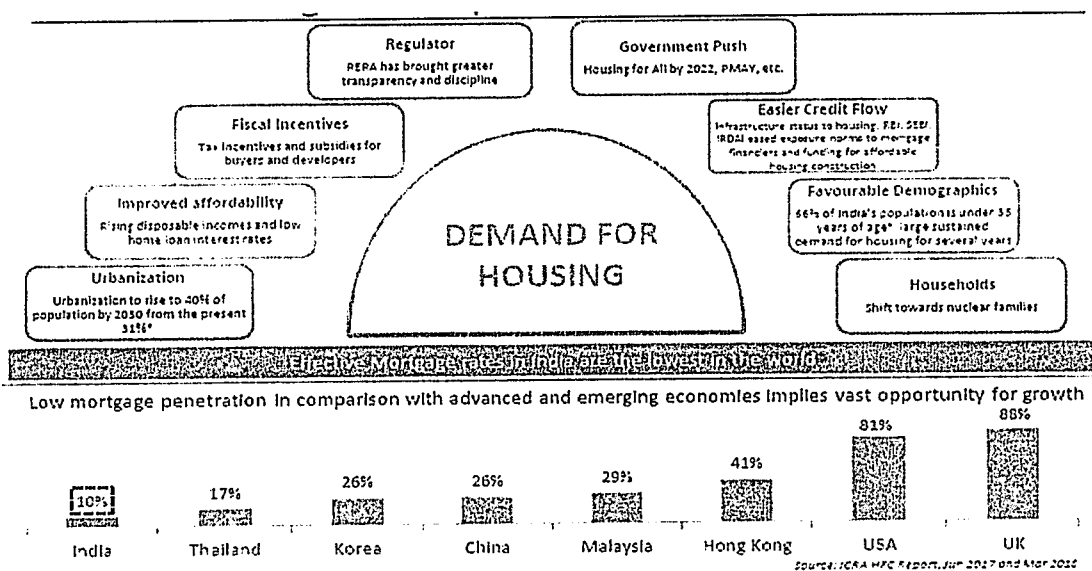
Industry dynamics in the HFC industry

Demand prospects for the segment have led to a rise in new entrants over the last decade. In May 2018, 95 HFCs were operational with 10 applications for fresh HFC licenses currently under process by the National Housing Bank ("NHB"). Since, March 2018, there have been 28 new entrants into the market.

Most new entrants in the past two years have focused on the relatively under-penetrated low-ticket affordable housing and self-employed segments. While the large players are expected to dominate the mortgage market in the medium term, smaller HFCs that have been expanding their portfolios over the last few years are expected to increase their share given their focus on relatively untapped segments.

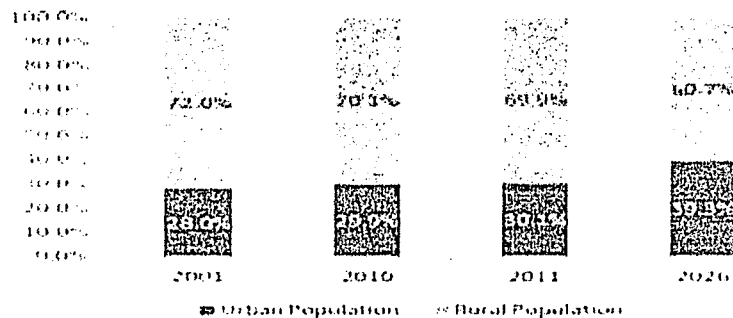
The borrower segments that HFCs cater to include the prime salaried, self-employed and low-income segments. Though some of the larger HFCs are competing with banks on the salaried home loan segment, some of the larger and most of the smaller HFCs target special customer segments such as the self-employed or the affordable housing segment to capitalize on the higher growth potential.

GROWTH DRIVERS FOR HFC INDUSTRY IN INDIA



Increased urbanization and rising income levels - India's urban population is expected to surpass 850 million by 2050, of which 50 percent is expected to be in the age group of 19-58 years, which is the key demographic core to the consumer demand phenomenon. Increasing disposable incomes and nuclear families will over time remain a driver for housing finance.





Low per capita home ownership – Overall mortgage penetration in India is low in comparison to most developing economies. This provides plenty of opportunities for housing growth in India.

Affordability – A combination of improving disposable income and fiscal incentives has helped reduce effective cost of borrowing for customers making home buying more affordable. Further, with property rates having plateaued over the last few years, the relative affordability for customers has improved.

Push towards Affordable Housing – Affordable housing has become an important driver for the real estate industry. The demand for affordable homes is expected to be 25 million homes by 2022. This will give a boost to the construction of affordable houses by the developers.

Competitive advantage over traditional players - The low-ticket loan segment has different dynamics as compared to large ticket loan segment where the HFC's have an edge over the traditional financiers. This will allow HFC sector, which has the required infrastructure and people skills to offer more loans and to sustain the rising demand of home loans.

Company Overview

IndoStar Home Finance Private Limited (IHF) commenced its operations in September 2017 aiming to address opportunities in the affordable housing segment. IHF is a 100% subsidiary of IndoStar Capital Finance Ltd. (ICF)

In the affordable segment, IHF is engaged in providing home finance to Lower Income Group (LIG) and Economically Weaker Segment (EWS) customers. Your company provides loans to finance the purchase of the first home for self-occupation. Your company addresses the needs of customers employed in the formal as well as informal sector and self-employed small businessmen. The product offering is appropriately tailored to suit this customer segment and takes into account the risks specific to this category of customers.

In order to achieve our longer-term goal of being a preferred financier in this growing niche, our strategic orientation is summarised as under-

- Maintain the average ticket size around ₹ 10 Lac
- Drive business growth through expansion of geographical distribution





- Maintain portfolio balance with a healthy blend of sourcing across various segments viz. (Salaried / Self Employed, Formal/ Informal)

We launched the business in Sept'2017 and in the first 6 months of operations the AUM touched 51.2 Cr. by 31st March'2018 with 31 branches and 341 people.

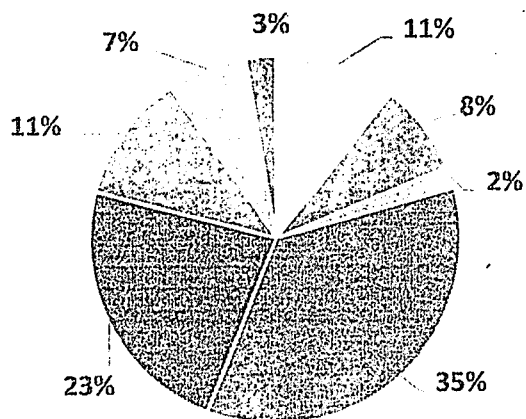
In the early part of next financial year there were further investments made in building distribution and the number of branches was ramped up to 47 with a headcount of 351 by 30th Sep'2018. By 31st March'19 the AUM was ₹ 547.8 Cr. with 55 branches and 354 employees

Disbursements displayed strong growth in FY2019 and averaged ₹ 44 crore per month and the business has achieved break even in Q4FY19.

Boosted by an expanded pan India distribution footprint, well capitalised balance sheet, experienced management team and skilled and engaged workforce, IndoStar Home Finance is attractively placed to capitalise on the enormous opportunities. With robust processes in place, IHFL is confident of sustaining sound portfolio quality. Further, investments in widening its network and resources will enable the Company to achieve its growth aspirations.

Portfolio Composition

The portfolio is spread across the 55 branches in 8 states.



- Andhra Pradesh (11%)
- Telangana (8%)
- Karnataka (2%)
- Tamil Nadu (35%)
- Maharashtra (23%)
- Gujarat (11%)
- Delhi NCR (7%)
- Rajasthan (3%)

Financial Review

Your company's networth as on March 31, 2019 stood at ₹ 171.66 crore a 24% increase over the previous year. During the year, the company received an equity capital infusion amounting to ₹ 140 crore from ICF to help augment capitalisation and enhance preparedness to build scale in the future.

Aggregate Borrowings stood at ₹ 365.94 crore. The increase in funding was largely a function of an increase in AUMs seen during the financial year.



Your company has in its short operating history adopted a conservative approach on funding and will continue to maintain the same approach in the future as well. The reliance on short-term funding has been intentionally kept low in line with the longer-term nature of the assets funded.

Overall Debt equity ratio stood at 2.13 which indicate both a very conservatively managed financial structure as well as a firm in its early stage of growth. Going forward, it is appropriate to expect that growth in borrowings dictated by business momentum will cause an increase in leverage.

