

Performance and Promise



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India is now at the threshold of a remarkable growth opportunity, driven by dynamism in governance and a consistent focus on reforms.

The government's 'Make in India' initiative, along with emphasis on skill building and digital empowerment, is expected to pave the way for a huge surge of entrepreneurial energy in the country. Faster infrastructure creation or up-gradation is also part of the government's agenda to catalyse the over 2 trillion dollar economy on a faster growth trajectory. Such a scenario will drive the demand for capital and new fund sources to complement the existing banking system. These realities paint a picture of credible optimism for us at IndoStar. We see ourselves as a confident participant in this industry opportunity.

With the support of our strong institutional investors, we have established ourselves as an independent wholesale credit institution, driven by a clear focus on delivering sustainable value. Ever since inception, we have built the organisation on the pillars of a conservative business philosophy and a strict adherence to governance and best operating practices. Our four-year track record of robust performance vindicates our management's philosophy to remain conservative; consistently building on the abilities of our people and the rigour of our processes.

Our goal is to extend our business beyond wholesale lending and

diversify into aligned businesses. We took our first step towards this objective by establishing our asset management business during the year. We also seek to venture into the SME lending business, leveraging our existing capabilities and market credibility. As we deepen and widen our portfolio of offerings and move towards becoming a multi-product institution, we will remain true to our core values.

The performance and promise of our brand will continue to be driven by two factors. First, our agile response to market opportunities; second, our conservative approach to managing the balance sheet, while maintaining a sound asset quality and liquidity.

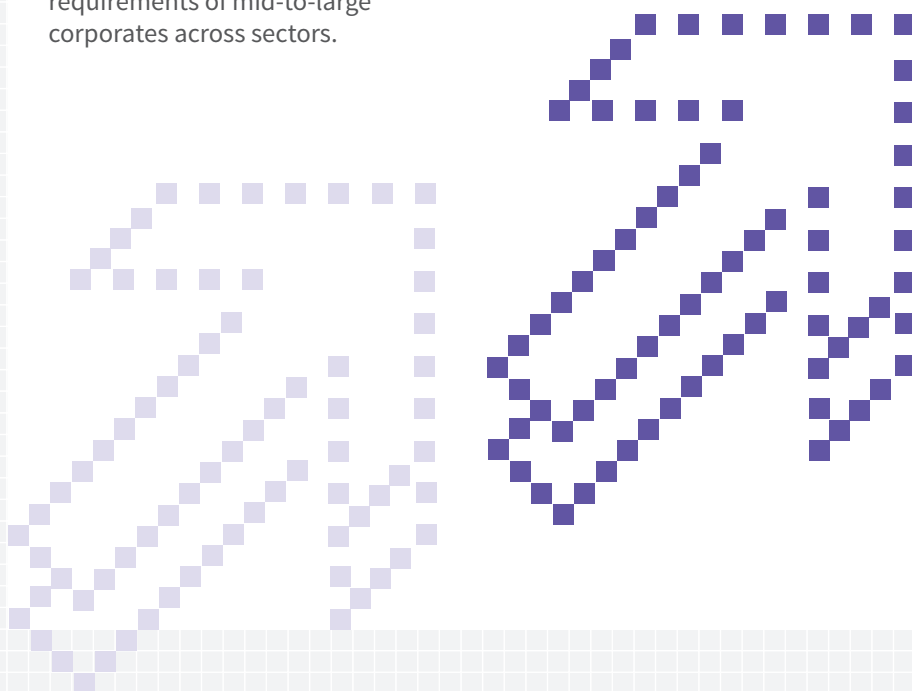
Consistent performance. Credible promise.

In a largely transformational financial landscape in India, IndoStar Capital Finance Limited (IndoStar) has grown steadily by providing structured financial solutions among a diverse lender base. The rate of growth, over the past four years, has been significant. Today, the Company has built the relevant size, scale and dynamism to create consistent value for all stakeholders.

