INDOSTAR
HOME
FINANCE

Board's Report
2019-20

INDOSTAR

BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 5th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

The key highlights of the audited financial statements of your Company for the financial year ended March 31, 2020 and comparison with previous financial year ended March 31, 2019 are summarized below:

(Amount in ₹)

Particulars	As at March 31, 2020	As at March 31, 2019
Total income	97,13,89,761	42,57,10,978
Total expenditure	87,62,27,850	61,63,74,279
Profit / (Loss) before taxation	9,51,61,911	(19,06,63,301)
Net Profit / (Loss) after taxes	**14,19,72,621**	**(19,06,63,301)**
Other comprehensive income, net of tax	6,06,476	9,914
Total comprehensive income	14,25,79,097	(19,06,53,387)
Transfer to statutory reserve fund u/s 29C of National Housing Bank Act, 1987	(2,83,94,524)	-
Balance brought forward from previous year	(29,14,93,875)	(10,08,40,488)
Balance carried to balance sheet	(17,73,09,302)	(29,14,93,875)
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	0.71	(2.05)
Diluted (₹)	0.71	(2.05)

FINANCIAL PERFORMANCE & COMPANY'S STATE OF AFFAIRS

Your Company mainly focuses on affordable housing finance and had Asset Under Management (AUM) of ₹ 832.10 crore as on March 31, 2020 and strives to pass on the benefits of various schemes of the National Housing Bank ("NHB") to its customers. During the year under review, the total income of the Company was ₹ 97.14 crore (previous year: ₹ 42.57 crore) and the profit / (loss) after tax was ₹ 14.20 crore (previous year: ₹ (19.07) crore).

Your Company has an expanded branches network of 49 branches as on March 31, 2020 across 10 states in India.

Your Company has continued to maintain good asset quality with net non-performing assets ("NPA") of 0.67% as on March 31, 2020, in spite of a difficult macro-economic environment. Pursuant to requirement of the Housing Finance Companies (NHB) Directions, 2010, the circulars, directions and notifications issued by the National Housing Bank ("NHB") from time to time and provisions of the Companies Act, 2013 ("Act") read with Rules made thereunder, a provision of ₹ 2.59 crore (previous year: ₹ 1.32 crore) at the rate of 0.35 % of outstanding standard assets of the Company was made at March 31, 2020. In addition, the Company has recorded a management overlay allowance of ₹ 2.60 crore as part of its expected credit loss, to reflect, among other things, an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Further, pursuant to the requirement of Section 29C of the National Housing Bank Act, 1987, an amount of ₹ 2.84 crore was transferred to statutory reserve fund. For details of Reserves and Surplus of the Company, please refer Note 18 of the audited standalone financial statements of the Company for the financial year ended March 31, 2020.

Indirect Change in Control
Subsequent to the year under review, BCP V Multiple Holdings Pte. Ltd. ("Brookfield") acquired 56.55% stake in the fully diluted share capital of the IndoStar Capital Finance Limited, the holding company of the Company ("ICFL") by way of (i) acquisition of 1,20,68,966 compulsorily convertible preference shares and 3,01,72,414 equity shares of the ICFL under Preferential Allotment, on May 27, 2020 (ii) acquisition of 2,92,41,258 equity shares of ICFL on July 08, 2020, under the Open Offer; and (iii) 50,00,000 equity shares of ICFL on July 09, 2020, from Indostar Capital, Mauritius ("ICM"). Subsequently, Brookfield is in control of the ICFL and a promoter of the ICFL. ICM continues to be in control and be classified as a promoter of the ICFL.

As a result of Brookfield acquiring control of ICFL, Brookfield has acquired indirect control of your Company along with ICM. There has been no change in the shareholding pattern of the Company and it continues to be the wholly-owned subsidiary of ICFL.

This strategic investment by Brookfield in ICFL will also enable your Company to leverage Brookfield's expertise in the financial services domain globally to facilitate the raising of external finance, introduce operational improvements and continue to scale the business and will accelerate the pace of achieving your Company's objective of expanding and sustainably supporting its housing finance business.

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.

INITIATIVES TO TACKLE COVID-19

The SARS-CoV-2 virus responsible for COVID-19 outbreak, which has been declared a global pandemic by the World Health Organization, caused the nation to witness a complete lock-down since the last week of March 2020. COVID-19 continues to spread across the globe and India and has contributed to a significant decline in economic activities and severely impacted the business and operations of your Company and the extent to which the COVID-19 pandemic will impact the Company's financial position will depend on future developments, which are highly uncertain. In the background of this pandemic, your Company's priority has been safety of its employees and has taken the following measures:

Creating Awareness:
Employees are being sensitised and educated about COVID-19 through regular emails and SMS since first few cases were reported in India.

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Changes in Policy & Processes:

- Biometric attendance system was discontinued due to the risks associated with COVID-19 spread;
- All travel/ business meetings were discontinued;
- Activated Business Continuity Plan & Work from Home (WFH) policy

Branch Operations

Branch reopening has been done in a phased manner depending on local situation and local governing authorities rules. Each branch is thoroughly sanitized before being reopened for employees. Sanitization kits are being dispatched to branches being reopened, so that required care is taken. SOP in easy to understand PPT format has detailed instructions for employees as well as precautions which were to be followed.

Grant of Moratorium, a relief measure to customers

In order to mitigate the burden of debt servicing brought about by disruptions on account of the fall-out of the COVID-19 pandemic, the Reserve Bank of India ("RBI") issued various circulars to ensure continuity of viable businesses and households. Your Company has been supportive of RBI's initiative and has provided its borrowers, affected by the pandemic, with moratorium on payment of loan instalments. Your Company believes that this move has enabled borrowers to cope with the difficult business conditions caused by the pandemic.

Detailed information on the impact of COVID-19 has been included under the Management Discussion and Analysis Report which forms part of the Annual 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, and direction(s), circular(s), notification(s) and guideline(s) issued by the NHB.

In terms of Section 129 of the Act read with Rules framed thereunder, audited financial statements of the Company for the financial year ended March 31, 2020 shall be laid before the ensuing Annual General Meeting of the Company.

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

During the period under review, there has been no change in the authorised, issued and paid-up share capital of your Company.

As on March 31, 2020 the authorised, issued and paid-up share capital of your Company was ₹ 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")

At present, the Board of Directors of your Company comprises 5 (five) Directors of which 4 (four) are Non-Executive Directors and 1 (one) is an Executive Director. The Board composition is in compliance with the requirements of the Act and the direction(s), circular(s), notification(s) and guideline(s) issued by the NHB. Detailed composition of the Board of Directors of the Company has been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Appointments and cessation:

All appointments of Directors are made in accordance with the relevant provisions of the Act, the direction(s), circular(s), notification(s) and guideline(s) issued by the NHB and other laws, rules, guidelines as may be applicable to the Company. The Nomination & Remuneration Committee ("NRC") exercises due diligence *inter-alia* to ascertain the 'fit and proper' person status of person proposed to be appointed on the Board of Directors of the Company, and if deemed fit, recommends their candidature to the Board of Directors for its consideration.

During the year under review, in compliance with requirements of Section 149 of the Act read with rules made thereunder and upon recommendation of the NRC, the Board of Directors appointed Ms. Benaifer Palsetia, as Additional Director in the category of Non-Executive Non-Independent Director of the Company, to hold office up to the date of the ensuing Annual General Meeting of the Company.

Subsequent to the year under review, in terms of the Shareholders' Agreement dated January 31, 2020 entered into among ICFL, Brookfield and ICM (**"SHA"**) effective from July 09, 2020, the Board of Directors at its meeting held on July 10, 2020 approved appointment of Mr. Aditya Joshi (nominated by Brookfield) and Mr. Vibhor Kumar Talreja (nominated by ICM), as Additional Directors in the category of Non-Executive Non-Independent Directors of the Company, to hold office up to the date of the ensuing Annual General Meeting of the Company.

Further, notice(s) in terms of Section 160 of the Act have been received from a Member of the Company, proposing the candidature of Ms. Palsetia, Mr. Joshi and Mr. Talreja, as Non-Executive Non-Independent Directors of the Company, which shall be considered by the shareholders of the Company at the Annual General Meeting of the Company. The Board of Directors recommends appointment of Ms. Palsetia, Mr. Joshi and Mr. Talreja, as Non - Executive Non-Independent Directors of the Company, at the ensuing Annual General Meeting of the Company.

Brief profile(s) of Ms. Palsetia, Mr. Joshi and Mr. Talreja, has been included in the notice convening the ensuing Annual General Meeting of the Company.

Further, subsequent to the year under review, Mr. Prashant Joshi, Non-Executive Non-Independent Director, resigned from the Board of Directors of the Company with effect from August 12, 2020.

The Board of Directors places on record its sincere appreciation for the valuable contribution and guidance provided by Mr. Joshi, during his association with the Company.

Director(s) Retiring by Rotation:
In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Shreejit Menon, Whole-time Director, 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. Menon 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 NHB, 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 there were no changes in the Key Managerial Personnel ("KMP") of the Company.

In terms of the provisions of the Act, the following persons are the KMP of the Company:

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

NHB DIRECTIONS

Your Company complies 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 and shall not accept any deposits from the public without obtaining prior approval of the NHB. Further, your Company being a non-deposit accepting housing finance company registered with the NHB, disclosure requirements under

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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 has raised funds from *inter-alia* following sources (i) ₹ 40 crore as bank borrowings (outstanding as on March 31, 2020: ₹ 54.41crore); (ii) ₹ 200 crore through borrowings from holding company (outstanding as on March 31, 2020: ₹ 529.14 crore); and (iii) ₹ 74.47 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-	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 / Commercial Paper of your Company carry the highest rating by two major credit rating agencies
ICRA Limited	[ICRA] A1+	

DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2020 stood at 3.13: 1

CAPITAL ADEQUACY RATIO

Your Company is well capitalized to provide adequate capital for its continued growth. As on March 31, 2020, the Capital to Risk Assets Ratio of your Company ('CRAR') stood at 46.8 % (Tier I Capital to Risk Assets Ratio was 45.6 % and Tier II Capital to Risk Assets Ratio was 1.2 %), well above the regulatory limit of 13% prescribed by the NHB for housing finance companies.

NET OWNED FUNDS

The Net Owned Funds of your Company as on March 31, 2020 stood at ₹ 180.87 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 September 07, 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, 2020, 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.

Members are requested to note that S. R. Batliboi & Co. LLP has submitted its resignation from the office of Statutory Auditors of the Company with effect from conclusion of the ensuing 5th Annual General Meeting of the Company.

In terms of Section 139 of the Act read with rules made thereunder, the Audit Committee of the Board after assessing that the qualifications and experience of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, having ICAI Firm Registration No. 117366W/W-100018, recommended their appointment as Statutory Auditors of the Company for a term of five years to the Board of Directors. Upon recommendation of the Audit Committee, the Board of Directors has approved appointment of M/s. Deloitte Haskins & Sells LLP, as Statutory Auditors of the Company to hold office for a period of five years i.e. from the conclusion of the 5th Annual General Meeting of the Company till the conclusion of the 10th Annual General Meeting of the Company.

Your Directors recommend to the members of the Company the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors of the Company to hold office for a term of five years i.e. from the conclusion of the 5th Annual General Meeting of the Company till the conclusion of the 10th Annual General Meeting of the Company.

M/s. Deloitte Haskins & Sells LLP, being eligible for appointment as Statutory Auditors have consented and confirmed that their appointment, if made, shall be in compliance with the requirements of Section 139 read with section 141 of the Companies Act, 2013 read with rules made thereunder.

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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, 2020, 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, 2020, 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 8 (eight) 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 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.

POLICY 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 at https://www.indostarhfc.com/investors-corner.

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 Mr. Shreejit Menon, Whole-time Director of the Company is 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. Mr. Shreejit's employment can be terminated either by the Company or by him by giving three months' notice or salary in lieu thereof. There is no separate provision for payment of severance fees.

Mr. Menon, holds 1,00,000 stock options of IndoStar Capital Finance Limited, holding company of the Company.

RISK MANAGEMENT FRAMEWORK

Management information systems, well defined organizational structures, authority matrix and documented policies, processes and codes together constituted the risk management system of the Company. Subsequent to the year under review, the Board of Directors adopted a codified Risk Management Policy *inter-alia* covering principles of risk management, risk governance, risk identification and categorisation, reporting, assurance and internal audit. The Risk Management Committee of the Board of Directors 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.

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

WHISTLE BLOWER POLICY / VIGIL MECHANISM

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

Details of the Whistle Blower Policy/Vigil Mechanism have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company's well-defined organisational structure, documented policies, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal system / policies and applicable laws. The internal control system / policies of your Company are supplemented with internal audits, regular reviews by the management and checks by external auditors.

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

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

Disclosure of the related party transactions as required under Ind AS - 24 is reported in Note 29 of the audited financial statements of the Company for the financial year ended March 31, 2020.

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, securities provided or any investment by the Company are not applicable to your Company.

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, 2020, in the prescribed Form 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.

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, the Directors hereby confirm that:

a) in the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed and no material departures have been made from the same;

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b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) they have prepared the annual accounts on a going concern basis; and

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

APPRECIATIONS AND ACKNOWLEDGMENT

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

IndoStar Home Finance Private Limited *

Pankaj Thapar
Director
DIN: 01225255

Shreejit Menon
Whole-time Director
DIN: 08089220

Date: 12 August 2020
Place: Mumbai

H Choudhary & Associates
Company Secretaries
Office: No. 57, Ground Floor, 343-C, Kalbadevi Road, Kalbadevi, Mumbai-400002,
E-mail: csharnath17@gmail.com, Off. : 022-22400055

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointmentand Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
IndoStar Home Finance Private Limited
CIN: U65990MH2016PTC271587
One IndiabullsCenter, 20th Floor,
Tower 2A, Jupiter Mills Compound,
SenapatiBapatMarg,
Mumbai – 400013

We have conducted the secretarial audit of the compliance of applicable statutory provisions andthe 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, 2020. Secretarial Audit was conducted in a manner that provided us a reasonable basis forevaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification ofthe Company'sbooks,papers, minute books, forms and returns filed and other records maintained by the Company and alsothe information provided by the Company, its officers, agents and authorized representatives duringthe conduct of secretarial audit, wehere by report that in our opinion, the Company has, duringthe audit period covering the financial year ended on March 31, 2020, complied with the statutoryprovisions 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 recordsmaintained by the Companyfor the financial year ended on March 31, 2020 according tothe 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 thereunder**(Not Applicable during the Audit Period)**;

H CHOUDHARY & ASSOCIATES
CP NO 9309
MUMBAI
COMPANY SECRETARIES

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Indirect Foreign Investment.