Capital Adequacy as on March 31, 2019 stood at a very comfortable level of 58.3% with Tier I CAR at 57.9%.

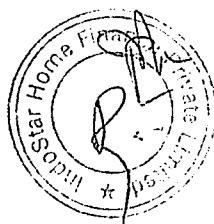
On the asset quality front, the portfolio quality has held up well and delinquency ratios are at very low levels. Gross NPA as on March 31, 2019 was 0.1% indicating good portfolio credit quality.

INTERNAL CONTROLS SYSTEMS & THEIR ADEQUACY

The Company has well-established internal control systems commensurate with the size and nature of its operations. The internal control framework ensures timely and accurate financial reporting, adherence to the applicable rules and regulations, safeguarding of assets and prevention of frauds/errors. The internal auditors conduct periodic audits to ensure the adequacy and effectiveness of the internal controls. Significant internal audit findings are reviewed by the management and the Audit Committee and relevant actions are taken to strengthen internal controls.

HUMAN RESOURCES

Human capital is the most important asset and fundamental to the Company's growth and success. As on March 31, 2019, the Company had a total of 354 employees. The Company ensures an enabling environment to empower its employees to learn, grow and perform better. It continuously strives to attract and retain the best talent in the industry and augment the knowledge and capabilities of its workforce through regular skill-enhancing programmes.



INDEPENDENT AUDITOR'S REPORT

To the Members of IndoStar Home Finance Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of IndoStar Home Finance Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Ind AS 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 Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report and Management Discussion & Analysis, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 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 Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

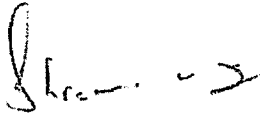
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act [we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account ;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



S.R. BATLIBOI & CO. LLP
Chartered Accountants

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V of the Act;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
 - 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.

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



per Shrawan Jalan
Partner
Membership Number: 102102
Place of Signature: Mumbai
Date: May 20, 2019



S.R. BATLIBOI & CO. LLP

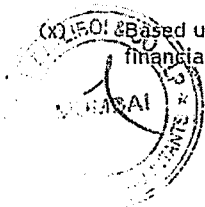
Chartered Accountants

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

Re: IndoStar Home Finance Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, provident fund, employees' state insurance, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, provident fund, employees' state insurance, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income tax, provident fund, employees' state insurance, goods and services tax and cess which have not been deposited on account of any dispute. The provisions relating to sales-tax, duty of customs, duty of excise and value added tax are not applicable to the Company.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of commercial papers and term loans for the purposes for which they were raised though idle /surplus funds which were not required for immediate utilization were invested in liquid investments.

(X) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we



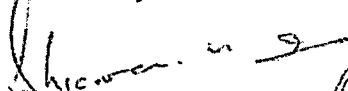
S.R. BATLIBOI & CO. LLP

Chartered Accountants

report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Companies Act, 2013 are not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of sec 177 are not applicable to the company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Companies Act, 2013 is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R Batliboi & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005


per Shrawan Jalan
Partner
Membership No: 102102
Place: Mumbai
Date: May 20, 2019



S.R. BATLIBOI & Co. LLP

Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF INDOSTAR HOME FINANCE PRIVATE LIMITED LIMITED

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

We have audited the internal financial controls over financial reporting of IndoStar Home Finance Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or



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Chartered Accountants

timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

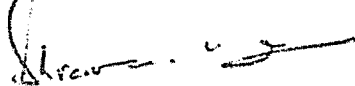
Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements

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

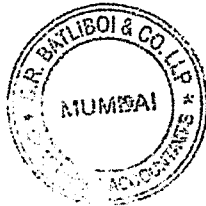
Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



per Shrawan Jalan
Partner
Membership Number: 102102
Place of Signature: Mumbai
Date: May 20, 2019



Balance sheet as at 31 March 2019
(Currency : Indian Rupees)

Particulars	Note	As at	As at	As at
		31 March 2019	31 March 2018	1 April 2017
I. ASSETS				
Financial assets				
Cash and cash equivalents	3	31,43,36,786	5,36,29,319	10,53,18,421
Loans	4	5,28,05,96,166	50,92,49,374	-
Other financial assets	5	19,23,126	13,98,126	-
		<u>5,59,68,56,078</u>	<u>56,42,76,819</u>	<u>10,53,18,421</u>
Non-financial assets				
Current tax assets (net)	6	7,56,160	11,33,509	1,17,484
Property, plant and equipment	7	2,50,67,141	1,19,70,930	-
Intangible assets	8	90,66,134	1,38,98,296	-
Other non-financial assets	9	3,03,71,498	91,97,119	20,213
		<u>6,52,60,933</u>	<u>3,61,99,854</u>	<u>1,37,697</u>
TOTAL ASSETS		<u>5,66,21,17,011</u>	<u>60,04,76,673</u>	<u>10,54,56,118</u>
II. LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Trade payables				
(i) total outstanding to micro enterprises and small enterprises	10	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		4,15,55,578	1,02,97,721	1,22,250
Borrowings	11	3,65,93,89,966	-	-
Other financial liabilities	12	21,94,53,189	8,59,14,390	-
		<u>3,92,03,98,733</u>	<u>9,62,12,111</u>	<u>1,22,250</u>
Non-financial liabilities				
Provisions	13	42,32,156	11,50,126	-
Other non-financial liabilities	14	2,08,98,030	31,02,272	10,600
		<u>2,51,30,186</u>	<u>42,52,398</u>	<u>10,600</u>
TOTAL LIABILITIES		<u>3,94,55,28,919</u>	<u>10,04,64,509</u>	<u>1,32,850</u>
Equity				
Equity share capital	15	2,00,00,00,000	60,00,00,000	10,00,00,000
Other equity	16	(28,34,11,908)	(9,99,87,836)	53,23,268
TOTAL EQUITY		<u>1,71,65,88,092</u>	<u>50,00,12,164</u>	<u>10,53,23,268</u>
TOTAL LIABILITIES AND EQUITY		<u>5,66,21,17,011</u>	<u>60,04,76,673</u>	<u>10,54,56,118</u>

Significant Accounting Policies

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As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No. 102102

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

Pankaj Thapar
Director
DIN: 01222555

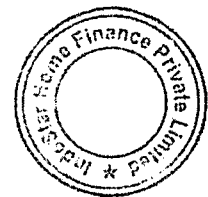
Prashant Shetty
Chief Financial Officer

Place: Mumbai
Date: 20 May 2019

Prashant Joshi
Director
DIN: 06400863

Priyal Shah
Company Secretary

Place: Mumbai
Date: 20 May 2019

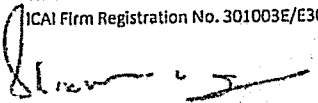


IndoStar Home Finance Private Limited
Statement of profit and loss for the year ended 31 March 2019
(Currency : Indian Rupees)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations	17		
Interest income		37,60,55,910	1,43,24,543
Fees and commission Income		1,89,87,649	8,271
Net gain on fair value changes		65,00,328	-
Gain on derecognition of financial instruments measured at amortised cost category		2,41,67,091	-
Total revenue from operations		42,57,10,978	1,43,32,814
Other income		-	-
Total income		42,57,10,978	1,43,32,814
Expenses			
Finance costs	18	22,08,37,560	23,898
Impairment on financial instruments	19	1,43,74,513	12,79,501
Employee benefit expenses	20	26,81,61,995	9,14,63,102
Depreciation and amortization expenses	21	1,50,73,085	22,51,429
Other expenses	22	9,79,27,126	2,46,25,988
Total expenses		61,63,74,279	11,96,43,918
Profit before tax		(19,06,63,301)	(10,53,11,104)
Tax expense:			
1. Current tax		-	-
2. Deferred tax expense /(income)		-	-
Total tax expenses		-	-
Profit after tax		(19,06,63,301)	(10,53,11,104)
Other comprehensive income			
<u>Items that will not be reclassified to profit and loss</u>			
- Remeasurements of the defined benefit plans		9,914	-
- Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		9,914	-
Total comprehensive income for the year		(19,06,53,387)	(10,53,11,104)
Earnings per equity share	23		
Basic earnings per share (₹)		(2.05)	(5.17)
Diluted earnings per share (₹)		(2.05)	(5.17)
(Equity Share of face value of ₹ 10 each)			