Sponsored by Everstone Capital, IndoStar is the first Indian NBFC to enjoy the support of leading global financial institutions, including Goldman Sachs and Ashmore.

Since inception in April 2011, the Company has established itself as a leading independent credit institution; and is recognised as a reliable player in the Indian credit market. It has a diverse product basket to address the credit needs of its clients, especially in the fixed income space. It is committed to provide innovative, structured debt solutions to meet funding requirements of mid-to-large corporates across sectors.

Backed by a professional management with extensive experience in the Indian financial services industry, the Company's operations have been shaped by a conservative funding philosophy, a focus on global best practices and a robust corporate governance framework. Together, these strengths have helped bolster its credibility among a widening customer base.



118 deals

Originated and transacted since inception, cumulatively worth over ₹ 8,190 Crore

Conservative Balance Sheet Philosophy

IndoStar's conservative balance sheet philosophy rests on:

- Maintaining high capital adequacy
- Ensuring liquidity reserves > 15% of net worth
- Proactive risk management
- Diversified loan portfolio

₹ 3,992 Cr

Asset base as on March 31, 2015

Strong track record

In a four-year span, IndoStar has established a strong pathway of progress, and is fully integrated with the Indian financial architecture.

Deal Origination

IndoStar has established itself as an independent lender with well-regarded credit analysis and structuring capabilities; evidenced by transactions where IndoStar has led, co-invested and sold-down in multiple sectors. The Company has built a strong base of client relationships, catering to over 79 corporate entities in India. It is a holistic debt solution provider to its customers, leveraging balance sheet capabilities.

50+

Active relationships in mid-to-large segments

Credit and Structuring

IndoStar's high quality loan portfolio today comprises ₹ 3,429 Crore in loan assets. With a clear niche in the structured finance space, the portfolio is well-diversified with exposure across sectors, including infrastructure, manufacturing and real estate, among others.

₹ 3,429 Cr

Loan asset book

Syndication/Co-lending

IndoStar's syndication desk covers top domestic institutional investors. It maintains strong relationships with market leading players in the retail NBFC space, banks, financial institutions, mutual funds and high networth investors in the market.

The Company partners strong co-lenders in select transactions to undertake large transactions.

Borrowing

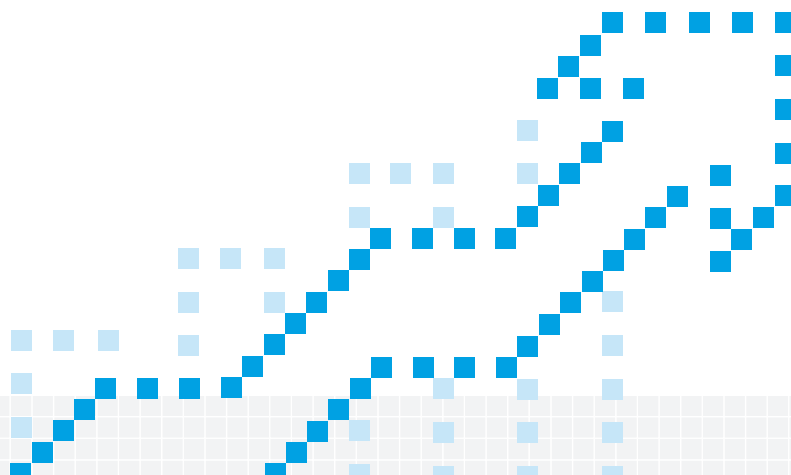
IndoStar has mobilised resources as part of its liability planning from the banking system, capital and money markets. The Company has issued Non-Convertible Debentures to leading mutual funds, banks and other investors and is also a regular issuer of Commercial Papers in the money market.

It has fostered strong relationships with leading banks in the country. In addition, it has issued bonds of up to 10 years maturity in the wholesale market.