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable during the Audit Period)**;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 **(Not Applicable during the Audit Period)**;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 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, 2018**(Not Applicable during the Audit Period)**.

6. Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate systems and process in place for compliance with the following laws applicable specifically to the Company:
   a) The National Housing Bank Act, 1987 as applicable to Housing Finance Companies;
   b) 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 thereunder;
   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/ Reserve Bank of India 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.

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

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

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

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

(i) On August 30,2019, the members at the Annual General Meeting *inter-alia* approvedthe following:
   a. Issue of Non - Convertible Debentures under Private Placement such that the aggregate principal amount of non-convertible debentures does not exceed INR 500croreduring a period of 1(one)year from the date of passing Special Resolution.
   b. Sale / Assignment / Securitisationof loan receivables of the Companyup to INR 500crore in a financial year.

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(ii) On January 31, 2020, the Board of Directors at itsmeeting *inter-alia* approved and noted indirect change of control, resulting in change in management of the Company and matters related therewith.

(iii) On February 06, 2020, the Board of Directors at itsmeeting inter-alia approved and appointed Ms. Benaifer Gev Palsetia as Non-Executive Additional Director of the Company.

H Choudhary& Associates
(Practicing Company Secretaries)

H CHOUDHARY & ASSOCIATES
CP NO.9369
MUMBAI
COMPANY SECRETARIES

CS HarnatharamChoudhary
Proprietor
Membership No: F8274
C P No.: 9369
UDIN number F008274B000572277

Place: Mumbai
Date: August 12, 2020

INDOSTAR

Annexure - II

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
as on financial year ended on March 31, 2020
[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, 20th 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, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai 400013	L65100MH2009PLC268160	Holding Company	100	Section 2(46)

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]	--	20,00,00,000	20,00,00,000	100.00	--	20,00,00,000	20,00,00,000	100.00	0
e) Banks/FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A) (1) :-	**--**	**20,00,00,000**	**20,00,00,000**	**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)	**--**	**20,00,00,000**	**20,00,00,000**	**100.00**	**--**	**20,00,00,000**	**20,00,00,000**	**100.00**	**0**
B. Public shareholding	--	--	--	--	--	--	--	--	--
1. Institutions	--	--	--	--	--	--	--	--	--

[1] As on March 31, 2019 and March 31, 2020, 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'

INDOSTAR

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) Mutual Funds	--	--	--	--	--	--	--	--	--
b) Banks / FI	--	--	--	--	--	--	--	--	--
c) Central Government	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	--	--	--	--	--	--	--	--
g) FIIs	--	--	--	--	--	--	--	--	--
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	--	--	--	--	--	--	--	--	--

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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	
Grand Total (A+B+C)	--	20,00,00,000	20,00,00,000	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 share-holding 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	19,99,99,994	99.99	0	19,99,99,994	99.99	0	0
2	Mr. Jitendra Bhati jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	0
3	Mr. Pankaj Thapar jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	0
4	Mr. Prashant Joshi jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	0
5	Mr. Nishant Kotak jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	0
6	Mr. Deepak Bakliwal jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	0

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7	Ms. Priyal Shah jointly with IndoStar Capital Finance Limited	1	Negligible	0	1	Negligible	0	0
	Total	20,00,00,000	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	20,00,00,000	100.00	20,00,00,000	100.00
	Date wise Increase / Decrease in Promoters Shareholding during the year	No Purchase/Sale during the year			
	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
Mr. Prashant Joshi	At the beginning of the year	1	Negligible	1	Negligible

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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
jointly with IndoStar Capital Finance Limited	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
Ms. Priyal Shah 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

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

Note: Mr. Shreejit Menon, Whole-time Director, Ms. Benaifer Palsetia Non-Executive 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.

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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	30,93,89,966	3,35,00,00,000	-	3,66,11,11,108
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	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**
Change in Indebtedness during the financial year				
• Addition	42,77,23,738	1,80,13,68,986	-	2,22,90,92,724
• Reduction	19,30,55,562	-	-	19,30,55,562
Net Change	**23,46,68,176**	**1,80,13,68,986**	**-**	**2,03,60,37,162**
Indebtedness at the end of the financial year				
(i) Principal Amount	54,40,58,142	5,10,00,00,000	-	5,64,40,58,142
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	19,13,74,474	-	19,13,74,474
Total (i+ii+iii)	**54,40,58,142**	**5,29,13,74,474**	**-**	**5,83,54,32,616**

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration paid to Mr. Shreejit Menon, Whole-time Director:

(Amount in ₹ Lakh)

Sr. No.	Particulars of Remuneration	Mr. Shreejit Menon (Whole-time Director)	Total
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	73.17	73.17
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--
	(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	0.50	0.50
	Total (A)	73.67	73.67
	Ceiling as per the Companies Act, 2013	Not Applicable	

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	Ms. Benaifer Palsetia	
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)				**₹73.67**
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, appointed 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					

IndoStar Home Finance Private Limited

INDOSTAR

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD COMPOSITION

The Board of Directors provides direction and exercises appropriate controls over the business and operations of the Company to achieve its objectives. As on March 31, 2020, the Board of your Company comprised 4 Directors of which 3 were Non-Executive Non-Independent Directors and 1 was 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 ("the 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, 8 (eight) meetings of the Board of Directors were convened and held on April 12, 2019, May 20, 2019, August 08, 2019, November 07, 2019, December 11, 2019, January 09, 2020, January 31, 2020 and February 06, 2020. 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, 2020 is given below:

Name of Directors	No of meetings attended
Mr. Pankaj Thapar	5
Mr. Prashant Joshi	8
Ms. Benaifer Gev Palsetia*	1
Mr. Shreejit Menon	8

**Ms. Benaifer Gev Palsetia was appointed as Non-Executive Additional Director of the Company from February 06, 2020.*

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. The Board of Directors has accepted and implemented the mandatory recommendations made by the Committee(s) during the year under review.

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

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 20, 2019, August 8, 2019, November 7, 2019 and February 06, 2020. 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 August 30, 2019.

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
Mr. Pankaj Thapar	Chairman	3
Mr. Prashant Joshi	Member	4
Mr. Shreejit Menon	Member	4

Subsequent to the year under review, the Audit Committee was reconstituted by appointment of Mr. Aditya Joshi and Mr. Vibhor Talreja and resignation of Mr. Prashant Joshi, as Members of the Committee.

Terms of reference

The terms of reference of the Audit Committee *inter-alia* includes: review and ensuring correctness, sufficiency and credibility of the quarterly and annual financial statements of the Company, review with the management financial condition and results of operation, 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, review and monitor any frauds perpetrated against the Company, review, approve and monitor transactions with related parties, reviewing, monitoring and evaluating the internal control system including internal financial controls and risk management system, review and monitor, with the management, the functioning and compliance of relevant policies adopted by the Company.

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 06, 2020. Both the members were present at the meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Subsequent to the year under review, the Nomination & Remuneration Committee was reconstituted by appointment of Mr. Aditya Joshi and Mr. Vibhor Talreja and resignation of Mr. Prashant Joshi, as Members of the Committee.

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 recommending policy on remuneration of the Executive Directors, the Non-Executive Directors (including the Independent Directors) and senior level employees, formulate criteria for evaluation of Directors, the Board and its Committee(s).

RISK MANAGEMENT COMMITTEE

Composition, Meetings and Attendance

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

During the year under review, the Committee met on May 20, 2019 and November 7, 2019. 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
Mr. Pankaj Thapar	Member	1
Mr. Prashant Joshi	Member	2
Mr. Shreejit Menon	Member	2
Mr. Amol Joshi*	Member	1

**Appointed as Member from August 08, 2019*

Subsequent to the year under review, the Committee was reconstituted by appointment of Mr. Aditya Joshi and Mr. Vibhor Talreja and resignation of Mr. Prashant Joshi, as Members of the Committee.

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. Amol Joshi, Mr. Prashant Shetty and Mr. Jayant Gunjal.

During the year under review, the Committee met on May 20, 2019 and November 7, 2019. The required quorum was present at all the above meeting(s). Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Composition of the 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
Mr. Shreejit Menon	Member	2
Mr. Pankaj Thapar	Member	1
Mr. Amol Joshi*	Member	1
Mr. Prashant Shetty	Member	2
Mr. Jayant Gunjal	Member	2

**Appointed as Member from August 08, 2019*

Subsequent to the year under review, the Committee was reconstituted by appointment of Mr. Aditya Joshi and Mr. Vibhor Talreja as Members of the Committee.

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.

CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

Composition

Subsequent to the year under review, in compliance with the provisions of Section 135 of the Act, the Board of Directors constituted the CSR Committee. The CSR Committee comprises Ms. Benaifer Palsetia, Mr. Aditya Joshi and Mr. Vibhor Kumar Talreja.

Terms of reference

The terms of reference of the CSR Committee *inter-alia* includes: formulating and monitoring the CSR Policy, recommending to the Board the amount and area of CSR expenditure, implementation and monitoring the CSR Projects.

GRIEVANCE REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee comprises Mr. Prashant Joshi (Grievance Redressal Officer) and Mr. Shreejit Menon.

During the year under review, the Committee met once on August 08, 2019.

Subsequent to the year under review, the GRC was reconstituted by appointment of Ms. Jaya Janardanan as member of the Committee in place of Mr. Prashant Joshi.

Terms of reference

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

The status of 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, 2020.

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. Shilpa Mallar and Ms. Srividya Sriram (External Member from an association committed to the cause of women). Subsequent to the year under review, the Committee was reconstituted by appointment of Ms. Jaya Janardanan as Member of the Committee in place of Ms. Shilpa Mallar.

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

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

INDENTIFICATION AND REVIEW COMMITTEE

Composition

The Identification and Review Committee comprises Mr. Shreejit Menon, Mr. Shripad Desai and Mr. Mohit Mairal.

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

MANAGEMENT COMMITTEE

Composition:

The Management Committee comprises Mr. Pankaj Thapar, Mr. Prashant Joshi, Mr. Shreejit Menon and Mr. Amol Joshi (appointed with effect from August 08, 2019).

Subsequent to the year under review, Mr. Prashant Joshi ceased to be a Member of the Committee.

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 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, its 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 and the Grievance Redressal Mechanism 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 to put in place a system / procedure for realistic valuation of properties / fixed assets and also for empanelment of valuers for the purpose. In terms of the said circular, the Board of Directors of the Company has adopted policy on Valuation of Property.

The said policy *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.

Asset Liability Management Policy ("ALCO Policy")

In terms of requirements of the Guidelines on Asset Liability Management (ALM) System for HFCs issued by the NHB, the Board of Directors adopted an Asset Liability Management Policy.

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

Fraud Risk Policy

In terms of Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies issued by the NHB to strengthen the reporting and monitoring system relating to fraudulent transactions reported by housing finance company(s), the Board of Directors adopted a 'Fraud Risk Policy'.

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

Model Code of Conduct for Direct Selling Agents

In terms of 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.

Information Technology related Policies and Processes

In terms of the Guidelines for Information Technology Framework for HFCs issued by the NHB, the Board of Directors adopted various polices for Information Technology (IT) risk management, resource management and performance management of IndoStar Capital Finance Limited, the holding Company of the Company, which *inter-alia* include the 'IT Policy', 'Information Security Policy', 'Cyber Security Policy', 'IS Audit Policy', 'Logical Access Management Policy', 'Change Management Policy', 'Backup Management & Restoration Policy', 'Asset Management Policy', 'Capacity Management Policy' and 'IT Outsourcing Policy'.

Mechanism for Identification of Wilful Defaulters

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

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.

Whistle Blower Policy / Vigil Mechanism

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

The Vigil Mechanism provides a channel to report to the management concerns about unethical behavior, actual or suspected fraud or violation of various codes or policies of the Company and provides adequate safeguards against victimization of persons who use such mechanism. The mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. No person has been denied access to the Audit Committee.

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. 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.

Anti-Corruption Policy

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

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

Care and Dignity Policy

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

Record Retention Policy

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

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

IndoStar Home Finance Private Limited

Annual Report 2019-20

MANAGEMENT DISCUSSION AND ANALYSIS

Indian Economy

Financial Year (FY) 2019-20 proved to be a challenging year for the Indian economy as it delivered a subdued economic growth of 4.2%, as against 6.1% in FY 2018-19. The growth deceleration was led by the global slowdown and local factors such as the liquidity crisis in the non-banking financial sector, declining credit growth, stagnated wages, and rising rural unemployment rates. While these factors dampened consumption demand significantly, on the supply side, excess idle manufacturing capacity coupled with infrastructure bottlenecks resulted in softened private investments which delayed economic recovery.

To bring the country's economic growth back to its earlier trajectory, the Government of India (GOI) undertook several reformative initiatives and announced progressive policies. A few of the key challenges addressed in the Union Budget 2020-21 included:

- Alleviating liquidity concerns of public sector banks and reviving credit growth through a direct capital infusion of Rs. 70,000 crores
- Providing growth impetus to the country's infrastructure development projects by investing ~Rs. 102 lakh crore through National Infrastructure Pipeline
- Enhancing the country's logistical efficiency by strengthening its transport infrastructure including highways, rail network, airports, and seaports
- Supporting and safeguarding agricultural output through schemes such as PM KUSUM and establishing efficient warehouses and cold supply chain for perishables
- Opening up of select sectors for foreign direct investment to attract global capital and make India a preferred manufacturing and supply chain hub

However, the government's well-targeted initiatives to revamp India's growth were undermined as the country witnessed an unprecedented crisis with the Novel Coronavirus (Covid-19) outbreak towards the fag-end of FY 2019-20. As the pandemic impacted human health and safety, it led the government to impose multiple lockdowns to contain the spread of the virus. This upended supply chains, posed severe logistical constraints on manpower and goods, and brought manufacturing activity and trade flows to a halt.