As per our report of even date attached

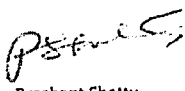
For S R Battliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005


per Shrawan Jalan
Partner
Membership No. 102102

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


Pankaj Thapar
Director
DIN: 01225255


Prashant Joshi
Director
DIN: 06400863


Prashant Shetty
Chief Financial Officer


Priyal Shah
Company Secretary

Place: Mumbai
Date: 20 May 2019

Place: Mumbai
Date: 20 May 2019



IndoStar Home Finance Private Limited

Statement of Cash flows for the year ended 31 March 2019

(Currency : Indian Rupees)

	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A	Cash Flow from Operating Activities		
	Net Loss before tax	(19,06,63,301)	(10,53,11,104)
	Adjustments for :		
	Interest income on financial assets	(37,60,55,910)	(1,43,24,543)
	Finance costs	22,08,37,560	23,898
	Depreciation and amortisation expense	1,50,73,085	22,51,429
	Provisions for expected credit loss	1,42,24,513	12,79,501
	Provision for gratuity and leave encashment	37,62,226	11,63,284
	Employee share based payment expense	72,29,315	-
	Gain on sale/revaluation of investments	(65,00,328)	-
	Operating Loss before working capital changes	(31,20,92,840)	(11,49,17,535)
	Adjustments:		
	(Increase)/Decrease in loans and advances	(4,74,71,47,249)	(50,74,92,376)
	(Increase)/Decrease in other financial assets	(5,25,000)	(13,98,126)
	(Increase)/Decrease in other non-financial assets	(2,11,74,379)	(91,76,906)
	Increase/(Decrease) in trade payable	3,12,57,857	1,01,75,471
	Increase/(Decrease) in other financial liabilities	(64,66,689)	8,59,14,390
	Increase/(Decrease) in other non-financial liabilities	1,77,95,758	30,91,672
	Increase/(Decrease) in provisions	(6,70,282)	(13,158)
		(5,03,90,22,824)	(53,38,16,568)
	Interest income realised on financial assets	33,76,31,854	1,12,88,044
	Finance costs paid	(8,08,32,072)	(23,898)
	Cash (used in)/generated from operating activities	(4,78,22,23,042)	(52,25,52,422)
	Taxes paid	3,77,349	(10,16,025)
	Net cash (used in)/generated from operating activities (A)	(4,78,18,45,693)	(52,35,68,447)
B	Cash flows from investing activities		
	Purchase of property, plant and equipment	(2,32,53,903)	(1,34,07,297)
	Purchase of intangible assets	(83,231)	(1,47,13,358)
	Acquisition of FVTPL investments	(13,48,20,00,000)	-
	Redemption of FVTPL investments	13,48,85,00,328	-
	Net cash (used in)/generated from Investing activities (B)	(1,68,36,806)	(2,81,20,655)
C	Cash Flow from Financing Activities		
	Proceeds from issue of equity share capital	1,40,00,00,000	50,00,00,000
	Proceeds from borrowings	3,69,82,78,858	-
	Repayments towards borrowings	(3,88,88,892)	-
	Net cash (used in)/generated from financing activities (C)	5,05,93,89,966	50,00,00,000
	Net Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	26,07,07,467	(5,16,89,102)



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IndoStar Home Finance Private Limited

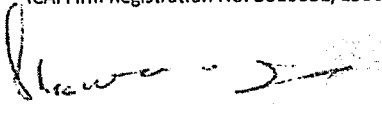
Statement of Cash flows for the year ended 31 March 2019

(Currency : Indian Rupees)

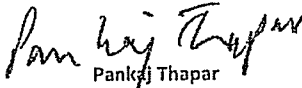
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash and Cash Equivalents at the beginning of the year	5,36,29,319	10,53,18,421
Cash and Cash Equivalents at the end of the year	31,43,36,786	5,36,29,319
Reconciliation of cash and cash equivalents with the balance sheet		
Cash on hand	317	-
Balances with banks		
- in current accounts	31,43,36,469	2,42,74,549
Deposits with original maturity of less than 3 months	-	2,93,54,770
Total	31,43,36,786	5,36,29,319


As per our report of even date attached

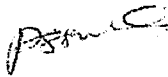
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005


per Shrawan Jalan
Partner
Membership No. 102102

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


Pankaj Thapar
Director
DIN: 01225255


Prashant Joshi
Director
DIN: 06400863


Prashant Shetty
Chief Financial Officer


Priyal Shah
Company Secretary

Place: Mumbai
Date: 20 May 2019

Place: Mumbai
Date: 20 May 2019



IndoStar Home Finance Private Limited

Statement of Changes in Equity (SOCIE) for the year ended 31 March 2019

(a) Equity share capital of face value of Rs.10/- each	Note	Amount
Balance as at 1 April 2017		10,00,00,000
Shares issued during the period		50,00,00,000
Balance as at 31 March 2018	15	60,00,00,000
Balance as at 31 March 2018		60,00,00,000
Shares issued during the period		1,40,00,00,000
Balance as at 31 March 2019	15	2,00,00,00,000

(b) Other equity

Particulars	Reserves and surplus		Capital contribution from holding Company	Total
	Statutory Reserves u/s 29C	Retained earnings		
Balance at 1 April 2017	8,52,652	44,70,616	-	53,23,268
Profit for the year	-	(10,53,11,104)	-	(10,53,11,104)
Total	-	(10,53,11,104)	-	(10,53,11,104)
Balance at 31 March 2018	8,52,652	(10,08,40,488)	-	(9,99,87,836)
Balance at 31 March 2018	8,52,652	(10,08,40,488)	-	(9,99,87,836)
Loss for the year	-	(19,06,63,301)	-	(19,06,63,301)
Gain/loss on re-measurement of defined benefit plans	-	9,914	-	9,914
Total	-	(19,06,53,387)	-	(19,06,53,387)
Share based payment expense	-	-	72,29,315	72,29,315
Balance at 31 March 2019	8,52,652	(29,14,93,875)	72,29,315	(28,34,11,908)

As per our report of even date attached

For S R Batliboi & Co LLP
Chartered Accountants
CAI Firm Registration No. 301003E/E300C05

per Shrawan Jalan
Partner
Membership No. 102102



Place: Mumbai
Date: 20 May 2019

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

Pankaj Thapar
Pankaj Thapar
Director

DIN: 01225255

Prashant Shetty
Prashant Shetty
Chief Financial Officer

Place: Mumbai
Date: 20 May 2019

Prashant Joshi
Prashant Joshi
Director

DIN: 06400863

Priya Shah
Priya Shah
Company Secretary



Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

1 Corporate Information

IndoStar Home Finance Private Limited ('the Company') was incorporated on 1st January 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 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 to the extent applicable and 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 up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules 2006, guidelines issued by the National Housing Bank (NHB) and other relevant provisions of the Act, considered as the "Previous GAAP".

These financial statements are the Company's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. An explanation of how the transition to Ind AS has affected the Company's equity financial position, financial performance and its cash flows is provided in Note 33.

The financial statements for the year ended on 31 March 2019 with comparative figures for the year ended on 31 March 2018 and Ind AS opening balance sheet as on 1 April 2017 with their relevant notes and disclosures were adopted by the Company's Board of Directors on 20 May 2019.

2.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. 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) is presented in Note 31.

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 or bankruptcy of the Company/ or its counterparties

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.

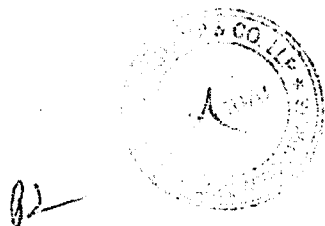
(i) Classification of Financial Instruments

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.



(ii) Assessment of business model and cash flows 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 is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

- (i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- (ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed;
- (iii) The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Company assesses the contractual terms of financial assets to identify whether the cash flow realised are towards solely payment of principal and interest.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value.

(iv) Classification of Financial Instruments as per business model and SPPI test

(a) Loans at amortized cost

A 'loan' 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.

(b) Bank balances

The Company measures Bank balances at amortised cost.

(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. 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) Undrawn loan commitments

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

(v) Reclassification of financial assets

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.

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(vi) Derecognition of financial assets in the following circumstances

(a) Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be credit-impaired at the origination date.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has 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.