Credit Ratings

IndoStar is rated by Credit Analysis & Research Ltd. (CARE), ICRA Limited (ICRA), India Ratings (FITCH group) and CRISIL Limited (CRISIL) for long-term and short-term borrowings.

Instrument	Amount ₹ Crore	Rating
Bank Facilities and Non-Convertible Debentures (Long-term)	3,000	CARE AA-IND AA - Stable
Short-term Borrowings	500	CARE A1+, ICRA A1+, CRISIL A1+



Enriched Portfolio

IndoStar offers structured debt financing solutions through a wide range of products. The Company's portfolio is an optimal combination of yield, asset class and maturity, across sectors.

Secured Corporate Lending

IndoStar provides commercial loans to its customers for asset creation and growth plans. These are typically secured loans with tenors ranging from 2-6 years to large corporates for asset creation, working capital and other uses.

Loans against Properties (LAP)

The Company provides loans at a project level for the construction of commercial and residential properties. This includes late stage financing for the completion of under construction properties with a focus on minimising execution and construction risks.

Asset Financing

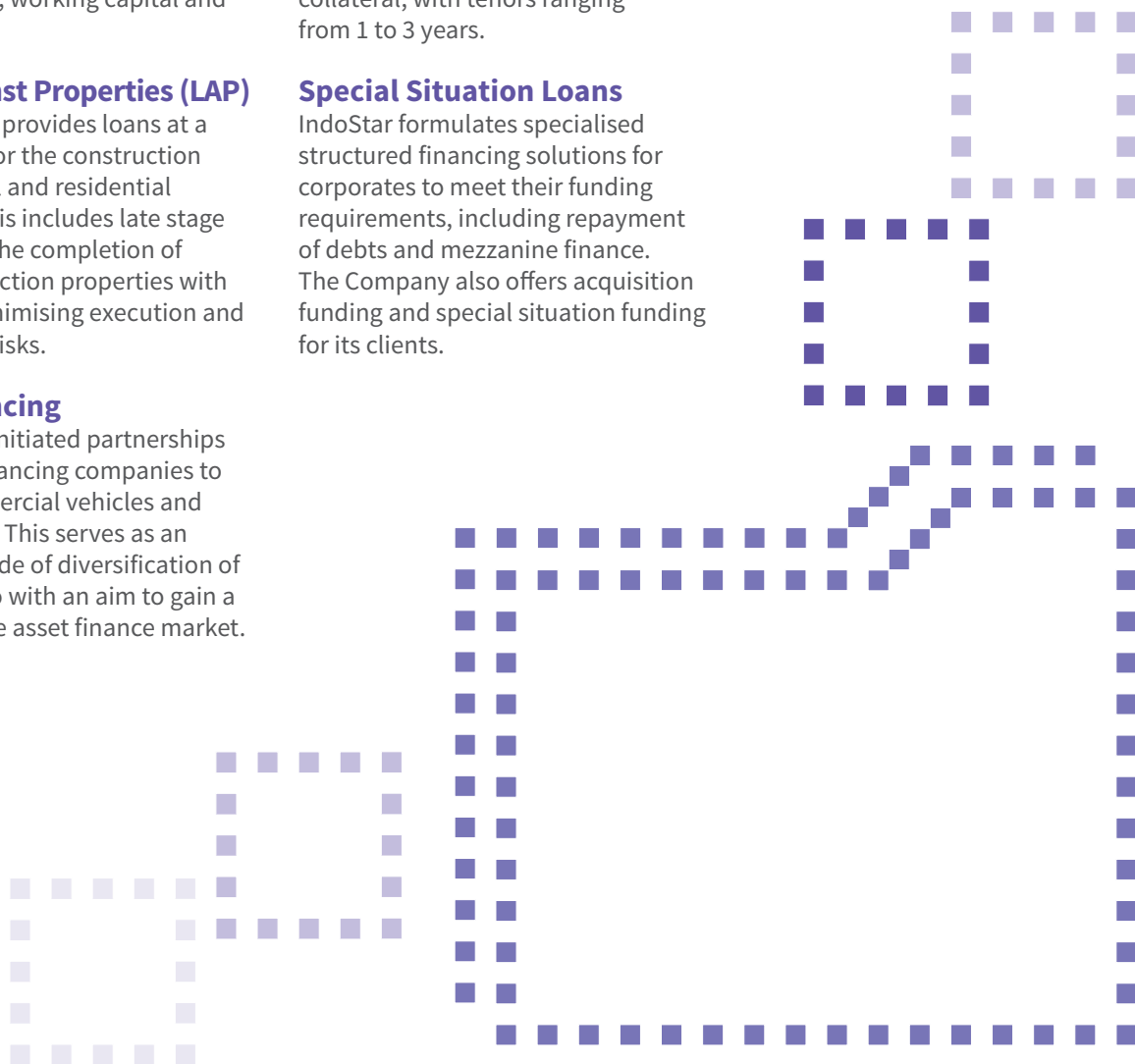
IndoStar has initiated partnerships with Asset Financing companies to finance commercial vehicles and IT equipment. This serves as an important mode of diversification of asset portfolio with an aim to gain a foothold in the asset finance market.