Aatmanirbhar Bharat

Balancing its needs to tackle the health crisis due to the spread of the Covid-19 outbreak and revive economic activity, the government announced a Rs. 20 lakh crore special economic and comprehensive package, equivalent to 10% of India's GDP, under the Self- Reliant India Movement of the Aatmanirbhar Bharat. The prime highlights of this package are:

- Rs. 1.7 lakh crore relief package to assist severely impacted marginalised Indian population
- Rs 15,000 crores for Emergency Health Response Package
- Front-loading of direct cash transfer benefits under PM-KISAN scheme to assist 8.7 crore Indian farmers
- Significant growth impetus to Micro, Small, and Medium Enterprises (MSMEs) through initiatives such as collateral-free loans, equity infusion, and disallowing global tenders up to Rs. 200 crore to improve their competitive position

- Relaxation in statutory and compliance matters including deadline extensions for Income Tax and GST returns
- Sizable liquidity enhancement in the banking system by the Reserve Bank of India (RBI) through measures such as a reduction in Cash Reserve Ratio (CRR), Targeted Long-Term Repo Operations (TLTROs) and increase in the banks' overnight borrowing limit under the marginal standing facility (MSF)
- Significant liquidity infusion and growth support to non-banking financial companies (NBFC), housing finance companies (HFC), and microfinance institutions (MFIs) through:
  - Rs. 30,000 crore Special Liquidity Scheme
  - Rs. 45,000 Partial Credit Guarantee Scheme (PCGS) 2.0
  - Rs 50,000 crores for NBFC's under TLTRO 2.0

The RBI came forward with its extensive support by reducing the repo rate to 4% and reverse repo rate to 3.35% in a tranches till May 2020. This was intended to make loans easily available to banks and discourage depositing of cash by commercial banks with RBI. Further, it granted a loan repayment moratorium on term loan EMIs for a period of three months till June 2020 and later extended it by another three months till August 2020 in keeping cognisance of the lockdown impact on borrowers' cash flows and in order to provide relief against Covid-induced financial crisis. During this period, it mandated no downgrade of asset classification for borrowers opting for a moratorium from as on March 1, 2020, providing much-needed relief to stressed borrowers.

Outlook

With constrained manufacturing, supply and logistical activities, labour shortage, and the prevalence of subdued demand, the economic outlook for FY 2020-21 continues to be bleak. The two months of stringent lockdown pushed India's unemployment rate to a record high of 27.1% in May. Considering the severe economic impact, the Government re-opened the economy in a phased manner since June 2020 with strict standard operating procedures. The rapid spread of the virus led the International Monetary Fund (IMF) to revise India's growth forecast for FY 2020-21 in its June outlook. It has projected negative GDP growth of 4.5% for FY 2020-21. Nevertheless, it has forecasted the economy to bounce back in FY 2021-22 and grow by 6%, backed by the Government's policy reforms.

Notwithstanding the near-term challenges, the fundamentals of the Indian economy remain strong. Improving rank in ease of doing business, emergence as an alternative manufacturing and supply chain hub, the government's reforms policy, and favourable international crude oil prices will enable the country to successfully exploit its growth potential.

Industry Overview

Housing Sector

The housing industry is one of the fastest-growing sectors in India, due to a large population base, rising income levels and rapid urbanisation. However, it faced a multi-year demand slowdown owing to several disruptions in the past four years and the changing regulatory environment, including demonetisation, Goods & Services Tax, and the much-celebrated Real Estate (Regulation and Development) Act. The sector continued displaying subdued activity and witnessed a marginal increase in total housing unit sales by 1% and a decline in unsold inventory by a mere 5% in CY 2019. The lower growth was on account of the prevailing NBFC liquidity crunch, high inventory overhang, weak affordability and subdued demand conditions.

Management Discussion & Analysis

Already reeling under multiple headwinds, India's housing sector has been facing biggest-ever crisis amid the pandemic and the nationwide lockdown, with plunging sales and piling inventory. However, according to experts, a wave of consolidation is imminent in the housing industry as the evolution of new strategies, reforms in product design and shifts in consumer behaviour will take centre-stage. This will strongly benefit the sector and put it on a strong course of recovery. The residential real estate sector, buoyed by high demand for affordable housing, will bounce back strongly as home buyers will look to invest in quality homes.

Key Trends in India's Housing Sector

a. Rapid urbanization to create housing shortage

India has been witnessing rapid urbanization in the backdrop of higher employment and livelihood opportunities, increasing agricultural uncertainty, and availability of superior infrastructure and other amenities. A report by Royal Institution of Chartered Surveyors (RICS) and Knight Frank projects India's current housing shortage at ~10 million units. With rising population in rapidly expanding Tier-I, Tier-II and Tier-III clusters, the report estimates housing shortage to grow to ~25 million units by 2030. A majority of this demand is expected to come from Economically Weaker Section (EWS) and Low Income Group (LIG) categories, providing significant growth opportunities to the affordable housing segment and the housing finance companies (HFCs) catering to the financial needs of EWS and LIG categories.

b. Improving affordability to enhance mortgage penetration

India's mortgage penetration is expected to increase in the backdrop of a growing housing shortage and improving affordability, manifested in the declining 'mortgage payment to annual income' ratio. The government's proactive incentives and implementation of reformative acts such as GST and RERA will provide further fillip to the sector, as it streamlines construction operations and safeguards home buyers and investors' interest.

Improving Affordability Ratio

Year	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Mortgage payment to annual income ratio	41%	35%	31%	30%	28%

Source: HDFC, SBI, Jefferies estimates

Key Growth Drivers for Housing Sector

To alleviate challenges faced by the sector for the past few years, the government has been announcing several reformative measures to revive both supply and demand side and boost affordable housing. Some of these include:

Supply-side interventions

- **Alternative Investment Fund (AIF):** The government established Rs. 25,000 crore alternative investment fund to revamp 3,50,000 stalled housing projects in the affordable and mid-income categories.
- **Infrastructure status to Affordable Housing:** To provide developers with better access to institutional credit, the government granted infrastructure status to affordable housing, facilitating the much-needed capital raising at lower interest costs.

- **Enhancement in eligibility criteria:** In a bid to increase the flow of funds in affordable housing at low-interest rates, the government increased the eligibility criteria of priority sector lending for affordable housing from Rs. 10 lakh to Rs. 20 lakh.
- **Extension of tax holidays to developers:** The government provided tax exemptions on profits earned on affordable projects to increase the supply of affordable housing units. Additionally, it encouraged developers to avail these benefits by extending the project sanctioning deadline from earlier March 31, 2020, to March 31, 2021.
- **Higher budgetary allocation to Pradhan Mantri Awas Yojana (PMAY):** In Union Budget FY 2020-21, the government announced higher allocation to the flagship PMAY scheme at Rs. 27,500 crore, as against Rs. 25,328 crore allocated in FY 2019-20. It also allocated an additional Rs. 10,000 crore to PMAY- Urban and PMAY- Rural to further accelerate affordable housing projects.

Demand-side interventions

- **Interest subsidy under PMAY-Urban:** Under the PMAY-Urban, the government provided an interest subsidy scheme between Rs. 2.2 lakh to Rs. 2.7 lakh for "first-time homebuyers" with a yearly income of up to Rs. 18 lakh to incentivize home buyers.
- **Additional tax benefits to first time home buyers:** To further incentivize property purchaser, the government increased eligibility of tax deduction of interest paid on the housing loan from Rs. 2 lakh to Rs. 3.5 lakh, providing an additional tax benefit of Rs. 1.5 lakh for homes purchases up to Rs. 45 lakh till March 31, 2021.
- **Reduction in GST rates:** The government reduced GST on under-construction Housing Projects to 5%, and for affordable housing projects under the valuation of Rs. 45 lakh per unit to 1% to achieve faster inventory sell-off.
- **Exemption in long-term capital gains tax (LTCG):** The government allowed exemption on LTCG on reinvestments of gains in two residential house properties to encourage higher investment in the housing sector.
- **Enhancement of affordable housing scope in line with the GST Act:** The government aligned cost for affordable housing dwellings at Rs. 45 lakh per unit in line with the GST Act. Additionally, it increased carpet area limit for affordable housing in metro and non-metro region to 60 squares meters and 90 squares meters to address the housing requirements of a broader customer base.

Regulatory support: Proactive Government Schemes to boost Housing

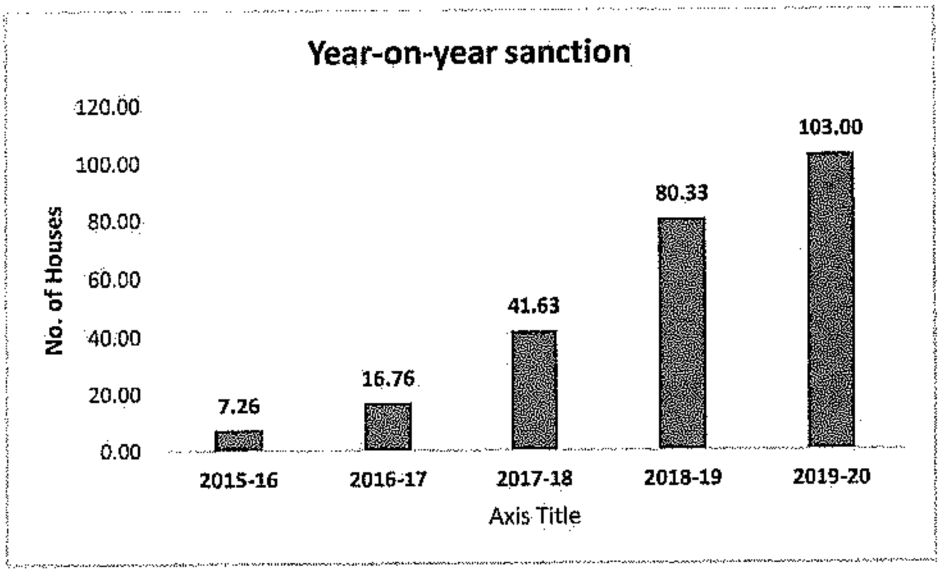
The government has been providing a significant boost to the housing sector to fulfil its ambitious target of 'Housing for All' by 2022. To meet this end-objective, it conceptualized and launched several transformative schemes, a few of which have been highlighted below:

- **Real Estate Regulatory Act (RERA):** RERA, which was enacted in May 2017, has been playing a key role in protecting consumer interest through stringent regulatory regime and improved accountability of developers. It has significantly enhanced investor confidence by mandating timely project deliveries with consistent asset quality.

- **Pradhan Mantri Awas Yojana (PMAY):** The government launched PMAY-Urban scheme in FY 2015 and PMAY-Rural scheme in April 2016, to facilitate construction of ~1 crore and ~2.95 crore affordable houses in the urban and rural areas, respectively, by 2022. The initiative is yielding encouraging results as can be seen in significant growth in the project sanction rates:

-

PMAY- Urban Year-on-Year Sanction



Source: https://pmaymis.gov.in/assets/pdf/book.pdf

- **Credit Linked Subsidy Scheme (CLSS):** To incentivize urban home buyers belonging to EWS and LIG category, the government launched CLSS which was later expanded to cover the MIG segment as well. The scheme provides interest subsidy of up to Rs. 6 lakh for EWS and LIG segment while providing up to Rs. 9 Lakh and Rs. 12 lakh for the population categorised in MIG-I and MIG-II respectively. To further push the growth of affordable housing, the government has allowed the MIG segment to avail benefits of CLSS by extending its deadline from earlier March 31, 2020, till March 31, 2021.
- **Smart Cities Mission (SCM):** Under SCM, the government envisages 100 'Smart Cities' having a modern urban infrastructure amenities and services and better quality of life for their citizens. It has identified more than 5,000 projects and has earmarked ~2 lakh crore for their development.
- **Atal Mission for Rejuvenation and Urban Transformation (AMRUT):** The government launched AMRUT scheme to upgrade the urban infrastructure of more than 500 cities, providing significant scope for affordable housing in the indented zones.

Housing Finance Sector

The rating agency ICRA in its report 'Indian Mortgage Finance Market - April 2020', estimated that for 9 months (9M) of FY 2020 (till December 2020), India's overall on-book housing loan portfolio exhibited 13% growth, as against 16% in the corresponding period of FY 2018-19. The lower growth was on account of the overall broad-based economic slowdown, coupled with the continuation of weak home buyer sentiments.

The capital market's risk perception towards HFCs and NBFCs post-collapse of a few players in the past severely impacted fund flow since September 2018 and resulted in an acute liquidity crisis. This was accentuated further with the advent of Covid-19 as ensuing lockdowns impacted operations as well as cash flows of the underlying borrowers. A market share shift was also witnessed in the key lender segment as banks commanded higher share at 66% and delivered a growth of 18% in their housing loan portfolio, largely through portfolio buyouts.

However, amidst the subdued performance of the overall HFC sector, the new HFCs in the affordable housing segment, providing financing to first time home purchasers, exhibited 18% year-on-year growth in assets under management (AUM) till December 31, 2019. This was on account of persistent housing demand by the EWS and LIG segments and the government's boost to affordable housing. The total portfolio of these HFCs stood at Rs. 52,350 crore as on December 31, 2019, and was largely dominated by individual housing loans at 80%. The remaining 20% of these loans were categorised as loans against property (LAP). There were limited project/construction finance loans, showcasing higher demand for affordable housing financing.