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 as explained in note 24 at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability, or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability



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A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The 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.

c) Property plant and equipment

Recognition and measurement

Property, Plant and Equipment (PPE) are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the year till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognition of such assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are 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 Equipments	5 years	5 years
Servers and networks	5 years	6 years

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.

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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

Amortization

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 for Financial assets

The Company records allowance for expected credit losses for all loans, other 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 categorises 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 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.

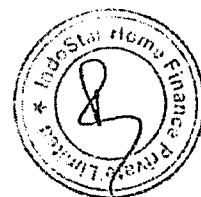
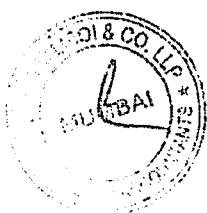
(b) Calculation of ECL:

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 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 on collective basis on loans portfolio.

(ii) Non-financial assets

(a) Intangible assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an individual asset exceeds its recoverable amount.

The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use. In determining the fair value, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. In assessing value in use, the estimated future cash flows are discounted to their present value that reflects current market assessments of the time value of money and risks specific to the asset.

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 Group satisfies a performance obligation

(a) Recognition of interest income

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

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

The 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 using the contractual interest rate in net gain on fair value changes.

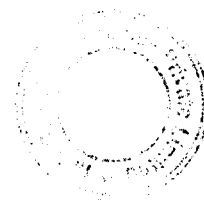
(b) Origination fees

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

Assignment income is recognised on upfront basis by discounting the future excess interest spread.



(c) 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.

(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) Leave Encashment

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date. Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred.

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) Leasing

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.

B



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

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

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) Minimum alternate tax

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

(iii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

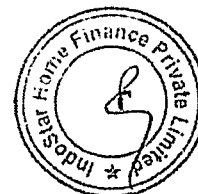
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

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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 recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p) **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.

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, provision for rectification costs, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2.5 **Standards Issued but not yet effective**

Ind AS 116 Leases replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is in the process of analysing the impact of new lease standard on its financial statements.



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IndoStar Home Finance Private Limited

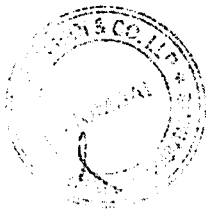
Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 3			
Cash and cash equivalents			
Cash on hand	317	-	-
Balances with banks			
- in current accounts	31,43,36,469	2,42,74,549	23,24,022
Deposits with original maturity of less than three months	-	2,93,54,770	10,29,94,399
	<u>31,43,36,786</u>	<u>5,36,29,319</u>	<u>10,53,18,421</u>

Note 4			
Loans			
At amortized cost			
Business Loans			
Home Loans	5,29,61,00,180	51,05,28,875	-
Total - Gross	5,29,61,00,180	51,05,28,875	-
Less: Impairment allowance	(1,55,04,014)	(12,79,501)	-
Total - Net	<u>5,28,05,96,166</u>	<u>50,92,49,374</u>	-
Secured by tangible assets			
Total - Gross	5,29,61,00,180	51,05,28,875	-
Less: Impairment allowance	(1,55,04,014)	(12,79,501)	-
Total - Net	<u>5,28,05,96,166</u>	<u>50,92,49,374</u>	-
Loans in India			
(a) Public sector	-	-	-
(b) Others	5,29,61,00,180	51,05,28,875	-
Total - Gross	5,29,61,00,180	51,05,28,875	-
Less: Impairment allowance	(1,55,04,014)	(12,79,501)	-
Total - Net	<u>5,28,05,96,166</u>	<u>50,92,49,374</u>	-
Loans outside India (b)			
Total - Net (a)+(b)	<u>5,28,05,96,166</u>	<u>50,92,49,374</u>	-

Note 5			
Other financial assets			
Security deposit	19,23,126	13,98,126	-
	<u>19,23,126</u>	<u>13,98,126</u>	-

Note 6			
Current tax assets (net)			
Advance Tax (net of provision)	7,56,160	11,33,509	1,17,484
	<u>7,56,160</u>	<u>11,33,509</u>	<u>1,17,484</u>



IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

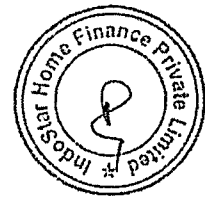
Note 7

Property, plant and equipment

A. Reconciliation of carrying amount

Changes in the carrying value of property, plant and equipment for the year ended 31 March 2019:

PARTICULARS	Leasehold Improvement	Office equipment	Computers	Furniture and fixtures	Total
Cost as at 1 April 2017	-	-	-	-	-
Additions	22,24,402	7,39,111	1,04,43,784	-	1,34,07,297
Disposals	-	-	-	-	-
Cost as at 31 March 2018	22,24,402	7,39,111	1,04,43,784	-	1,34,07,297
Additions	81,02,667	10,41,641	1,40,70,249	39,346	2,32,53,903
Disposals	-	-	-	-	-
Cost as at 31 March 2019 (A)	1,03,27,069	17,80,752	2,45,14,033	39,346	3,66,61,200
Accumulated depreciation as at 1 April 2017	-	-	-	-	-
Depreciation charged during the year	1,19,056	37,608	12,79,703	-	14,36,367
Disposals	-	-	-	-	-
Accumulated depreciation as at 31 March 2018	1,19,056	37,608	12,79,703	-	14,36,367
Depreciation charged during the year	21,12,137	2,94,554	77,45,293	5,708	1,01,57,692
Disposals	-	-	-	-	-
Accumulated depreciation as at 31 March 2019 (B)	22,31,193	3,32,162	90,24,996	5,708	1,15,94,059
Net carrying amount as at 31 March 2019 (A) - (B)	80,95,876	14,48,590	1,54,89,037	33,638	2,50,67,141
Net carrying amount as at 31 March 2018	21,05,346	7,01,503	91,64,081	-	1,19,70,930
Net carrying amount as at 1 April, 2017	-	-	-	-	-



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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 8
Intangible assets

Changes in the carrying value of Intangibles for the year ended 31 March 2019:

PARTICULARS	Computer Software	Total
Cost as at 1 April 2017	-	-
Additions	1,47,13,358	1,47,13,358
Disposals	-	-
Cost as at 31 March 2018	1,47,13,358	1,47,13,358
Additions	83,231	83,231
Disposals	-	-
Cost as at 31 March 2019 (A)	1,47,96,589	1,47,96,589
Accumulated amortisation as at 1 April 2017	-	-
Amortisation recognised for the year	8,15,062	8,15,062
Disposals	-	-
Accumulated amortisation as at 31 March 2018	8,15,062	8,15,062
Amortisation recognised for the year	49,15,393	49,15,393
Disposals	-	-
Accumulated amortisation as at 31 March 2019 (B)	57,30,455	57,30,455
Net carrying amount as at 31 March 2019 (A)- (B)	90,66,134	90,66,134
Net carrying amount as at 31 March 2018	1,38,98,296	1,38,98,296



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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 9			
Other non-financial assets			
Prepaid expenses	3,33,535	3,60,477	-
Advances recoverable in cash or in kind or for value to be received	3,00,37,963	88,36,642	20,213
	<u>3,03,71,498</u>	<u>91,97,119</u>	<u>20,213</u>

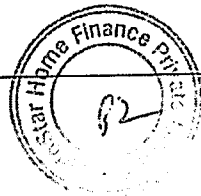
Note 10			
Trade payables	-	-	-
Dues to Micro, small and medium enterprises	-	-	-
Dues to Others	4,15,55,578	1,02,97,721	1,22,250
	<u>4,15,55,578</u>	<u>1,02,97,721</u>	<u>1,22,250</u>

Note 11			
Borrowings			
At amortised cost			
Term loans			
Term loans from banks (Refer note (a) below)	30,93,89,966	-	-
Loan from related parties	-	-	-
Loan from holding Company	3,35,00,00,000	-	-
Total	<u>3,65,93,89,966</u>	<u>-</u>	<u>-</u>
Borrowings in India	3,65,93,89,966	-	-
Borrowings outside India	-	-	-
Total	<u>3,65,93,89,966</u>	<u>-</u>	<u>-</u>
Secured borrowings	30,93,89,966	-	-
Unsecured borrowings	3,35,00,00,000	-	-
Total	<u>3,65,93,89,966</u>	<u>-</u>	<u>-</u>
(a) Term loan from banks (TL):			
	As at 31 March 2019		
Redeemable within	Rate of Interest		
	> 9.10% < 9.75%		
	Amount		
Above 60 Months	3,75,00,000		
48-60 Months	2,50,00,000		
36-48 Months	2,50,00,000		
24-36 Months	5,27,77,764		
12-24 Months	9,16,66,672		
0-12 Months	7,74,45,530		
Total	<u>30,93,89,966</u>		