Capital Market Exposure

IndoStar offers loans to promoters against listed securities, select unlisted securities and/or other tangible collaterals. These are secured loans with highly liquid collateral, with tenors ranging from 1 to 3 years.

Special Situation Loans

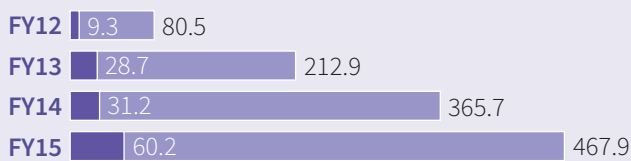
IndoStar formulates specialised structured financing solutions for corporates to meet their funding requirements, including repayment of debts and mezzanine finance. The Company also offers acquisition funding and special situation funding for its clients.



FY15 in retrospect

IndoStar's performance is catalysed by its value-accretive mix of a diverse lending portfolio, governed by a conservative operating philosophy.

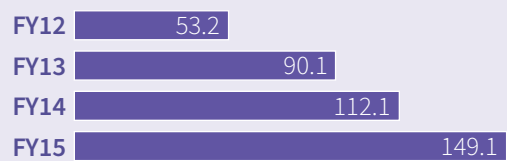
Total Income (₹ Crore)



80.5% ▲
4-year CAGR (Total)

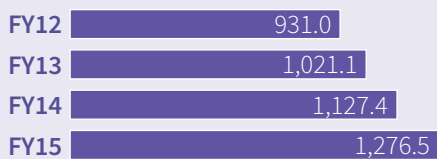
■ Fee-based
■ Fund-based

Profits (₹ Crore)



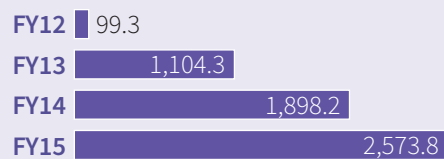
41% ▲
4-year CAGR

Tangible Net Worth (₹ Crore)



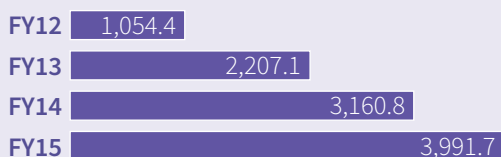
11.1% ▲
4-year CAGR

Borrowings (₹ Crore)



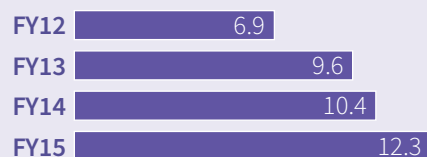
195.9% ▲
4-year CAGR

Total Assets (₹ Crore)