(Source: ICRA Report - Affordable Housing Finance Companies June 2020)

Outlook

The long-term performance of the housing finance industry will largely depend upon the nature and speed of the overall economic revival and the time taken for borrowers to recover from the pandemic impact. ICRA sees slower credit growth of 9-12% in FY 2021, with disbursement expected to be impacted by Covid-related disruptions. With anticipated salary cuts and job losses and difficult refinancing conditions owing to higher credit risk and declining credit ratings, ICRA expects delinquencies to be higher with a consequent impact on increasing GNPA and estimates asset quality of new HFCs to decline by 50% to 100%.

The operational robustness of HFCs will also play a major role. HFCs that have strong capital ratios, adequate liquidity buffers, and have proactively invested in technology with the capability to access real-time information, will overcome the short-term challenges faster. Nonetheless, in the long-term, the affordable housing finance segment is anticipated to grow higher due to robust structural demand for affordable housing, government incentives and strong policy support. Improving the affordability of these projects will ensure better offtake. Backed by the above attributes and a relatively high yielding portfolio, the affordable housing segment is estimated to deliver growth higher than traditional HFCs.

Company Overview

Incorporated in 2018, IndoStar Home Finance Private Limited (the Company) is a 100% subsidiary of IndoStar Capital Finance Limited, an NBFC registered with RBI. Domain knowledge and industry experience of the management team provide the Company with the requisite strength to build a high-quality portfolio.

The Company provides home loan solutions to customers belonging to the low-income category. These are individuals who are mostly purchasing or constructing a house for the first time in their lives, with a purpose of inhabiting it. Its target consumer is a salaried and self-employed individual with a monthly household income up to Rs. 50,000 and typically residing in Tier 2&3 cities, and fringes of urban areas.

Management Discussion & Analysis

Strong Parentage

The Company enjoys strong support and parentage of its promoter company IndoStar Capital Finance Limited (ICF), an NBFC registered with the RBI as a systemically important non-deposit taking company. It is institutionally owned and professionally managed organisation. Its expertise is in the areas of Commercial Vehicle Finance, Affordable Housing Finance, Small and Medium Enterprises (SME) Finance, and Corporate Lending.

Brookfield Capital Infusion

In May 2020, the Canada-based alternative asset manager Brookfield Business Partners L.P., through its subsidiary, made an equity capital injection of Rs. 1,225 crore into IndoStar Capital Finance Limited. With this infusion, Brookfield has become a co-promoter in ICF, along with Everstone. The infusion has led to ICF having one of the highest capital adequacy ratios among all listed NBFCs. Strong liquidity position and low debt-equity positions ICF well to further accelerate its retail lending strategy and equips it to use capital to pursue organic and inorganic growth opportunities.

Covid-19 Response

In light of the unprecedented COVID-19 pandemic, the Company adopted work from home facility for all employees. Awareness of the virus and ensuing safety guidelines were circulated across the organisation. At the same time, regular communication was maintained with the senior management team to increase employee morale. The Company also discontinued biometric attendance and ensured limited physical meetings. Prior to the reopening of branches and offices, all safety protocols including sanitisation drives, screening of employees, rotation-based working, etc. were enforced by the Company.

Product Portfolio

The Company caters to housing finance requirements of customers belonging to EWS and LIG categories, with a portfolio that comprises:

A. Home Loans
B. Balance Transfer/ Top-Up
C. Loan Against Property

a. Home Loans

The Company provides housing loans at attractive interest rates to first-time property purchasers from a developer or government institutions for under-construction or completed projects. Additionally, it also provides customised loans for self-constructed properties, including the purchase of plots for constructing the house. Loans up to Rs. 30 lakh are provided.

b. Balance Transfer (BT)/Top-Up

The Company offers balance transfer on current home loans from other financial institutions. It also provides top-up loans on existing home loans to facilitate additional financial assistance to customers for home renovation, extension and other emergency financial needs.

c. Loan Against Property

Apart from home loans and top-up loans, the Company also provides loans against existing property to small entrepreneurs operating in the MSME sector to meet their business requirements.

Robust Business Model

A Clearly-defined Customer Profile
- Catering to underserved EWS and LIG segment
- Providing loans to first-time home purchasers

Optimum Average Ticket size of ~Rs. 10 Crore
- Achieving superior asset quality Loan Book
- Resulting in lower delinquency rate

Growth through Distribution
- Leveraging distribution network of parent company
- Growing without undertaking additional credit risk

Strategically Located in Southern India
- Tamil Nadu, Andhra Pradesh, and Telangana cumulatively contributing ~50% to the total loan book
- Superior calibration of credit risk with deep understanding of the region

Prudent Customer Sourcing
- Superior customer-connect by engaging Direct Selling Agents
- Superior lead generation through 1,000 active on-ground connectors and partners

Strong Credit Assessment
- Deep expertise in over 30 different trades and professions
- Utilizing extensive credit assessment methods, standardized templates and comprehensive questionnaire

Robust Collection Mechanism
- Aiding transition of informal customer base to the formal credit economy
- Supporting 'Housing for All'

Management Discussion & Analysis

Business Review

a. **Strong growth in loan book, AUM and disbursement**

By leveraging competitive strengths including strong parentage, unique customer profile, distribution network, and efficient customer sourcing the Company has achieved significant growth in its loan book, AUM and disbursement in the last three years.

Strong Loan Book, AUM, and Disbursement growth (In Rs. Crore)

Particulars	FY 2018	FY 2019	FY 2020
Loan Book	50.92	528.06	746.43
AUM	50.92	547.77	830.95
Disbursements	56.50	533.80	362.95

b. **Operational Highlights: FY 2019-20**

Despite liquidity challenges and the industry slowdown witnessed during the year, the Company's performance in FY 2019-20 was satisfactory. It reported profits for the first time during its existence of three years since FY 2017-18. A few of the key operational highlights for FY 2019-20 are:

- **Loan book growth:** Backed by the structural demand of affordable housing, the Company registered a year on year growth of 41% in the loan book at Rs. 746.43 crore as on March 31, 2020, as against Rs. 528.06 crore as on March 31, 2019.
- **Disbursement:** While disbursements registered growth on a month-to-month basis in the first half of FY 2020, post-September growth was muted. This was on account of the overall slowdown in the economy and uncertainties caused by Covid-19 outbreak in Q4 FY 2019-20, leading to subdued demand.

- **Credit performance:**
  - o **Low cheque bounce rate:** The Company's credit performance for FY 2019-20 has been robust as can be demonstrated in the low non-performing assets at 0.84% of the total loan book. Cheque bounces were among the lowest in the industry which is commendable considering the customer base the Company caters to. The Company has been able to post superior credit performance backed by the emphasis on providing end-use home loans, extensive follow-up, advance repayment reminders system, strong underwriting process, and prudent customer selection.
  - o **GNPA:** In light of the subdued economic conditions during the year, the Company tightened credit policies and emphasised on intense on ground collection. Its GNPA stood at 0.84% as on March 31, 2020, as against 0.13% on March 31, 2019.
  - o **Moratorium period:** It is encouraging to note that while the Company offered Moratorium 1.0 and Moratorium 2.0 as per the government mandates, only 14-15% of the customers opted for Moratorium 2.0, indicating strong asset quality of the loan portfolio.
- **Profit After Profit:** Net profit for the year stood at Rs. 14.19 crore, as against loss of Rs. 19.06 crore for previous year March 31, 2019.

c. **Covid Impact**

In light of the prevailing subdued business conditions induced by Covid-19, the Company has cut down its operational expenses by rationalising its branches and renegotiating vendor & rental contracts.

d. **Asset Liability Management (ALM)**

The Company has a prudent Asset Liability Management policy in place which is reviewed by the Asset Liability Management Committee (ALCO). It enables the Company to preserve adequate capital while carrying out its business disbursements while ensuring timely repayments of all its contractual financial obligations. The Company continues to strengthen its ALM policies commensurate with the growth in its portfolio.

e. Long-Term and Short-Term Credit Ratings

The Company was able to maintain its long-term credit rating at AA- assigned by India Ratings and Research Private Limited and short term credit rating at A1+, assigned by CARE Ratings Limited and ICRA Limited.

f. Credit Operations

The Company has instituted a robust credit policy and well-defined processes and credit delegation authority matrix. It emphasises on strong due diligence of self-employed non-professional (SENP) customers and engages credit managers who personally visit customers and thoroughly understand their underlying business to assess sufficiency and stability of income levels and consequently their creditworthiness. Additionally, the amount of down payment, existing financial obligations, and quality of the underlying asset are critically considered while making credit decisions.

The Company is further strengthening its credit operations by establishing end-to-end credit processing based on a business rule engine and backed by score based underwriting. This will greatly assist in achieving superior control on the loan processing, lower turnaround time (TAT) and better portfolio quality.

g. Collection

The collection function is executed jointly by sales and credit verticals at branch level. To further strengthen the Company's collection capabilities, the Company has framed an early-alert mechanism based on product and program which is drilled down to the region, cluster, and branch and are reviewed regularly. It is further planning to digitize the entire collection process to increase its efficiency, transparency, and accuracy.

Risk Management

A robust and comprehensive risk containment unit undertakes screening and verification of every transaction under process and ensures the authenticity of documents to avoid customer frauds. The Company has also established a post-disbursement concurrent audit process to verify all the files to ensure data quality, stringent adherence to various policies and compliance to all processes. The audit reports are shared with the relevant teams who are responsible to take preventive/corrective actions based on the observations from the conducted audits.

As part of its digitization initiative, the Company is planning to embark on a building a comprehensive 'Data Analytics Framework' which connects credit assessment, profile verification, customer identification, collection and other relevant parameters. This will help the Company in establishing an Early Alert Mechanism which will strengthen its risk management capabilities.

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

Outlook

The Company is exploring fresh disbursements in tier-III and tier-IV cities, which have not been significantly impacted by the Covid-19 pandemic, it anticipates a muted disbursement in FY2021. Amidst these subdued economic conditions, it plans to tread cautiously.

Management Discussion & Analysis

Despite the short-term challenges posed by the subdued economic activity, the Company's long term outlook continues to be structurally positive. It will continue focusing on housing finance requirements in areas where demand for the affordable housing under PMAY-U is anticipated to be highest. Within these geographies, it will focus on regions in the vicinity of industrial pockets having a customer base that is well-distributed in the salaried and self-employed segment.

As part of the long term plan, the Company intends to expand the distribution network and establish incremental branches as standalone and separated from CV branches of the parent company. This is aimed at achieving an existence that is independent of the parent company not only on the balance sheet but on the ground as well, allowing efficient capital allocation.

Human Resources

The Company acknowledges the important and critical role human resources play in executing business strategy and achieving long-term sustainable success. It has developed a unique and professional organisational culture and a conducive working environment to empower the employees, supported by employee-friendly HR policies.

Hiring Talent

The Company shortlists candidates and conducts an extensive assessment of their domain expertise in affordable housing finance segment and suitability in the Company's organizational fit before on-boarding them.

In FY 2019-20, the Company augmented its frontline sales force team with an objective to cater to and capture growing demand in the segment we operate in and filled managerial posts as well to build and enhance the Company's leadership on the ground

Learning and Development

During the year, based on the business inputs and feedback, it strengthened 'Learn2Grown' initiative by adding new behavioural and soft skills programs. It also developed a detailed web-based training program on the affordable home loan products covering various business aspects including product details, and customer segmentation, among others. These workshops play a critical role in improving skillsets and upgrading employees with relevant and latest knowledge.

Employee Engagement

The Company regularly conducts functions and celebrations to promote superior employee engagement. It also conducts quarterly performance-based rewards and recognition programs to the deserving employees. During the year, the increasing customer engagement was manifested in higher voluntary participation by the employees in the Company's Corporate Social Responsibility (CSR) activities.

Talent Retention

The Company provides performance-based incentives and meritocracy-based growth opportunities to value and retain human resource talent. It has set clearly defined performance criteria and expectation setting for all roles to enable employees to track their progress and improve their contribution to the organization. To enhance transparency and superior communication, regular communications between HR and business heads of various divisions are conduct.

Management Discussion & Analysis

Internal Controls

The Company has developed and implemented adequate internal control systems by keeping the cognisance of the size of its operations and underlying nature and requirements of the industry within which it operates. The internal control framework is designed to ensure correct, reliable, and timely financial reporting, safeguarding company assets, efficient business operations, and good corporate governance. The internal audit team periodically scrutinises critical audit areas and communicates key observations which are reviewed and approved by the Audit Committee and the Management Committee. Basis the findings, corrective action plans are suggested by the management committee which is executed by the process owner at the relevant business unit or functional areas.

The effectiveness and adequacy of internal financial controls are verified by an independent audit firm. The external audit reviews the control systems and covers key aspects related to control activities including risk management, information, communication, and the monitoring framework, among others. It suggests preventive or corrective measures in the control procedures and financial controls and ensures the effectiveness of new processes.

Cautionary Statement

This document of Management Discussion and Analysis contains statements about expected future events, financial and operating results, which are forward-looking by nature. Forward-looking statements are based on the Company assumptions and are subject to inherent risks and uncertainties. There is a high possibility that the assumptions, predictions and other forward-looking statements will not be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements.

IndoStar Home Finance Private Limited

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Chartered Accountants

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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 2020, 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 Ind AS 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, 2020, its profit 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.

Emphasis of matter

We draw attention to Note 28(F) to these Ind AS financial statements, which describes the economic and social disruption as a result of the COVID-19 pandemic on the Company's business and financial metrics including the Company's estimates of impairment of loans to customers, which are dependent on uncertain future developments. Our opinion is not modified in respect of this matter.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, 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 Ind AS 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.