Note 12			
Other financial liabilities			
Book overdraft	6,44,742	5,45,33,375	-
Interest accrued but not due on borrowings	14,00,05,488	-	-
Employee benefits payable	1,86,93,404	1,20,00,000	-
Others	6,01,09,555	1,93,81,015	-
	<u>21,94,53,189</u>	<u>8,59,14,390</u>	<u>-</u>

Note 13			
Provisions			
Provision for employee benefits:			
- Gratuity	17,22,760	3,65,322	-
- Leave encashment	25,09,396	7,84,804	-
	<u>42,32,156</u>	<u>11,50,126</u>	<u>-</u>

Note 14			
Non-financial liabilities			
Statutory dues payable	2,08,98,030	31,02,272	10,600
	<u>2,08,98,030</u>	<u>31,02,272</u>	<u>10,600</u>



IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 15
Equity share capital

a. Details of authorised, issued and subscribed share capital

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Amount	Number	Amount	Number	Amount
Authorised capital Equity shares of ₹10/- each	20,00,00,000	2,00,00,00,000	7,00,00,000	70,00,00,000	1,05,00,000	10,50,00,000
Issued, subscribed and fully paid up Equity shares of Rs. 10/- each fully paid up	20,00,00,000	2,00,00,00,000	1,50,00,000	15,00,00,000	1,00,00,000	10,00,00,000
Equity shares of Rs. 10/- each, partly paid Rs. 9 each	-	-	5,00,00,000	45,00,00,000	-	-
Total	20,00,00,000	2,00,00,00,000	6,50,00,000	60,00,00,000	1,00,00,000	10,00,00,000

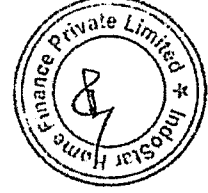
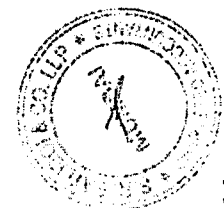
b. Reconciliation of number of shares at the beginning and at the end of the year

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Amount	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	6,50,00,000	60,00,00,000	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Add: Issued during the year (fully paid Rs. 10 each)	13,50,00,000	1,35,00,00,000	50,00,000	5,00,00,000	-	-
Add: Issued during the year (partly paid Rs. 9 each)	-	-	5,00,00,000	45,00,00,000	-	-
Add: Receipt of final call money during the year on partly paid up shares	-	5,00,00,000	-	-	-	-
Shares outstanding at the end of the year	20,00,00,000	2,00,00,00,000	6,50,00,000	60,00,00,000	1,00,00,000	10,00,00,000

c. Particulars of shares held by holding Company

Name of shareholder	Relationship	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
Indostar Capital Finance Limited	Holding Company	20,00,00,000	100%	6,50,00,000	100%	1,00,00,000	100%

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



IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 15
Equity share capital

d. Particulars of shareholders holding more than 5% of shares held

Name of shareholder	Relationship	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
		No of equity shares held	Percentage	No of equity shares held	Percentage	No of equity shares held	Percentage
IndoStar Capital Finance Limited	Holding Company	20,00,00,000	100%	6,50,00,000	100%	1,00,00,000	100%

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.

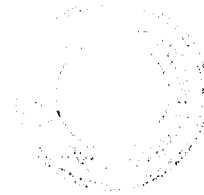
f. Objective for managing capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local regulator, National Housing Bank (NHB). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB.



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Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 16			
Other equity			
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	8,52,652	8,52,652	8,52,652
Capital contribution from holding Company	72,29,315	-	-
Retained earnings	(29,14,93,875)	(10,08,40,488)	44,70,616
	<u>(28,34,11,908)</u>	<u>(9,99,87,836)</u>	<u>53,23,268</u>
16.1 Other equity movement			
Statutory reserves u/s 29C of the National Housing Bank Act, 1987			
Opening Balance	8,52,652	8,52,652	-
Add : Transferred from surplus	-	-	8,52,652
Closing Balance	<u>8,52,652</u>	<u>8,52,652</u>	<u>8,52,652</u>
Capital contribution from holding Company			
Opening Balance	-	-	-
Movement during the year	72,29,315	-	-
Closing Balance	<u>72,29,315</u>	<u>-</u>	<u>-</u>
Retained earnings			
Opening Balance	(10,08,40,488)	44,70,616	10,60,007
Add: Transferred from the statement of profit and los	(19,06,63,301)	(10,53,11,104)	42,63,261
Less: Transfer to statutory reserve as per Section 29C of the National Housing Bank Act, 1987	-	-	(8,52,652)
Add: Remeasurement of defined benefit obligations	9,914	-	-
Closing Balance	<u>(29,14,93,875)</u>	<u>(10,08,40,488)</u>	<u>44,70,616</u>
16.2 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 Reserve Bank of India.			
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.			



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IndoStar Home Finance Private Limited
Notes to the financial statements for the year ended 31 March 2019

(Currency : Indian Rupees)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 17		
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	37,34,99,199	76,88,913
Interest on deposits		
- Deposits with banks	25,56,711	66,35,630
	<u>37,60,55,910</u>	<u>1,43,24,543</u>
Fees and commission income		
- Fees	1,89,87,649	8,271
	<u>1,89,87,649</u>	<u>8,271</u>
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	65,00,328	-
Total fair value changes	<u>65,00,328</u>	<u>-</u>
Fair value changes:		
- Realised	65,00,328	-
Total fair value changes	<u>65,00,328</u>	<u>-</u>
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment Income	2,41,67,091	-
	<u>2,41,67,091</u>	<u>-</u>
Total	<u><u>42,57,10,978</u></u>	<u><u>1,43,32,814</u></u>

Note 18		
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	1,08,17,344	-
Other borrowings (including Inter Corporate Deposits)	19,78,90,419	-
Interest expense on debt securities		
Commercial paper	1,01,94,751	-
Other interest expense		
Bank charges & other related costs	19,35,046	23,898
	<u>22,08,37,560</u>	<u>23,898</u>

Note 19		
Impairment on financial instruments		
Impairment on loans measured at amortised cost		
Provision for expected credit loss	1,42,24,513	12,79,501
Impairment on others		
Others	1,50,000	-
	<u>1,43,74,513</u>	<u>12,79,501</u>

Note 20		
Employee Benefits Expenses		
Salaries, other allowances and bonus	24,39,54,396	8,55,92,543
Gratuity expenses	13,67,352	3,65,322
Leave encashment	23,94,874	7,97,962
Contribution to provident and other funds	69,98,417	16,10,769
Staff welfare expenses	12,73,211	4,55,225
Share based payment expense	72,29,315	-
Employee shared service costs	49,44,430	26,41,281
	<u>26,81,61,995</u>	<u>9,14,63,102</u>

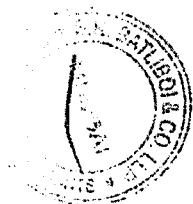


IndoStar Home Finance Private Limited
Notes to the financial statements for the year ended 31 March 2019

(Currency : Indian Rupees)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 21		
Depreciation and amortization expenses		
Depreciation of property, plant and equipment	1,01,57,692	14,36,367
Amortisation of intangible assets	49,15,393	8,15,062
	<u>1,50,73,085</u>	<u>22,51,429</u>

Note 22		
Other Expenses		
Rent	57,05,417	13,56,628
Rates & taxes	4,25,928	60,80,917
Printing and stationery	28,28,401	8,90,346
Travelling & conveyance	1,35,11,311	55,46,772
Advertisement	1,53,145	-
Commission & brokerage	2,28,17,218	3,05,246
Office expenses	69,80,912	18,29,425
Communication expenses	23,10,430	3,23,758
Payment to auditors (note below)	15,06,005	1,58,997
Legal & professional charges	1,21,37,624	42,67,543
Other shared service costs	2,95,50,735	38,66,356
	<u>9,79,27,126</u>	<u>2,46,25,988</u>
Payment to auditor includes:		
a) as statutory auditors	8,72,000	1,58,997
b) as tax auditors	1,36,250	-
c) for certification related matters	2,45,250	-
d) for other services	2,52,505	-
Total	<u>15,06,005</u>	<u>1,58,997</u>



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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

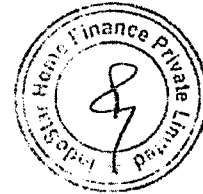
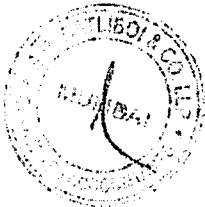
Note 23

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 2019	For the year ended 31 March 2018
i. Profit attributable to equity holders (A)		
Profit attributable to equity holders for basic and diluted EPS	(19,06,63,301)	(10,53,11,104)
ii. Weighted average number of equity shares for calculating Basic EPS (B)	9,27,87,672	2,03,83,561
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	9,27,87,672	2,03,83,561
iii. Basic earnings per share (₹)	(2.05)	(5.17)
iv. Diluted earnings per share (₹)	(2.05)	(5.17)



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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

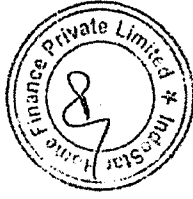
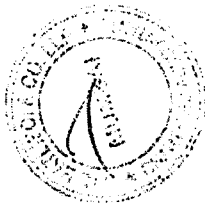
Note 24

Financial Instruments – Fair

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.



IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019

(Currency : Indian Rupees)

Note 24

Financial Instruments – Fair values and Risk management (continued)

Financial risk management

The Company has exposure to the following risks from financial instruments:

- (a) credit risk;
- (b) liquidity risk;
- (c) market risks; and
- (d) operational risk.

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing, implementing and monitoring Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes regular reviews of risk management controls and procedures. The observations, management action plans and adherence to those action plans are reported to Audit Committee from time to time.

(A) Credit risk

'Credit risk' is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers.

Management of credit risk

The Company has put in place well defined product programs with credit policy parameters defining the credit appetite. The credit policy gets administered through credit underwriting managers across branches. In order to retain the independence of the credit function, functional reporting of the credit managers is separated from sales. The Company has put in place review mechanisms to identify and measure credit risk arising out of customer acceptance as well as credit behaviour. Further, collections teams are responsible for managing credit impaired customers with usage of appropriate tools including negotiations, legal actions and recovery proceedings. The Company has put in place a collections policy defining the role and responsibilities of collections function. The Company has also put in place mechanisms to identify Early Warning Signals (EWS) and take appropriate actions to address the concerns arising out of EWS.

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.

Credit quality analysis

The Company's policies for computation of expected credit loss are set out below:

ECL on loans and advances

ECL is computed for home loan portfolio of the Company

Staging criteria

Following staging criteria is used for loans:

- (i) standard and 0 - 30 as stage I;
- (ii) 31 - 90 as Stage II; and
- (iii) outstanding > 90 DPD as stage III.

Probability of Default (PD%)

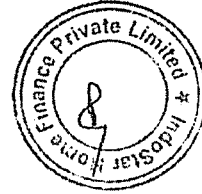
In the case of Housing Finance, the 12 month PD% is computed on the basis of available CRISIL CDRs for long-term rating.

Loss Given Default (LGD%)

LGD has been applied on the basis of past observable trend of recoveries from the defaulted assets.

The following factors have been considered for computation of LGD:

- (i) Time to recovery - Time taken to recover the dues
- (ii) Amount recovered - Amount recovered against total dues (including interest accrued thereon along with any charges due)



IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 24

Financial Instruments – Fair values and Risk management (continued)

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

Particulars	31 March 2019			Total
	Stage 1	Stage 2	Stage 3	
Financial assets measured at amortised cost				
Loans	5,27,60,17,389	1,29,40,811	71,41,967	5,29,61,00,167
Total	5,27,60,17,389	1,29,40,811	71,41,967	5,29,61,00,167

Particulars	31 March 2018			Total
	Stage 1	Stage 2	Stage 3	
Financial assets measured at amortised cost				
Loans	51,05,28,875	-	-	51,05,28,875
Total	51,05,28,875	-	-	51,05,28,875

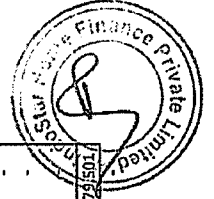
Particulars	1 April 2017			Total
	Stage 1	Stage 2	Stage 3	
Financial assets measured at amortised cost				
Loans	-	-	-	-
Total	-	-	-	-

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans and advances and investment debt securities is, as follows:

Particulars	2018-19			2017-18			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Gross carrying amount opening balance	51,05,28,875	-	-	-	-	-	51,05,28,875
New assets originated or purchased	5,33,80,00,000	-	-	52,27,50,000	-	-	52,27,50,000
Assets derecognised or repaid (excluding write offs)	(55,24,28,695)	-	-	(1,22,21,125)	-	-	(1,22,21,125)
Transfers to stage 1	-	-	-	-	-	-	-
Transfers to stage 2	(1,29,40,811)	1,29,40,811	-	-	-	-	-
Transfers to stage 3	(71,41,967)	-	71,41,967	-	-	-	-
Amounts written off	-	-	-	-	-	-	-
Gross carrying amount closing balance	5,27,60,17,402	1,29,40,811	71,41,967	51,05,28,875	-	-	51,05,28,875

Reconciliation of ECL balance is given below:

Particulars	2018-19			2017-18			Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
ECL allowance - opening balance	12,79,501	-	-	12,79,501	-	-	12,79,501
New assets originated or purchased	1,33,45,000	-	-	1,33,45,000	-	-	1,33,45,000
Assets derecognised or repaid (excluding write offs)	(14,26,714)	-	-	(14,26,714)	-	-	(14,26,714)
Changes to models and inputs used for ECL calculations	(3,179)	-	-	(3,179)	-	-	(3,179)
Transfers to stage 1	-	-	-	-	-	-	-
Transfers to stage 2	(32,352)	32,352	-	-	-	17,855	17,855
Transfers to stage 3	(17,855)	-	-	-	-	-	-
Impact on year end ECL of exposures transferred between stages during the year	-	45,757	-	-	-	23,09,406	23,09,406
ECL allowance - closing balance	1,31,44,401	78,109	22,81,504	12,79,501	-	-	1,55,04,014



IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 24

Financial instruments – Fair values and Risk management (continued)

(B) Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on regular basis. The Company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of cash, cash equivalents and high grade collateral which could be used to secure additional funding if required.

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

As on 31 March 2019

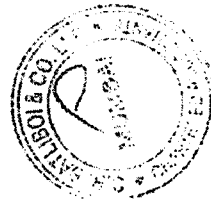
Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	4,15,55,578	-	-	-	4,15,55,578
Borrowings (other than debt securities)	10,75,65,783	33,30,72,433	4,79,28,28,572	4,10,36,054	5,27,45,02,842
Other financial liabilities	7,94,47,701	-	-	-	7,94,47,701
Total	22,85,69,062	33,30,72,433	4,79,28,28,572	4,10,36,054	5,39,55,06,121

As on 31 March 2018

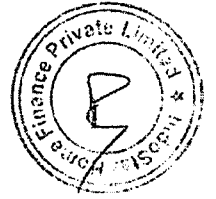
Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,02,97,721	-	-	-	1,02,97,721
Other financial liabilities	8,59,14,390	-	-	-	8,59,14,390
Total	9,62,12,111	-	-	-	9,62,12,111

As on 1 April 2017

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	1,22,250	-	-	-	1,22,250
Total	1,22,250	-	-	-	1,22,250



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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 24

Financial Instruments – Fair values and risk management (continued)

(C) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company primarily deploy funds in bank deposits and liquid debt securities as a part of its liquidity management approach. The Company regularly reviews its average borrowing/lending cost including proportion of fixed and floating rate borrowings/loans so as to manage the impact of changes in interest rates.

(a) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the non-trading interest rate gaps for stipulated periods. The Company monitors on a regular basis to ensure positions are maintained within the established limits.

(D) Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include maker-checker controls, effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of Internal audit.



IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 24

Financial instruments – Fair values and risk management (continued)

Capital Disclosure

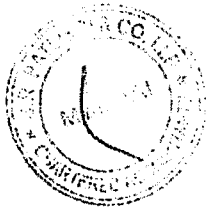
The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of our regulator, National Housing Board(NHB). The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by NHB.

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.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
CET1 capital ratio	57.9%	209.0%	367146.3%
Tier 2 capital ratio	0.4%	0.6%	0.0%
Total capital ratio	58.3%	209.6%	367146.3%



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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 25

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

a) Relationships

I. Holding Company
IndoStar Capital Finance Limited

II. Fellow Subsidiary
IndoStar Asset Advisory Private Limited

Names of other related parties:

Key Managerial Personnel

Shreejit Menon -Whole Time Director

Prabhat Tripathy -Whole Time Director (till 31 December 2018)

b) Transactions with key management personnel :

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
1) Short-term employee benefits	2,11,40,000	7,09,361
2) Reimbursement of expenses	2,24,712	19,029

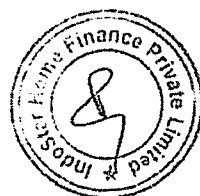
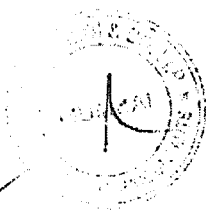
Compensation of the Company's key managerial personnel includes salaries, non-cash benefits and contributions to post-employment defined benefit plan.

c) Transactions other than those with key management personnel :

Particulars		Holding Company
1) Reimbursement of expenses	2019	4,24,25,860
	2018	59,70,308
2) Advances taken	2019	-
	2018	8,55,034
3) Infusion of share capital	2019	1,40,00,00,000
	2018	50,00,00,000
3) Interest on loan from holding Company	2019	19,78,90,419
	2018	-
4) Loan taken from holding Company (net)	2019	3,35,00,00,000
	2018	-

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

Particulars		Holding Company	Key Management Personnel
1) Investment in share capital (including securities premium)	2019	2,00,72,29,315	-
	2018	60,00,00,000	-
	2017	10,00,00,000	-
2) Reimbursement of expenses	2019	3,68,54,004	-
	2018	69,25,557	6,790
	2017	-	-
3) Advances taken	2019	-	-
	2018	8,55,034	-
	2017	-	-
4) Loan from holding Company (including accrued interest)	2019	3,49,00,05,488	-
	2018	-	-
	2017	-	-



IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019

(Currency : Indian Rupees)

Note 26

Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Type of Services or service		
Fees	1,89,87,649	8,271
Total revenue from contracts with customers	1,89,87,649	8,271
Geographical markets		
India	1,89,87,649	8,271
Outside India	-	-
Total revenue from contracts with customers	1,89,87,649	8,271
Timing of revenue recognition		
Services transferred at a point in time	1,89,87,649	8,271
Services transferred over time	-	-
Total revenue from contracts with customers	1,89,87,649	8,271

Note 27

Contingent liabilities and Commitments

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Capital commitments:			
Estimated amount of contracts remaining to be executed on capital account	-	52,60,000	-
Loans sanctioned not yet disbursed	34,57,34,401	3,56,04,917	-

In February 2019, the honorable Supreme Court of India in its judgment clarified that certain special allowances should be considered to measure obligations under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the PF Act). There are interpretative challenges on the application of judgment retrospectively and as such same has not been considered as contingent liability.

Note 28

Leases

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognized in the statement of profit & loss are Rs. 57,05,417 (March 2018: Rs.13,56,628). The non-cancellable operating lease agreements are for a period of 11 months to 36 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Minimum Lease Payments:			
Not later than one year	48,85,677	34,37,357	-
Later than one year but not later than five years	1,61,00,919	35,86,035	-
Later than five years	1,12,91,515	-	-

Note 29

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

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises, as no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

Particulars	As at 31 March 2019	As at 31 March 2018
a. Principal and interest amount remaining unpaid	-	-
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-



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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 30

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:

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
A. Amount recognised in the balance sheet			
Present value of the obligation as at the end of the year	17,22,760	3,65,322	-
Fair value of plan assets as at the end of the year	-	-	-
Net asset / (liability) to be recognized in the balance sheet	17,22,760	3,65,322	-
B. Change in projected benefit obligation			
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Projected benefit of obligation at the beginning of the year	3,65,322	-	-
Current service cost	13,40,012	3,65,322	-
Interest cost	27,340	-	-
Actuarial (gain) / loss on obligation	(9,914)	-	-
Projected benefit obligation at the end of the year	17,22,760	3,65,322	-
C. Change in plan assets			
Fair value of plan assets at the beginning of the year	-	-	-
Fair value of plan assets at the end of the year	-	-	-
D. Amount recognised in the statement of profit and loss			
Current service cost	13,40,012	3,65,322	-
Net interest cost	27,340	-	-
Expenses recognised in the statement of profit and loss	13,67,352	3,65,322	-
E. Amount recognised in other comprehensive income			
Actuarial (gains) / loss			
- change in financial assumption	(19,160)	-	-
- experience variation	9,246	-	-
Expenses recognised in other comprehensive income	(9,914)	-	-
F. Assumptions used			
	As at 31 March 2019	As at 31 March 2018	
Discount rate	7.60%	7.50%	
Salary growth rate	6.00%	6.00%	
Withdrawal rates	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages	

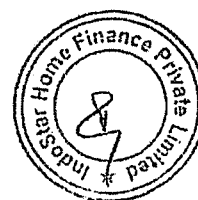
G. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March 2019		As at 31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	16,31,435	18,21,767	3,44,171	3,88,279
Salary growth rate (0.5% movement)	18,18,141	16,30,213	3,86,598	3,44,248
Withdrawal rate (10% movement)	16,80,584	17,63,872	3,53,959	3,76,855

H. Other information :

- Plans assets comprises 100% of Insurance funds
- The expected contribution for the next year is Rs. 5,696.
- The average outstanding term of the obligations as at valuation date is 9.79 years.



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IndoStar Home Finance Private Limited

Notes to the financial statements for the period ended 31 March 2019
(Currency : Indian Rupees)

Note 33

Explanation of transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2018, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ('previous GAAP').

The financial statements for the current year have been prepared under Ind AS.

The accounting policies set out in note 2 have been applied in preparing these financial statements for the year ended 31 March 2019 including the comparative information and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the "transition date").

In preparing opening Ind AS balance sheet and in presenting the comparative information, the Company has adjusted amounts reported in financial statements prepared in accordance with previous GAAP. An explanation of how the transition from previous GAAP to Ind AS has affected the financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables.

Optional exemptions availed and mandatory exceptions

In preparing the first Ind AS financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1. Property, plant and equipment and Intangible assets

The Company has availed the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment and intangibles as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1 April 2017).

B. Mandatory Exceptions

1. Estimates

On assessment of the estimates made under the previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS, as there is no objective evidence of an error in those estimates. However, estimates that were required under Ind AS but not required under previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:

- Determination of the discounted value for financial instruments carried are amortised cost.
- Impairment of financial assets based on the expected credit loss model.

2. Classification and measurement of financial assets

As permitted under Ind AS 101, Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. In line with Ind AS 101, measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Reconciliation of net worth as per previous GAAP and that computed under Ind AS

Particulars	As on 31 March 2018	As on 1 April 2017
Net worth under previous GAAP	50,40,97,833	10,53,23,268
Summary of Ind AS adjustments		
Effective interest rate adjustment on loans and advances	(40,85,669)	-
Total Ind AS adjustments	(40,85,669)	-
Net worth under Ind AS	50,00,12,164	10,53,23,268



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IndoStar Home Finance Private Limited

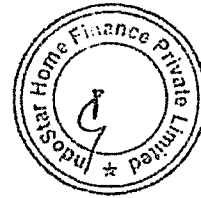
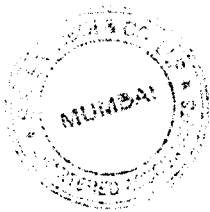
Notes to the financial statements for the period ended 31 March 2019
(Currency : Indian Rupees)

Note 33

Explanation of transition to Ind AS:

Reconciliation of total comprehensive income as per previous GAAP and that computed under Ind AS

Particulars	For the year ended 31 March 2018
Profits as per previous GAAP	(10,12,25,435)
Summary of Ind AS adjustments <u>In the statement of profit and loss:</u>	
Effective interest rate adjustment on loans and advances	(40,85,669)
Total Ind AS adjustments	<u>(40,85,669)</u>
Total comprehensive income as per Ind AS	<u><u>(10,53,11,104)</u></u>



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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 34 - Disclosures Pursuant to the Master Circular - Housing Finance Companies - Corporate Governance (NHB) Direction, 2016