S.R. BATLIBOI & CO. LLP * MUMBAI * CHARTERED ACCOUNTANTS

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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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,

S.R. BATLIBOI & CO. LLP MUMBAI CHARTERED ACCOUNTANTS 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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S.R. BATLIBOI & CO. MUMBAI CHARTERED ACCOUNTANTS

(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 Rutushtra Patell
Partner
Membership Number: 123596
UDIN: 20123596AAAAIU4875
Place of Signature: Mumbai
Date: June 17, 2020

S. R. BATLIBOI & CO. LLP
MUMBAI
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) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(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
MUMBAI
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 managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given 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 Rutushtra Patell
Partner
Membership No: 123596
UDIN: 20123596AAAAIU4875
Place: Mumbai
Date: June 17, 2020

S. R. BATLIBOI & CO. LLP
MUMBAI
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 LIMTED

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, 2020 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 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, 2020, 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 Rutushtra Patell
Partner
Membership Number: 123596
UDIN: 20123596AAAAIU4875
Place of Signature: Mumbai
Date: June 17, 2020

MUMBAI
CHARTERED ACCOU

IndoStar Home Finance Private Limited

Balance sheet as at 31 March 2020
(Currency : Indian Rupees)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	16,59,96,207	31,43,36,786
Loans	4	7,46,42,49,069	5,28,05,96,166
Other financial assets	5	8,47,66,289	19,23,126
		7,71,50,11,565	5,59,68,56,078
Non-financial assets			
Current tax assets (net)	6	2,19,78,321	7,56,160
Deferred tax assets (net)	7	4,66,06,715	-
Property, plant and equipment	8	1,77,92,476	2,50,67,141
Assets held for sale	9	11,72,76,300	-
Intangible assets	10	78,84,026	90,66,134
Other non-financial assets	11	84,92,873	3,03,71,498
		22,00,38,715	6,52,60,933
TOTAL ASSETS		7,93,50,50,280	5,66,21,17,011
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	12		
(i) total outstanding to micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		6,08,93,094	4,15,55,578
Borrowings	13	5,83,54,32,616	3,79,93,95,454
Other financial liabilities	14	15,76,84,679	7,94,47,701
		6,05,40,10,389	3,92,03,98,733
Non-financial liabilities			
Provisions	15	56,14,614	42,32,156
Other non-financial liabilities	16	1,07,91,842	2,08,98,030
		1,64,06,456	2,51,30,186
TOTAL LIABILITIES		6,07,04,16,845	3,94,55,28,919
Equity			
Equity share capital	17	2,00,00,00,000	2,00,00,00,000
Other equity	18	(13,53,66,565)	(28,34,11,908)
TOTAL EQUITY		1,86,46,33,435	1,71,65,88,092
TOTAL LIABILITIES AND EQUITY		7,93,50,50,280	5,66,21,17,011

Significant Accounting Policies 2

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rupachitra Patoli
Partner
Membership No. 123596

Place: Mumbai
Date: 17 June 2020

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

Pankaj Thapar
Director
DIN: 01225755

Prashant Joshi
Director
DIN: 06400863

Prashant Shetty
Chief Financial Officer

Priyal Shah
Company Secretary

Place: Mumbai
Date: 17 June 2020

S R Batliboi & Co LLP Mumbai Chartered Accountants

IndoStar Home Finance Private Limited

IndoStar Home Finance Private Limited

Statement of profit and loss for the year ended 31 March 2020
(Currency : Indian Rupees)

Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	19		
Interest income		86,74,16,159	37,60,55,910
Fees and commission income		1,57,58,513	1,89,87,649
Net gain on fair value changes		1,12,31,067	65,00,328
Gain on derecognition of financial instruments measured at amortised cost category		6,23,67,159	2,41,67,091
Total revenue from operations		95,67,72,898	42,57,10,978
Other income	20	1,46,16,863	-
Total income		97,13,89,761	42,57,10,978
Expenses			
Finance costs	21	46,12,58,666	22,08,37,560
Impairment on financial instruments	22	4,97,88,338	1,43,74,513
Employee benefit expenses	23	23,65,58,414	26,81,61,995
Depreciation and amortisation expenses	24	1,86,54,730	1,50,73,085
Other expenses	25	10,99,67,702	9,79,27,126
Total expenses		87,62,27,850	61,63,74,279
Profit before tax		9,51,61,911	(19,06,63,301)
Tax expense:	26		
1. Current tax		-	-
2. Deferred tax expense /(income)		(4,68,10,710)	-
Total tax expenses		(4,68,10,710)	-
Profit after tax		14,19,72,621	(19,06,63,301)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		8,10,467	9,914
- Income tax relating to items that will not be reclassified to profit or loss		(2,03,991)	-
		6,06,476	9,914
Other comprehensive income for the year, net of tax		6,06,476	9,914
Total comprehensive income for the year		14,25,79,097	(19,06,53,387)
Earnings per equity share	27		
Basic earnings per share (₹)		0.71	(2.05)
Diluted earnings per share (₹)		0.71	(2.05)
(Equity Share of face value of ₹ 10 each)			

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rukshad Patell
Partner
Membership No. 123596

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: 17 June 2020

Place: Mumbai
Date: 27 June 2020

S R BATLIBOI & CO LLP MUMBAI CHARTERED ACCOUNTANTS

IndoStar Home Finance Private Limited

IndoStar Home Finance Private Limited

Statement of Cash flows for the year ended 31 March 2020
(Currency : Indian Rupees)

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
A	**Cash Flow from Operating Activities**		
	Net Loss before tax	9,51,61,911	(19,06,63,301)
	Adjustments for :		
	Interest Income on financial assets	(86,74,16,159)	(37,60,55,910)
	Finance costs	46,12,58,666	22,08,37,560
	Depreciation and amortisation expense	1,86,54,730	1,50,73,085
	Provisions for expected credit loss	4,93,64,027	1,42,24,513
	Provision for gratuity and leave encashment	31,31,753	37,62,226
	Employee share based payment expense	54,66,246	72,29,315
	Gain on sale/revaluation of Investments	(1,12,31,067)	(65,00,328)
	Operating Loss before working capital changes	(24,56,09,893)	(31,20,91,840)
	Adjustments:		
	(Increase)/Decrease in loans and advances	(2,19,83,86,304)	(4,74,71,47,249)
	(Increase)/Decrease in other financial assets	(8,28,43,163)	(5,25,000)
	(Increase)/Decrease in other non-financial assets	2,18,71,625	(2,11,74,379)
	Increase/(Decrease) in trade payable	1,93,37,516	3,12,57,857
	Increase/(Decrease) in other financial liabilities	7,82,36,078	(64,66,689)
	Increase/(Decrease) in other non-financial liabilities	(1,01,06,180)	1,77,95,758
	Increase/(Decrease) in provisions	(9,38,828)	(6,70,282)
		(2,41,84,38,257)	(5,03,90,22,824)
	Interest income realised on financial assets	83,27,85,533	33,76,31,854
	Finance costs paid	(46,12,58,666)	(8,08,32,072)
	Cash (used in)/generated from operating activities	(2,04,69,11,390)	(4,78,22,23,042)
	Taxes paid	(2,12,22,160)	3,77,349
	Net cash (used in)/generated from operating activities (A)	(2,06,81,33,550)	(4,78,18,45,693)
B	**Cash flows from investing activities**		
	Purchase of property, plant and equipment	(59,31,435)	(2,32,53,903)
	Purchase of intangible assets	(42,67,523)	(83,231)
	Purchase of assets held for sale	(11,72,76,300)	-
	(Acquisition)/Redemption of FVTPL investments (net)	1,12,31,067	65,00,328
	Net cash (used in)/generated from investing activities (B)	(11,62,44,191)	(1,68,36,806)
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity share capital	-	1,40,00,00,000
	Proceeds from borrowings	2,22,90,92,724	3,69,87,78,858
	Repayments towards borrowings	(19,30,55,562)	(3,88,08,892)
	Net cash (used in)/generated from financing activities (C)	2,03,60,37,162	5,05,99,69,966
	Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	(14,83,40,579)	26,07,07,467
	Cash and Cash Equivalents at the beginning of the year	31,43,36,786	5,36,29,319
	Cash and Cash Equivalents at the end of the year	16,59,96,207	31,43,36,786
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	4,10,000	317
	Balances with banks		
	- In current accounts	16,55,86,207	31,43,36,469
	Deposits with original maturity of less than 3 months	-	-
	Total	16,59,96,207	31,43,36,786

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rutushtra Patel
Partner
Membership No. 123596

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

Pankaj Thapar
Director
DIN: 01225255

Prashant Joshi
Director
DIN: 08400863

Prashant Shetty
Chief Financial Officer

Priyal Shah
Company Secretary

Place: Mumbai
Date: 17 June 2020

Place: Mumbai
Date: 17 June 2020

IndoStar Home Finance Private Limited

Statement of Changes in Equity (SOCIE) for the year ended 31 March 2020
(Currency : Indian Rupees)

(a) Equity share capital of face value of ₹ 10/- each	Note	Amount
Balance as at 31 March 2019	17	2,00,00,00,000
Balance as at 31 March 2019		2,00,00,00,000
Shares issued during the period		-
Balance as at 31 March 2020	17	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 2018	8,52,652	(10,08,40,488)	-	(9,09,87,836)
Profit 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)
Balance at 31 March 2019	8,52,652	(29,14,93,875)	72,29,315	(28,34,11,908)
Profit for the year	-	14,19,72,621	-	14,19,72,621
Transferred from Retained Earnings	2,83,94,524	(2,83,94,524)	-	-
Gain/loss on re-measurement of defined benefit plans	-	6,06,476	-	6,06,476
Total	2,83,94,524	11,41,84,573	-	14,25,79,097
Share based payment expense	-	-	54,66,246	54,66,246
Balance at 31 March 2020	2,92,47,176	(17,73,09,302)	1,26,95,561	(13,53,66,565)

As per our report of even date attached
For and on behalf of
For S R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Rutushtra Patell
Partner
Membership No. 123596

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: 17 June 2020

S.R. Batliboi & Co. LLP * Chartered Accountants * MUMBAI

Place: Mumbai
Date: 17 June 2020

Home Finance Private Limited * Mumbai

IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2020

1 **Corporate Information**

IndoStar Home Finance Private Limited ('the Company') was incorporated on 1 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 are prepared on a going concern basis, as the management is satisfied that the Company shall be able to continue its business for the foreseeable future and no material uncertainty exists that may cast significant doubt on the going concern assumption. In making this assessment, the management has considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The outbreak of COVID-19 has not affected the going concern assumption of the Company.

2.2 **Presentation of financial statements**

The 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).

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 amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the profit or loss. The losses arising from impairment are 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.

(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 right 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 at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
I. In the principal market for the asset or liability, or
II. In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.
Level 1: quoted prices in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred, if any.

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
Building	60 years	60 years
Computers	3 years	3 years
Office Equipments	5 years	5 years
Office Equipments - Mobiles	2 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Leasehold improvement is amortised on Straight Line Method over the lease term, subject to a maximum of 60 months.

Useful life of assets different from prescribed in Schedule II of the Act has been estimated by management and supported by technical assessment.

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

The useful lives and the method of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

d) **Intangible assets**

Recognition and measurement

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition

Amortisation

Intangible assets are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life. The amortisation period and the amortisation method are reviewed at least as at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

e) **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 categories its financial instruments as mentioned below:

Stage 1: All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The Company classifies all advances upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. Exposures are classified as Stage 2 when the amount is due for more than 30 days but do not exceed 90 days.

Stage 3: All exposures are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. Exposures where the amount remains due for 90 days or more are considered to be stage 3 assets.

2

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 Company satisfies a performance obligation

(a) Recognition of interest income

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

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

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

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

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(d) Securitisation transactions

In accordance with Ind AS 109, in case of securitisation transactions, the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(e) Net gain/(loss) on Fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain or loss as a gain or expense respectively.

Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes.

g) Finance Costs

The Company recognises interest expense on the borrowings as per EIR methodology which is calculated by considering any ancillary costs incurred and any premium payable on its maturity.

h) Retirement and other employee benefits

(i) Defined Contribution Plan

Provident Fund

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense, when an employee renders the related service.

(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) Ind AS 116 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are treated as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

Critical accounting estimate and judgement

1. Determination of lease term

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate

the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

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2. Discount Rate
The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Changes in accounting
On 30 March 2019, the Ministry of Corporate Affairs("MCA"), through the Companies (Indian Accounting Standards) amendment rules, 2019 and the Companies (Indian Accounting Standards) second amendment rules has notified Ind AS 116 Leases which replaces the existing standard, Ind AS 17 Leases and other interpretations.

Ind AS 116 set out the principles for the recognition, measurement, presentation of disclosure of leases for both leases and lessors. It introduces a single on balance sheet lease accounting model for lessee effective from 1 April 2019(the date of transition). The Company applied Ind AS 116 using the modified retrospective approach wherein the right of use (ROU) asset is recognised at an amount equal to the lease liability. Accordingly, the comparative information is not restated i.e. it is presented, as previously reported, under Ind AS 17. Additionally, the disclosure requirement in Ind AS 116 have not generally been applied to comparative information.

As a lessee, the Company leases asset which includes branches and office premises. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to ownership of the underlying asset to the Company. Under IND AS 116, the company recognises right-of-use assets and lease liabilities for these leases.

On transition, for leases classified as operating leases under Ind AS 17, the lease liabilities are measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

Following is the summary of practical expedients elected on initial application:
- applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- excluded initial direct cost from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term.

The difference between the future minimum lease rental commitments toward non-cancellable operating lease reported as at 31 March 2019 compared to the lease liability as accounted as at 1 April 2019 is primarily due to inclusion of present value of the lease payments for the cancellable terms of the leases, reduction due to the discounting of the lease liabilities as per the requirement of Ind AS 116 and exclusion of the commitments for the leases to which the Company has chosen to apply the practical expedient as per the standard.

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) Deferred tax
Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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n) **Earnings Per Share**

The Company reports basic and diluted earnings per share in accordance with Ind AS 33 on Earnings per share. Basic EPS is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

o) **Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not 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.

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Notes to the financial statements for the year ended 31 March 2020
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Particulars	As at 31 March 2020	As at 31 March 2019
Note 3		
Cash and cash equivalents		
Cash on hand	4,10,000	317
Balances with banks		
- In current accounts	16,55,86,207	31,43,36,469
	16,59,96,207	31,43,36,786

Particulars	As at 31 March 2020	As at 31 March 2019
Note 4		
Loans		
At amortised cost		
Term Loans	7,52,91,17,110	5,29,61,00,180
Total - Gross	7,52,91,17,110	5,29,61,00,180
Less: Impairment allowance	(6,48,68,041)	(1,55,04,014)
Total - Net	7,46,42,49,069	5,28,05,96,166
Secured by tangible assets	7,52,91,17,110	5,29,61,00,180
Total - Gross	7,52,91,17,110	5,29,61,00,180
Less: Impairment allowance	(6,48,68,041)	(1,55,04,014)
Total - Net	7,46,42,49,069	5,28,05,96,166
Loans in India		
(a) Public sector	-	-
(b) Others	7,52,91,17,110	5,29,61,00,180
Total - Gross	7,52,91,17,110	5,29,61,00,180
Less: Impairment allowance	(6,48,68,041)	(1,55,04,014)
Total - Net	7,46,42,49,069	5,28,05,96,166
Loans outside India (b)	-	-
Total - Net (a)+(b)	7,46,42,49,069	5,28,05,96,166

Notes :

1. The Company does not have any financing activities against collateral of gold jewellery. Hence percentage of outstanding loans granted against collateral of gold jewellery to total assets at 31 March 2020 is NIL (31 March 2019: Nil).
2. Detailed analysis on year end stage classification of loans and impairment allowance is disclosed in Note 28.

Particulars	As at 31 March 2020	As at 31 March 2019
Note 5		
Other financial assets		
Security deposit	12,71,243	19,73,126
Other receivables	8,34,95,046	-
	8,47,66,289	19,73,126
Note 6		
Current tax assets (net)		
Advance tax (net of provision)	2,19,78,321	7,56,160
	2,19,78,321	7,56,160
Note 7		
Deferred tax assets		
Carried forward book losses	4,54,62,209	-
Provision for gratuity	6,59,166	-
Provision for leave encashment	3,33,012	-
Provision on assets held for sale	32,89,458	-
Provision for expected credit loss	79,31,225	-
Income amortisation	38,78,593	-
Depreciation on PPE and intangible assets	19,37,644	-
Deferred tax liabilities		
Assignment income amortisation	(1,30,63,945)	-
Borrowing cost amortisation	(32,43,223)	-
Lease liabilities	(5,77,420)	-
Deferred tax asset/(liabilities) (net)	4,66,06,719	-

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Notes to the financial statements for the year ended 31 March 2020
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Note 8
Property, plant and equipment

Particulars	Leasehold Improvement	Office equipment	Computers	Furniture and fixtures	Right-of-Use Assets	Total
Cost as at 1 April 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	1,03,27,069	17,80,752	2,45,14,033	39,346	-	3,66,61,200
Additions	4,96,711	2,12,948	9,27,814	-	42,93,962	59,31,435
Disposals	-	-	-	-	-	-
Cost as at 31 March 2020 (A)	1,08,23,779	19,93,700	2,54,41,847	39,346	42,93,962	4,25,92,634
Accumulated depreciation as at 1 April 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	22,31,193	3,32,162	90,24,996	5,708	-	1,15,94,059
Depreciation charged during the year	22,54,497	3,77,087	81,05,841	7,868	24,59,806	1,32,05,099
Disposals	-	-	-	-	-	-
Accumulated depreciation as at 31 March 2020 (B)	44,85,690	7,09,249	1,71,30,837	13,576	24,59,806	2,47,99,158
Net carrying amount as at 31 March (A) - (B)	63,38,089	12,84,451	83,11,010	25,770	18,34,156	1,77,93,476
Net carrying amount as at 31 March 2019	80,95,876	14,48,590	1,54,89,037	33,638	-	2,50,67,141

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Notes to the financial statements for the year ended 31 March 2020
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Particulars	As at 31 March 2020	As at 31 March 2019
Note 9		
Assets held for sale	13,03,07,000	-
Less : Impairment allowance	(1,30,30,700)	-
	11,72,76,300	-

Note 10
Intangible assets

Particulars	Computer Software	Total
Cost as at 1 April 2018	1,47,13,358	1,47,13,358
Additions	83,231	83,231
Disposals	-	-
Cost as at 31 March 2019	1,47,96,589	1,47,96,589
Additions	42,67,523	42,67,523
Disposals	-	-
Cost as at 31 March 2020 (A)	1,90,64,112	1,90,64,112
Accumulated amortisation as at 1 April 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	57,30,455	57,30,455
Amortisation recognised for the year	54,49,631	54,49,631
Disposals	-	-
Accumulated amortisation as at 31 March 2020 (B)	1,11,80,086	1,11,80,086
Net carrying amount as at 31 March 2020 (A) - (B)	78,84,026	78,84,026
Net carrying amount as at 31 March 2019	90,66,134	90,66,134

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Notes to the financial statements for the year ended 31 March 2020
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Particulars	As at 31 March 2020	As at 31 March 2019
Note 11		
Other non-financial assets		
Prepaid expenses	14,45,165	3,33,535
Advances recoverable in cash or in kind or for value to be received	70,54,708	3,00,37,963
	84,99,873	3,03,71,498

Note 12		
Trade payables		
Dues to Micro, small and medium enterprises	-	-
Dues to Others	6,08,93,094	4,15,55,578
	6,08,93,094	4,15,55,578

Note 13		
Borrowings		
At amortised cost		
Term loans		
Term loans from banks (Refer note (a) below)	54,40,58,142	30,93,89,966
Loan from related parties		
Loan from holding company (Refer note (b) below)	5,29,13,74,474	3,49,00,05,488
Total	5,83,54,32,616	3,79,93,95,454
Borrowings in India	5,83,54,32,616	3,65,93,89,966
Borrowings outside India	-	-
Total	5,83,54,32,616	3,65,93,89,966
Secured borrowings	54,40,58,142	30,93,89,966
Unsecured borrowings	5,29,13,74,474	3,49,00,05,488
Total	5,83,54,32,616	3,79,93,95,454

(a) Term loan from banks (TL):

Redeemable within	As at 31 March 2020	As at 31 March 2019
	Rate of interest	Rate of interest
	> 9.10% < 9.65%	> 9.10% < 9.75%
	Amount	Amount
Above 60 Months	1,22,10,774	3,75,00,000
48-60 Months	2,44,21,563	2,50,00,000
36-48 Months	4,89,43,126	2,50,00,000
24-36 Months	12,21,07,814	5,27,77,764
12-24 Months	14,92,42,884	9,16,66,671
0-12 Months	18,72,31,981	7,74,45,530
Total	54,40,58,142	30,93,89,966

(b) Term loan from holding company:

Redeemable within	As at 31 March 2020	As at 31 March 2019
	Rate of interest	Rate of interest
	10.00%	10.00%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	2,00,00,00,000	3,35,00,00,000
36-48 Months	3,10,00,00,000	-
24-36 Months	-	-
12-24 Months	-	-
0-12 Months	19,13,74,474	14,00,05,488
Total	5,29,13,74,474	3,49,00,05,488

Note :
The term loan from holding company includes loan convertible into equity of Rs.1,00,00,00,000 as on 31 March 2020 (Previous Year Rs.1,00,00,00,000). The loan amount can be fully converted into fully paid-up equity shares at a price which is higher of the fair market value of the shares of the Company or face value of equity shares, on such date as may be elected by the holding company. The portion of the loan so converted shall cease to carry interest.

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Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 14		
Other financial liabilities		
Book overdraft	1,22,197	6,44,742
Employee benefits payable	31,54,543	1,86,93,404
Others	15,44,07,939	6,01,09,555
	15,76,84,679	7,94,47,701

Particulars	As at 31 March 2020	As at 31 March 2019
Note 15		
Provisions		
Provision for employee benefits:		
- Gratuity	27,20,888	17,22,760
- Leave encashment	28,93,726	25,09,396
	56,14,614	42,32,156

Particulars	As at 31 March 2020	As at 31 March 2019
Note 16		
Non-financial liabilities		
Statutory dues payable	87,92,143	2,08,98,030
Unamortised lease liabilities	19,99,699	-
	1,07,91,842	2,08,98,030

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Note 17
Equity share capital

a. Details of authorised, issued and subscribed share capital

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Authorised capital Equity shares of ₹10/- each	20,00,00,000	2,00,00,00,000	20,00,00,000	2,00,00,00,000
Issued, subscribed and fully paid up Equity shares of ₹ 10/- each fully paid up	20,00,00,000	2,00,00,00,000	20,00,00,000	2,00,00,00,000
Total	20,00,00,000	2,00,00,00,000	20,00,00,000	2,00,00,00,000

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

	As at 31 March 2020		As at 31 March 2019	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	20,00,00,000	2,00,00,00,000	6,50,00,000	60,00,00,000
Add: Issued during the year (fully paid Rs. 10 each)	-	-	13,50,00,000	1,35,00,00,000
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	20,00,00,000	2,00,00,00,000

c. Particulars of shares held by holding Company

Name of shareholder	Relationship	As at 31 March 2020		As at 31 March 2019	
		No of equity shares held	Percentage	No of equity shares held	Percentage
Indostar Capital Finance Limited	Holding Company	20,00,00,000	100%	20,00,00,000	100%

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

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

Name of shareholder	Relationship	As at 31 March 2020		As at 31 March 2019	
		No of equity shares held	Percentage	No of equity shares held	Percentage
IndoStar Capital Finance Limited	Holding Company	20,00,00,000	100%	20,00,00,000	100%

As per records of the Company, including its register of shareholders/members, the above shareholding represents legal ownership 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 shareholders to the total equity share capital.

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Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Particulars	As at 31 March 2020	As at 31 March 2019
Note 18		
Other equity		
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	2,92,47,176	8,52,652
Capital contribution from holding Company	1,26,95,561	72,29,315
Retained earnings	(17,73,09,302)	(29,14,93,875)
	(13,53,66,565)	(28,34,11,908)
18.1 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	2,83,94,524	-
Closing Balance	2,92,47,176	8,52,652
Capital contribution from holding Company		
Opening Balance	72,29,315	-
Movement during the year	54,66,246	72,29,315
Closing Balance	1,26,95,561	72,29,315
Retained earnings		
Opening Balance	(29,14,93,875)	(10,08,40,488)
Add: Transferred from the statement of profit and loss	14,19,72,621	(19,06,63,301)
Less: Transfer to statutory reserve as per Section 29C of the National Housing Bank Act, 1987	(2,83,94,524)	-
Add: Re-measurement of defined benefit obligations	6,06,476	9,914
Closing Balance	(17,73,09,302)	(29,14,93,875)

18.2 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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Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Note 19		
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	86,74,16,159	37,34,99,199
Interest on deposits		
- Deposits with banks	-	25,56,711
	86,74,16,159	37,60,55,910
Fees and commission income		
- Fees	1,57,58,513	1,89,87,649
	1,57,58,513	1,89,87,649
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	1,12,31,067	65,00,328
Total fair value changes	1,12,31,067	65,00,328
Fair value changes:		
- Realised	1,12,31,067	65,00,328
Total fair value changes	1,12,31,067	65,00,328
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment income	6,23,67,159	2,41,67,091
	6,23,67,159	2,41,67,091
Total	95,67,72,898	42,57,10,978

Note 20		
Other income		
- Other income	1,46,16,863	-
	1,46,16,863	2,41,67,091

Note 21		
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	5,52,14,174	1,06,17,344
Other borrowings (including Inter Corporate Deposits)	40,09,12,276	19,78,90,419
Interest expense on debt securities		
Commercial paper	-	1,01,94 751
Other interest expense		
Bank charges & other related costs	51 32,216	19,35,046
	46,12,58,666	22,08,37,560

Note 22		
Impairment on financial instruments		
Impairment on loans measured at amortised cost		
Provision for expected credit loss	4,93,64,027	1,42,24,513
Impairment on others		
Others	4,24,311	1,50,000
	4,97,88,338	1,43,74,513

Note 23		
Employee Benefit Expenses		
Salaries, other allowances and bonus	20,90,61,242	24,39,54,396
Gratuity expenses	18 08,595	13,67,352
Leave encashment	13,23,158	23 94,874
Contribution to provident and other funds	86,77,977	69,98,417
Staff welfare expenses	13,47,685	12,73,211
Share based payment expense	54,66,246	72,23,315
Employee shared service costs	88,73,511	49,44,430
	23,65,58,414	26,81,61,995

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IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Note 24		
Depreciation and amortisation expenses		
Depreciation of property, plant and equipment (PPE)	1,32,05,099	1,01,57,692
Amortisation of intangible assets	54,49,631	49,15,393
	1,86,54,730	1,50,73,085

Note 25		
Other Expenses		
Rent	33,14,655	57,05,417
Rates & taxes	2,47,825	4,25,928
Printing and stationery	8,16,828	28,28,401
Travelling & conveyance	1,11,38,949	1,35,11,311
Advertisement	68,28,800	1,53,145
Commission & brokerage	30,14,709	2,28,17,218
Office expenses	1,28,57,009	69,80,912
Communication expenses	22,25,659	23,10,430
Payment to auditors (note below)	24,23,293	15,06,005
Legal & professional charges	2,01,32,128	1,21,37,624
Other shared service costs	3,39,37,107	2,95,50 735
Impairment allowance on assets held for sale	1,30,30,700	
	10,99,67,702	9,79,27,126
Payment to auditor includes:		
a) Statutory Audit	8,72,000	8,72,000
b) Tax Audit	1,36,250	1,36,250
c) Certifications	13,08,000	2,45,250
d) Other Services	1,07,043	2,52,505
Total	24,23,293	15,06,005

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Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Note 26
Income Taxes