I. Capital

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) CRAR (%)			
(ii) CRAR – Tier I Capital (%)	58.3%	209.6%	367146.3%
(iii) CRAR – Tier II Capital (%)	57.9%	209.0%	367146.3%
(iv) Amount of subordinated debt raised as Tier- II Capital	0.4%	0.6%	0.0%
(v) Amount raised by issue of Perpetual Debt Instruments	-	-	-

II. Reserve Fund u/s 29C of NHB Act, 1987

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Balance at the beginning of the year			
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	8,52,652	8,52,652	-
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	8,52,652	8,52,652	-
Addition / Appropriation / Withdrawal during the year			
Add:			
a) Amount transferred u/s 29C of the NHB Act, 1987	-	-	-
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	-	-	8,52,652
Less:			
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	-	-	-
Balance at the end of the year			
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	8,52,652	8,52,652	8,52,652
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	8,52,652	8,52,652	8,52,652

III. Investments

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
1. Value of Investments			
(i) Gross value of Investments			
(a) In India	-	-	-
(b) Outside India	-	-	-
(ii) Provisions for Depreciation			
(a) In India	-	-	-
(b) Outside India	-	-	-
(iii) Net value of Investments			
(a) In India	-	-	-
(b) Outside India	-	-	-
2. Movement of provisions held towards depreciation on investments			
(i) Opening balance	-	-	-
(ii) Add: Provisions made during the year	-	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-	-
(iv) Closing balance	-	-	-

IV. Derivatives

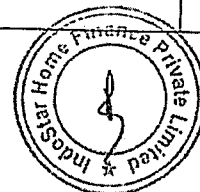
1. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(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	-	-	-

2. Exchange Traded Interest Rate (IR) Derivative

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(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 2018	-	-	-
(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"	-	-	-

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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

Note 34 - Disclosures Pursuant to the Master Circular - Housing Finance Companies - Corporate Governance (NHB) Direction, 2016

3. Disclosures on Risk Exposure In Derivatives

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 at March 31, 2019	
	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

Particulars	As at March 31, 2019
1. No of SPVs sponsored by the HFC for securitisation transactions	-
2. Total amount of securitised assets as per books of the SPVs sponsored	-
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	-
(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 securitisations	-
b) Exposure to third party securitisations	-
(II) On-balance sheet exposures towards Credit Enhancements	
a) Exposure to own securitisations	-
b) Exposure to third party securitisations	-

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

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(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 HFCs

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(i) No. of accounts	585	-	-
(ii) Aggregate value (net of provisions) of accounts assigned	23,85,28,981	-	-
(iii) Aggregate consideration	23,85,28,981	-	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
(v) Aggregate gain / loss over net book value	-	-	-

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

HFCs which purchase non-performing financial assets from other HFCs shall be required to make the following disclosures in the NTA to their Balance sheets: NA

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
A. Details of non-performing financial assets purchased:			
(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. Details of Non-performing Financial Assets sold:			
1. No. of accounts sold	-	-	-
2. Aggregate outstanding	-	-	-
3. Aggregate consideration received	-	-	-



IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

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

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Deposits	55,55,556	55,55,556	55,55,556	1,66,66,668	4,56,88,669	14,38,65,769	4,94,21,333	3,70,80,858	-	-	36,53,89,955
Borrowings from Bank	-	-	-	-	-	-	3,35,00,00,000	-	-	-	3,35,00,00,000
Market Borrowing	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	5,04,48,927	1,09,08,175	93,66,915	3,04,08,062	6,71,15,504	31,15,75,540	39,40,09,874	47,96,19,906	85,78,32,102	3,06,93,11,161	5,28,05,56,166
Investments	-	-	-	-	-	-	-	-	-	-	-

In addition to the investments shown in the table above, the Company also has cash & cash equivalents and undrawn funding lines as under:

Cash & Cash Equivalents (refer note 3)	31,43,36,786
Undrawn funding lines	60,00,00,000
Total	<u>91,43,36,786</u>



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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2019
(Currency : Indian Rupees)

VII. Exposure

1. Exposure to Real Estate Sector

Category	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
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 Lakh may be shown separately)	5,25,27,84,807	50,62,88,927	-
(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;	2,50,57,855	55,59,361	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -			
a) Residential	-	-	-
b) Commercial Real Estate	-	-	-
c) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-	-

2. Exposure to Capital Market

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(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) All exposures to Venture Capital Funds (both registered and unregistered)	-	-	-
Total Exposure to Capital Market	-	-	-



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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

VIII. Miscellaneous

1. Registration obtained from other financial sector regulators : None

2. Disclosure of Penalties imposed by NHB and other regulators : None

3. Related party Transactions : Refer Note 17

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

Instrument	Credit Rating Agency	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Commercial Paper	CARE	A1+	A1+	-
Term Loans/NCD's	ICRA	A1+	A1+	-
	India Ratings and Research Private Limited	AA-	-	-

5. Remuneration of Directors : None

IX. Additional Disclosures

1. Provisions and Contingencies

Break up of "Provisions and Contingencies" shown under the head Expenditure in Profit and Loss Account	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
1. Provisions for depreciation on Investment	-	-	-
2. Provision made towards Income tax	-	-	19,06,437
3. Provision towards NPA	22,81,504	-	-
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	1,32,22,510	12,79,501	-
5. Other Provision and Contingencies (with details)	-	-	-

(Amount in Rupees)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Standard Assets				
a) Total Outstanding Amount	5,28,89,58,213	51,05,28,875	-	-
b) Provisions made	1,32,22,510	12,79,501	-	-
Sub-Standard Assets				
a) Total Outstanding Amount	71,41,967	-	-	-
b) Provisions made	22,81,504	-	-	-
Doubtful Assets – Category-I				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-II				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	5,29,61,00,180	51,05,28,875	-	-
b) Provisions made	1,55,04,014	12,79,501	-	-



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2. Draw Down from Reserves : None

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

3a. Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Deposits of twenty largest depositors	-	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	-	-	-

3b. Concentration of Loans & Advances

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Loans & Advances to twenty largest borrowers	29,18,34,061	6,73,18,516	-
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	5.53%	13.15%	-

3c. Concentration of all Exposure (including off-balance sheet exposure)

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Exposure to twenty largest borrowers / customers	32,38,04,034	6,78,12,359	-
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	5.76%	12.37%	-

3d. Concentration of NPAs

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Total Exposure to top ten NPA accounts	71,41,967	-	-

3e. Sector-wise NPAs

(Amount in Rupees)

Sector	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Percentage of NPAs to Total Advances in that sector			
A. Housing Loans:			
1. Individuals	0.13%	-	-
2. Builders/Project Loans	-	-	-
3. Corporates	-	-	-
4. Others	-	-	-
B. Non-Housing Loans:			
1. Individuals	-	-	-
2. Builders/Project Loans	-	-	-
3. Corporates	-	-	-
4. Others	-	-	-

4. Movement of NPAs

(Amount in Rupees)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
(I) Net NPAs to Net Advances (%)	0.09%	-	-
(II) Movement of NPAs (Gross)			
a) Opening balance	-	-	-
b) Additions during the year	71,41,967	-	-
c) Reductions during the year	-	-	-
d) Closing balance	71,41,967	-	-
(III) Movement of Net NPAs			
a) Opening balance	-	-	-
b) Additions during the year	48,60,463	-	-
c) Reductions during the year	-	-	-
d) Closing balance	48,60,463	-	-
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)			
a) Opening balance	-	-	-
b) Provisions made during the year	22,81,504	-	-
c) Write-off/write-back of excess provisions	-	-	-
d) Closing balance	22,81,504	-	-



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5. Overseas Assets : None

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

X. Customers Complaints

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
a) No. of complaints pending at the beginning of the year	-	-	-
b) No. of complaints received during the year	43	3	-
c) No. of complaints redressed during the year	41	3	-
d) No. of complaints pending at the end of the year	2	-	-

As per our report of even date attached

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

per Shrawan Jalan
Partner
Membership No. 102102



Place: Mumbai
Date: 20 May 2019

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

Pankaj Thapar

Pankaj Thapar
Director
DIN: 01225255

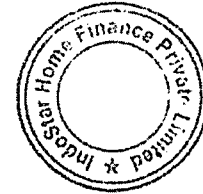
Prashant Shetty
Prashant Shetty
Chief Financial Officer

Place: Mumbai
Date: 20 May 2019

Prashant Joshi

Prashant Joshi
Director
DIN: 06400863

Priyal Shah
Priyal Shah
Company Secretary



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