(a) Movement in deferred tax balances

	31 March 2020			
	Net balance 1 April 2019	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/liability
Deferred tax assets				
Carried forward book losses	-	4,54,62,209	-	4,54,62,209
Provision for gratuity	-	8,63,157	(2,03,991)	6,59,166
Impairment allowance on assets held for sale	-	32,89,458	-	32,89,458
Provision for leave encashment	-	3,33,012	-	3,33,012
Impairment allowance on loans	-	79,31,225	-	79,31,225
Income amortisation	-	81,35,652	-	81,35,652
Gross deferred tax assets	-	6,60,14,713	(2,03,991)	6,58,10,722
Deferred tax liability				
Depreciation on PPE and intangible assets	-	19,37,644	-	19,37,644
Assignment income amortisation	-	(1,30,63,945)	-	(1,30,63,945)
Borrowing cost amortisation	-	(32,43,222)	-	(32,43,223)
Loan acquisition cost amortisation	-	(42,57,059)	-	(42,57,059)
Lease liabilities	-	(5,77,420)	-	(5,77,420)
Gross deferred tax liabilities	-	(1,92,04,003)	-	(1,92,04,003)
Net Deferred tax assets / (liabilities)	-	4,68,10,710	(2,03,991)	4,66,06,719

(b) Movement in deferred tax balances

	31 March 2019			
	Net balance 1 April 2018	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/liability
Deferred tax assets				
Carried forward book losses	-	9,76,80,323	-	9,76,80,323
Provision for gratuity	-	4,77,807	-	4,77,807
Impairment allowance on assets held for sale	-	-	-	-
Provision for leave encashment	-	8,36,865	-	8,36,865
Impairment allowance on loans	-	50,23,030	-	50,23,030
Income amortisation	-	3,37,75,180	-	3,37,75,180
Gross deferred tax assets	-	13,77,93,205	-	13,77,93,205
Deferred tax liability				
Depreciation on PPE and intangible assets	-	1,70,385	-	1,70,385
Assignment income amortisation	-	(84,44,948)	-	(84,44,948)
Borrowing cost amortisation	-	-	-	-
Loan acquisition cost amortisation	-	(2,72,55,753)	-	(2,72,55,753)
Lease liabilities	-	-	-	-
Gross deferred tax liabilities	-	(3,55,30,316)	-	(3,55,30,316)
Net Deferred tax assets / (liabilities)	-	10,22,62,889	-	10,22,62,889
Deferred tax assets recognized (restricted upto reversal of deferred tax liabilities)	-	-	-	-

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Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Note 27
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 2020	For the year ended 31 March 2019
I. Profit attributable to equity holders (A)		
Profit attributable to equity holders for basic and diluted EPS	14,19,72,621	(19,06,63,301)
II. Weighted average number of equity shares for calculating Basic EPS (B)	20,00,00,000	9,27,87,672
III. Weighted average number of equity shares for calculating Diluted EPS (C)	20,00,00,000	9,27,87,672
iv. Basic earnings per share (₹)	0.71	(2.05)
v. Diluted earnings per share (₹)	0.71	(2.05)

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Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Note 28
Financial instruments – Fair values and Risk management

A. Accounting classification and fair values

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

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

B. Risk Management Framework

Company's risk management framework is based on :

(a) Clear understanding and identification of various risks
(b) Disciplined risk assessment by evaluating the probability and Impact of each risk
(c) Measurement and monitoring of risks by establishing key risk indicators with thresholds for all critical risks, and
(d) Adequate review mechanism to monitor and control risks.

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

C. Risk governance structure:

Company's risk governance structure operates with a robust Board and Risk Management Committee ("RMC") with a clearly laid down charter and roles and responsibilities. The Board oversees the risk management process and monitors the risk profile of the company directly as well as through a Board constituted Risk Management Committee. The Committee reviews the risk management policy, implementation of risk management framework, monitoring of critical risks, and review of various other initiatives. The risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate limits and controls and to monitor risks and adherence to limits. The RMC reviews the risk management policies regularly to reflect the changes in market conditions and Company's activities.

The Audit Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of risk management framework in relation to the risk faced by the Company.

The risk management division has established a comprehensive risk management framework across the business and provides appropriate reports on risk exposures and analysis in its pursuit of creating awareness across the Company about risk management.

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(Currency : Indian Rupees)

Note 28
Financial instruments – Fair values and Risk management

D. Liquidity risk

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

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

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

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

As on 31 March 2020

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	6,08,93,094	-	-	-	6,08,93,094
Borrowings (other than debt securities)	10,10,98,425	63,94,94,797	7,22,86,34,472	1,27,36,638	7,98,19,64,332
Other financial liabilities	15,76,84,679	-	-	-	15,76,84,679
Total	31,96,76,198	63,94,94,797	7,22,86,34,472	1,27,36,638	8,20,05,42,105

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

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IndoStar Home Finance Private Limited

IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Note 28
Financial Instruments – Fair values and Risk management (continued)

E. Credit risk

Credit risk arises where a borrower is unable to meet his financial obligations to the lender. This could be either because of wrong assessment of the borrower's payment capabilities or due to uncertainties in his future earning potential. The effective management of credit risk requires the establishment of appropriate credit risk policies and processes. The Company has comprehensive and well defined credit policies across various businesses, products and segments, which encompass credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process to identify credit portfolio trends and early warning signals. This enables it to implement necessary changes to the credit policy, whenever the need arises to prevent any further slippage in the credit quality.

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.

Overview of the Expected Credit Loss principles

The Expected Credit Loss ('ECL') allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or 'LTECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ('12mECL'). The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECL and 12mECL are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2. Loans that are standard with days past due (DPD) not exceeding 30 days as on reporting period are categorized under Stage 1

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3. Loans that are standard with days past due (DPD) in the range of 31-90 days as on reporting period are categorized under Stage 2.

Stage 3: Loans considered credit impaired and crossed 90 DPD as on reporting period. The company records an allowance for the LTECL.

The calculation of ECL

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

The key elements of the ECL are summarised below:

PD- The probability of default ('PD') is an estimate of the likelihood of default 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. The PD for each portfolio segment is computed based on historical default rates.

EAD: The Exposure at Default ('EAD') is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD: The Loss Given Default ('LGD') 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. It is usually expressed as a percentage of the EAD. LGD is computed based on historical recovery rate and time taken for recovery.

IndoStar Home Finance Private Limited

Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Note 28

Financial instruments – Fair values and Risk management (continued)

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

Particulars	31 March 2020			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	7,43,25,71,981	3,31,46,593	6,33,98,536	7,52,91,17,110
Total	7,43,25,71,981	3,31,46,593	6,33,98,536	7,52,91,17,110

Particulars	31 March 2019			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at amortised cost				
Loans	5,27,60,17,402	1,29,40,811	71,41,967	5,29,61,00,180
Total	5,27,60,17,402	1,29,40,811	71,41,967	5,29,61,00,180

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

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	5,27,60,17,402	1,29,40,811	71,41,967	5,29,61,00,180	51,05,28,875	-	-	51,05,28,875
New assets originated or purchased	3,34,18,74,330	14,17,389	-	3,34,32,91,719	5,33,80,00,000	-	-	5,33,80,00,000
Assets derecognised or repaid (excluding write offs)	(1,10,75,79,726)	(13,52,625)	(13,42,438)	(1,11,02,74,789)	(55,24,28,695)	-	-	(55,24,28,695)
Transfers to stage 1	-	-			-	-	-	-
Transfers to stage 2	(2,93,32,191)	2,93,32,191	-	-	(1,29,40,811)	1,29,40,811	-	-
Transfers to stage 3	(4,84,07,833)	(91,91,173)	5,75,99,006	-	(71,41,967)	-	71,41,967	-
Gross carrying amount closing balance	7,43,25,71,981	3,31,46,593	6,33,98,536	7,52,91,17,110	5,27,60,17,402	1,29,40,811	71,41,967	5,29,61,00,180

Reconciliation of ECL balance is given below:

Particulars	2019-20				2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1,31,44,401	78,109	22,81,504	1,55,04,014	12,79,501	-	-	12,79,501
New assets originated or purchased	83,54,686	3,543	-	83,58,229	1,33,45,000	-	-	1,33,45,000
Assets derecognised or repaid (excluding write offs)	(27,68,949)	(3,382)	(2,68,488)	(30,40,818)	(14,26,714)	-	-	(14,26,714)
Changes to models and inputs used for ECL calculations	-	-	(5,79,953)	(5,79,953)	(3,179)	-	-	(3,179)
Transfers to stage 1	-	-	-	-	-	-	-	-
Transfers to stage 2	(73,330)	73,330	-	-	(32,352)	32,352	-	-
Transfers to stage 3	(1,21,020)	(22,978)	1,43,998	-	(17,855)	-	17,855	-
Impact on year end ECL on exposures transferred between stages during the year	73,14,836	(29,512)	1,13,74,014	1,86,59,338	-	45,757	22,63,649	23,09,406
Management overlay allowance*	-	-	-	2,59,67,231				
ECL allowance - closing balance	2,58,50,624	95,[illegible]	1,29,51,075	6,48,68,041	1,31,44,401	78,109	22,81,504	1,55,04,014

*Management overlay allowance includes IRAC provision at 10% in respect of accounts in default/sub-standard where asset classification benefit is extended as per the RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020

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Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Note 28
Financial Instruments – Fair values and risk management (continued)

F. Impact of COVID-19 on Company's business and financial metrics
The Novel Coronavirus (COVID-19) pandemic (declared as such by the World Health Organisation on 11 March 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Government of India announced a strict nation-wide lockdown to contain the spread of the virus till 3 May 2020, which was further extended till 8 June 2020. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities due to inability of employees to physically reach borrowers.

The COVID-19 pandemic has led to a significant impact on Company's regular operations including lending and collection activities.

Pursuant to the Reserve Bank of India circulars dated 27 March 2020 and 23 May 2020 allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between 1 March 2020 and 31 August 2020, the Company has extended/ will be extending moratorium to its borrowers in accordance with its Board approved policy.

In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers based on RBI directives, by itself is not considered to result in a significant increase in credit risk ('SICR') for such borrowers. The Company has recorded a management overlay allowance of approximately Rs.259.67 lakhs as part of its Expected Credit Loss, to reflect, among other things, an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic based on the information available at this point in time. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various variables and assumptions, which could be different than that being estimated.

However, the full extent of impact of the pandemic on the Company's operations and financial metrics (including impact on impairment allowances for loan portfolio) will depend on future developments including governmental and regulatory measures and the Company's responses thereto, which are highly uncertain at this time.

Further, in view of the matters mentioned above, the Company has assessed the impact of the Novel Coronavirus (COVID-19) pandemic on its liquidity and ability to repay its obligations as and when they are due. With the gradual relaxation of lockdown rules, as well as resumption of commercial activities by borrowers in a majority of geographies in which the Company operates, management is confident that collections will resume, albeit likely at a lower level than earlier. In this regard, the Company has opened some of its branch offices in a state of readiness with optimal workforce to deal with normal business operations, while continuing to comply with regulatory guidelines on businesses, social distancing, etc. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit, current status/outcomes of discussions with the Company's lenders to seek/extend moratorium and various other financial support from other banks, agencies and its parent entity. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

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Note 28
Financial Instruments – Fair values and risk management (continued)

G. Market risk
Market Risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The Company's exposure to market risk is a function of asset liability management and interest rate sensitivity assessment. The company is exposed to interest rate risk and liquidity risk, if the same is not managed properly. The company continuously monitors these risks and manages them through appropriate risk limits. The Asset Liability Management Committee ('ALCO') reviews market related trends and risks and adopts various strategies related to assets and liabilities, in line with the Company's risk management framework.

H. Operational risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. The operational risks of the Company are managed through comprehensive internal control systems and procedures. Failure of managing operational risk might lead to legal / regulatory implications due to non-compliance and lead to financial loss due to control failures. While it is not practical to eliminate all the operational risk, the Company has put in place adequate control framework by way of segregation of duties, well defined process, staff training, maker and checker process, authorisation and clear reporting structure. The effectiveness of control framework is assessed by internal audit on a periodic basis.

To manage fraud risk effectively, the Company has independent Risk Containment Unit ('RCU') which is responsible for implementing fraud risk management framework and ensure compliance. The RCU undertakes various activities such as pre-sanction loan applicant verification, pre-sanction and post disbursement documents verification, vendor verification, etc to prevent and manage frauds.

I. Capital Disclosure
The Company maintains adequate capital to cover risks inherent in the business and is meeting the capital adequacy requirements of 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 2020	As at 31 March 2019
CET1 capital ratio	45.6%	57.9%
Tier 2 capital ratio	1.2%	0.4%
Total capital ratio	46.8%	58.3%

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Notes to the financial statements for the year ended 31 March 2020
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Note 29
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 with whom the Company had transactions during the year:
Key Managerial Personnel
Shreejit Menon -Whole Time Director

b) Transactions with key management personnel :

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
1) Short-term employee benefits	73,17,348	2,11,40,000
2) Reimbursement of expenses	1,16,224	2,24,712

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	2020	5,17,84,130
	2019	4,24,25,860
2) Infusion of share capital	2020	-
	2019	1,40,00,00,000
3) Interest on loan from holding company	2020	40,09,12,276
	2019	19,78,90,419
4) Loan taken from holding company (net)	2020	1,75,00,00,000
	2019	3,35,00,00,000

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

Particulars		Holding Company	Key Management Personnel
1) Investment in share capital	2020	2,01,26,95,561	-
(including securities premium)	2019	2,00,72,29,315	-
2) Reimbursement of expenses	2020	4,56,12,618	-
	2019	3,68,54,004	-
4) Loan from holding company	2020	5,29,13,74,472	-
(including accrued interest)	2019	3,49,00,05,488	-

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Note 30
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Type of Services or service		
Fees	1,57,58,513	1,89,87,649
Total revenue from contracts with customers	1,57,58,513	1,89,87,649
Geographical markets		
India	1,57,58,513	1,89,87,649
Outside India	-	-
Total revenue from contracts with customers	1,57,58,513	1,89,87,649
Timing of revenue recognition		
Services transferred at a point in time	1,57,58,513	1,89,87,649
Services transferred over time	-	-
Total revenue from contracts with customers	1,57,58,513	1,89,87,649

Note 31
Contingent liabilities and Commitments

Particulars	As at 31 March 2020	As at 31 March 2019
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	-	-
Loans sanctioned not yet disbursed	30,20,67,996	34,57,34,401

Note 32
Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2020
Transition Adjustment	42,93,962
Add : Adjustment during the year	-
Add : Interest on lease liability	3,09,737
Less : Lease rental payments	(26,04,000)
	19,99,699

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2020
Not later than one year	19,47,600
Later than one year but not later than five years	1,41,750
Later than five years	-

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2020
Lease liability	
Less than 12 months	18,60,217
More than 12 months	1,39,482
	19,99,699

Note 33
Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006
The following disclosure is made as per the requirement under The Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED :

Particulars	As at 31 March 2020	As at 31 March 2019
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 enterprise	-	-

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

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Notes to the financial statements for the year ended 31 March 2020

(Currency : Indian Rupees)

Note 34

Gratuity and other post-employment benefit plans:

The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for 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 2020	As at 31 March 2019
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	27,20,888	17,22,760
Fair value of plan assets as at the end of the year	-	-
Net asset / (liability) to be recognized in the balance sheet	27,20,888	17,22,760

B. Change in projected benefit obligation

	As at 31 March 2020	As at 31 March 2019
Projected benefit of obligation at the beginning of the year	17,22,760	3,65,322
Current service cost	16,77,882	13,40,012
Interest cost	1,30,713	27,340
Actuarial (gain) / loss on obligation	(8,10,467)	(9,914)
Projected benefit obligation at the end of the year	27,20,888	17,22,760

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	16,77,882	13,40,012
Net interest cost	1,30,713	27,340
Expenses recognised in the statement of profit and loss	18,08,595	13,67,352
E. Amount recognised in other comprehensive income		
Actuarial (gains) / loss		
- change in financial assumption	2,18,269	(19,160)
- change in demographic assumption	(1,219)	-
- experience variation	(10,27,517)	9,246
Expenses recognised in other comprehensive income	(8,10,467)	(9,914)

F. Assumptions used	As at 31 March 2020	As at 31 March 2019
Discount rate	6.85%	7.60%
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 2020		As at 31 March 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	25,72,466	28,81,980	16,31,435	18,21,767
Salary growth rate (0.5% movement)	28,73,783	25,78,041	18,18,141	16,30,213
Withdrawal rate (10% movement)	26,64,997	27,75,759	16,80,584	17,63,872

H. Other Information :

1. Plans assets comprises 100% of insurance funds
2. The expected contribution for the next year is Rs. 5,991.
3. The average outstanding term of the obligations as at valuation date is 10.04 years.

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Notes to the financial statements for the year ended 31 March 2020
(Currency : Indian Rupees)

Note 35 - Maturity pattern of Assets and Liabilities

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

Particulars	Note	As on 31 March 2020			As on 31 March 2019		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	16,59,96,207	-	16,59,96,207	31,43,36,786	-	31,43,36,786
Loans	4	87,74,90,699	6,58,67,58,370	7,46,42,49,069	16,82,47,583	5,11,23,48,583	5,28,05,96,166
Other financial assets	5	82,76,381	7,64,89,908	8,47,66,289	-	19,23,126	19,23,126
Non-financial assets							
Current tax assets (net)	6	-	2,19,78,321	2,19,78,321	-	7,56,160	7,56,160
Deferred tax assets (net)	7	-	4,66,06,719	4,66,06,719	-	-	-
Property, plant and equipment	8	-	1,77,93,476	1,77,93,476	-	2,50,67,141	2,50,67,141
Assets held for sale	9	11,72,76,300	-	11,72,76,300	-	-	-
Intangible assets	10	-	78,84,026	78,84,026	-	90,66,134	90,66,134
Other non-financial assets	11	84,99,873	-	84,99,873	64,14,969	2,39,56,529	3,03,71,498
TOTAL ASSETS		1,17,75,39,460	6,75,75,10,820	7,93,50,50,280	48,89,99,338	5,17,31,17,673	5,66,21,17,011

Particulars	Note	As on 31 March 2020			As on 31 March 2019		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities							
Trade payables	12	6,08,93,094	-	6,08,93,094	4,15,55,578	-	4,15,55,578
Borrowings (other than debt securities)	13	30,25,35,264	5,53,28,97,352	5,83,54,32,616	21,90,27,493	3,58,03,67,961	3,79,93,95,454
Other financial liabilities	14	15,76,84,679	-	15,76,84,679	7,94,47,701	-	7,94,47,701
Non-financial liabilities							
Provisions	15	2,77,619	53,36,995	56,14,614	2,48,202	39,83,954	42,32,156
Other non-financial liabilities	16	89,31,625	18,60,217	1,07,91,842	2,08,98,030	-	2,08,98,030
TOTAL LIABILITIES		53,03,22,281	5,54,00,94,564	6,07,04,16,845	36,11,77,004	3,58,43,51,915	3,94,55,28,919

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Note 36 - Disclosures Pursuant to the Master Circular - Housing Finance Companies - Corporate Governance (NHB) Direction, 2016

Note - The disclosures as required by the RBI Master Directions has been prepared as per Indian Accounting Standards as mentioned in RBI circular RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

I. Capital

Particulars	As at 31 March 2020	As at 31 March 2019
(i) CRAR (%)	46.8%	58.3%
(ii) CRAR – Tier I Capital (%)	45.6%	57.9%
(iii) CRAR – Tier II Capital (%)	1.2%	0.4%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

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

Particulars	As at 31 March 2020	As at 31 March 2019
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	2,83,94,524	-
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	-	-
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	2,92,47,176	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	2,92,47,176	8,52,652

III. Investments

Particulars	As at 31 March 2020	As at 31 March 2019
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-bank of excess provisions during the year	-	-
(iv) Closing balance	-	-

IV. Derivatives

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

Particulars	As at 31 March 2020	As at 31 March 2019
(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	-	-

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Notes to the financial statements for the year ended 31 March 2020
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Note 36 - Disclosures Pursuant to the Master Circular - Housing Finance Companies - Corporate Governance (NHB) Direction, 2016
2. Exchange Traded Interest Rate (IR) Derivative

Particulars	As at 31 March 2020	As at 31 March 2019
(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"	-	-

3. Disclosures on Risk Exposure in Derivatives

Particulars	As at 31 March 2020	As at 31 March 2019
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 31 March 2020		As at 31 March 2019	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	-	-	-	-
(ii) Marked to Market Positions				
(a) Assets (+)	-	-	-	-
(b) Liability (-)	-	-	-	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-

V. Securitisation

1. Details of Securitisation

Particulars	As at 31 March 2020	As at 31 March 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 securitizations	-	-
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 31 March 2020	As at 31 March 2019
(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	-	-

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Note 36 - Disclosures Pursuant to the Master Circular - Housing Finance Companies - Corporate Governance (NHB) Direction, 2016

3. Details of Assignment transactions

Particulars	As at 31 March 2020	As at 31 March 2019
(i) No. of accounts	1,440	585
(ii) Aggregate value (net of provisions) of accounts assigned	74,46,91,007	23,85,28,981
(iii) Aggregate consideration	74,46,91,007	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

Particulars	As at 31 March 2020	As at 31 March 2019
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	-	-

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Notes to the financial statements for the year ended 31 March 2020
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vi. Assets Liability Management (Maturity pattern of certain Items of Assets and Liabilities)

Particulars	Up to 30/31 days (one month)	Over 1 month & upto 2 months	Over 2 months & upto 3 months	Over 3 months & upto 6 months	Over 6 month & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years & upto 7 years	Over 7 years & upto 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from bank	54,27,014	54,27,014	2,98,48,577	5,29,13,386	9,36,15,991	27,13,50,697	7,32,64,688	1,22,10,775	-	-	54,40,58,142
Market borrowing	-	-	-	5,31,76,225	6,21,27,058	7,60,71,191	5,10,00,00,000	-	-	-	5,29,13,74,474
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	24,31,906	28,17,938	14,91,53,485	23,68,76,246	48,62,11,122	47,61,72,251	60,05,70,216	79,84,22,864	1,27,61,66,641	3,43,54,26,398	7,46,42,49,067
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

In addition to the investments shown in the table above, the Company also has cash and cash equivalents as mentioned below and undrawn funding lines amounting to Rs. 1,09,31,00,000:

Cash & Cash Equivalents (refer note 3)	16,59,96,207
Total	16,59,96,207

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Notes to the financial statements for the year ended 31 March 2020
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VII. Exposure

1. Exposure to Real Estate Sector

Category	As at 31 March 2020	As at 31 March 2019
a) Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual housing loans up to 15 lakhs Rs.5,41,01,51,860 (Previous year Rs. 2,09,64,96,297)	7,46,35,09,092	5,25,27,64,807
(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;	1,82,34,453	2,50,57,855
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect Exposure Fund based and non-Fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

2. Exposure to Capital Market

Particulars	As at 31 March 2020	As at 31 March 2019
(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	-	-

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 29

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

Instrument	Credit Rating Agency	As at 31 March 2020	As at 31 March 2019
Commercial Paper	CARE	A1+	A1+
	ICRA	A1+	A1+
Term Loans/NCD's	India Ratings and Research Private Limited	AA	AA-

5. Remuneration of Directors : Refer Note 29

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IndoStar Home Finance Private Limited

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 31 March 2020	As at 31 March 2019
1. Provisions for depreciation on investment	-	-
2. Provision made towards Income tax	-	-
3. Provision towards NPA	1,06,69,571	23,27,262
4. Provision for Standard Assets (including provision on Teaser Loan Rs. NIL, CRE-RH for Rs. NIL & CRE for Rs.NIL (Previous Year Teaser Loan Rs. NIL, CRE-RH for Rs NIL & CRE for Rs. NIL)*	3,86,94,456	1,31,76,752
5. Other Provision and Contingencies	4,24,313	-

*includes management overlay allowance of Rs. 2,59,67,231.

	Housing		Non-Housing	
Break up of Loan & Advances and Provisions thereon	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Standard Assets				
a) Total Outstanding Amount	6,32,72,50,865	4,27,14,65,200	1,13,84,67,709	1,01,74,92,967
b) Provisions made	2,13,95,864	1,06,78,778	45,53,871	25,43,732
Sub-Standard Assets				
a) Total Outstanding Amount	4,82,52,363	34,30,210	1,18,94,358	37,11,757
b) Provisions made	99,21,840	11,67,977	23,78,872	11,13,527
Doubtful Assets – Category-I				
a) Total Outstanding Amount	32,51,815	-	-	-
b) Provisions made	6,50,363	-	-	-
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	6,37,87,55,043	4,27,48,95,410	1,15,03,62,067	1,02,12,04,724
b) Provisions made	3,19,68,067	1,18,46,755	69,32,743	36,57,259

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)

Particulars	As at 31 March 2020	As at March 31, 2019
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	-	-

3b. Concentration of Loans & Advances

Particulars	As at 31 March 2020	As at 31 March 2019
Total Loans & Advances to twenty largest borrowers	22,86,80,212	29,18,34,061
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	3.04%	5.53%

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

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to twenty largest borrowers / customers	24,69,18,659	32,38,04,034
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	3.15%	5.76%

3d. Concentration of NPAs

Particulars	As at 31 March 2020	As at 31 March 2019
Total Exposure to top ten NPA accounts	4,43,30,476	71,41,967

3e. Sector-wise NPAs

Sector	As at 31 March 2020	As at 31 March 2019
	Percentage of NPAs to Total Advances in that sector	
A. Housing Loans:		
1. Individuals	0.81%	0.08%
2. Builders/Project Loans	-	-
3. Corporates	-	-
4. Others	-	-
B. Non-Housing Loans:		
1. Individuals	1.03%	0.36%
2. Builders/Project Loans	-	-
3. Corporates	-	-
4. Others	-	-

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Indostar Home Finance Private Limited

4. Movement of NPAs

Particulars	As at 31 March 2020	As at 31 March 2019
(I) Net NPAs to Net Advances (%)	0.67%	0.09%
(II) Movement of NPAs (Gross)		
a) Opening balance	71,41,967	-
b) Additions during the year	5,75,99,006	71,41,967
c) Reductions during the year	(13,42,438)	-
d) Closing balance	6,33,98,536	71,41,967
(III) Movement of Net NPAs		
a) Opening balance	48,60,463	-
b) Additions during the year	4,60,80,995	48,60,463
c) Reductions during the year	(4,93,997)	-
d) Closing balance	5,04,47,461	48,60,463
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	22,81,504	
b) Provisions made during the year	1,15,18,011	22,81,504
c) Write-off/write-back of excess provisions	(8,48,440)	
d) Closing balance	1,29,51,075	22,81,504

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 31 March 2020	As at 31 March 2019
a) No. of complaints pending at the beginning of the year	2	-
b) No. of complaints received during the year	94	43
c) No. of complaints redressed during the year	90	41
d) No. of complaints pending at the end of the year	6	2

Note 37 - The Company does not have any unhedged foreign currency exposure for the year ended 31 March 2020.

Note 38 - Disclosure pursuant to Reserve Bank of India circular no. RBI/2019-20/220 DOR.NO.BP.BC.63/21.04.048/2019-20:

Particulars	As at 31 March 2020
(i) Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended (Granted a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 ('moratorium period'):	17,67,40,583

(ii) Respective amount where asset classification benefits is extended due to moratorium : Loan assets worth Rs. 2,38,92,547 were classified as standard assets instead of Stage 3 assets due to moratorium

(iii) Provisions created as per the above circular :

Particulars	As at 31 March 2020
Total Provision (10%)	1,76,74,058

Note 39 - Figures for the previous years have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

As per our report of even date attached
For and on behalf of
For S.R Batliboi & Co LLP
Chartered Accountants
ICAI Firm Registration No 301003E/E300005

per Hutushna Patel
Partner
Membership No. 123596

Place: Mumbai
Date: 17 June 2020

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 S[illegible]
Company Secretary

Place: Mumbai
Date: 17 June 2020