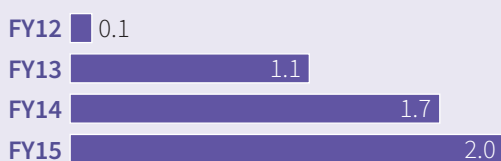


55.9% ▲
4-year CAGR

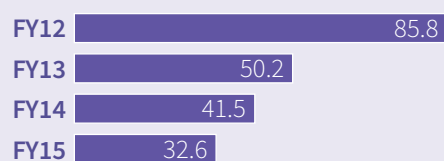
Return on Equity (%)



D/E Ratio



Capital Adequacy Ratio (%)



Letter to the Shareholders

Dear shareholders,

The global economic recovery is continuing, although the pace is not uniform across geographies. While the US and the UK registered encouraging growth during 2014-15, Eurozone grappled with challenges. Even China's growth trajectory faltered and Japan continued to face economic headwinds. In an era of sluggish growth, India remains a bright spot. The country's macro-economic fundamentals are stronger and stable, and the government's focus on enhancing the ease of doing business in India is likely to attract more investments across all sectors of the economy. The renewed focus on the infra sector and the 'Make in India' initiative will need a huge helping hand from the financial services sector.

33%

Growth in Profit After Tax

The NBFC sector has transformed considerably in the last five decades to emerge as alternate sources of credit intermediation, especially for the last mile credit delivery. The RBI has taken major initiatives during the year to align asset classification norms with that of banks. While these initiatives may pose temporary challenges in the short term, the sector will emerge stronger if we take a long-term perspective.

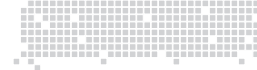
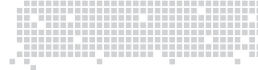
To accelerate financial inclusion, the RBI released guidelines to set up payment banks. In addition, the government opened up alternate investment funds for foreign

participation. These measures, along with the consolidation in the NBFC space and the increased threshold of appetite for capital, open up new vistas of opportunities for IndoStar.

The Company has always tried to build a wholesale credit institution with a cautious and calibrated approach. The foresight of the management team to remain conservative and follow institutionalised processes has resulted in encouraging performance. Over the past four years, IndoStar has steadily built size, scale and momentum, and has consistently delivered on each promise.

Today, the Company's performance rests on the commitment of an experienced team, robust risk management processes, strong governance structure, diversified loan asset portfolio, sound capital adequacy and liquidity positions. These strengths, along with the support of its sponsors, which are leading global financial institutions, have enabled the Company to emerge as a credible and reliable industry player.

Leveraging strong relationships with customers, IndoStar has transacted 118 deals worth over ₹ 8,190 Crore, till date. The Company remains strongly



capitalised with a net worth in excess of ₹ 1,285 Crore, while its asset base is over ₹ 3,992 Crore. During the year, revenue increased to ₹ 528 Crore, growing 33% from ₹ 397 Crore in the previous year. Similarly, profit after tax registered a 33% growth to reach ₹ 149 Crore from ₹ 112 Crore in the previous year. IndoStar maintains a comfortable liquidity position as part of its ALM philosophy. In addition, the Company's capital adequacy ratio of 32.6% is well above the required limit, allowing it to make the most of growth opportunities.

IndoStar is aiming to build a larger multi-product credit business, expanding into contiguous businesses that are consistent with its growth philosophy. In line with this objective, it leveraged its experience in the structured finance space to set up the IndoStar Credit Fund, strengthening its fee-based vertical. Going forward, IndoStar will continue to find value-added credit solutions for customers, specifically in the SME lending space. In the coming year, we propose to focus to build out these verticals.

Going forward, we will continue to focus on enriching our range of offerings to offer a wide choice of options to our valued customers. At the same time, we will diversify our risk exposure by leveraging new opportunities.

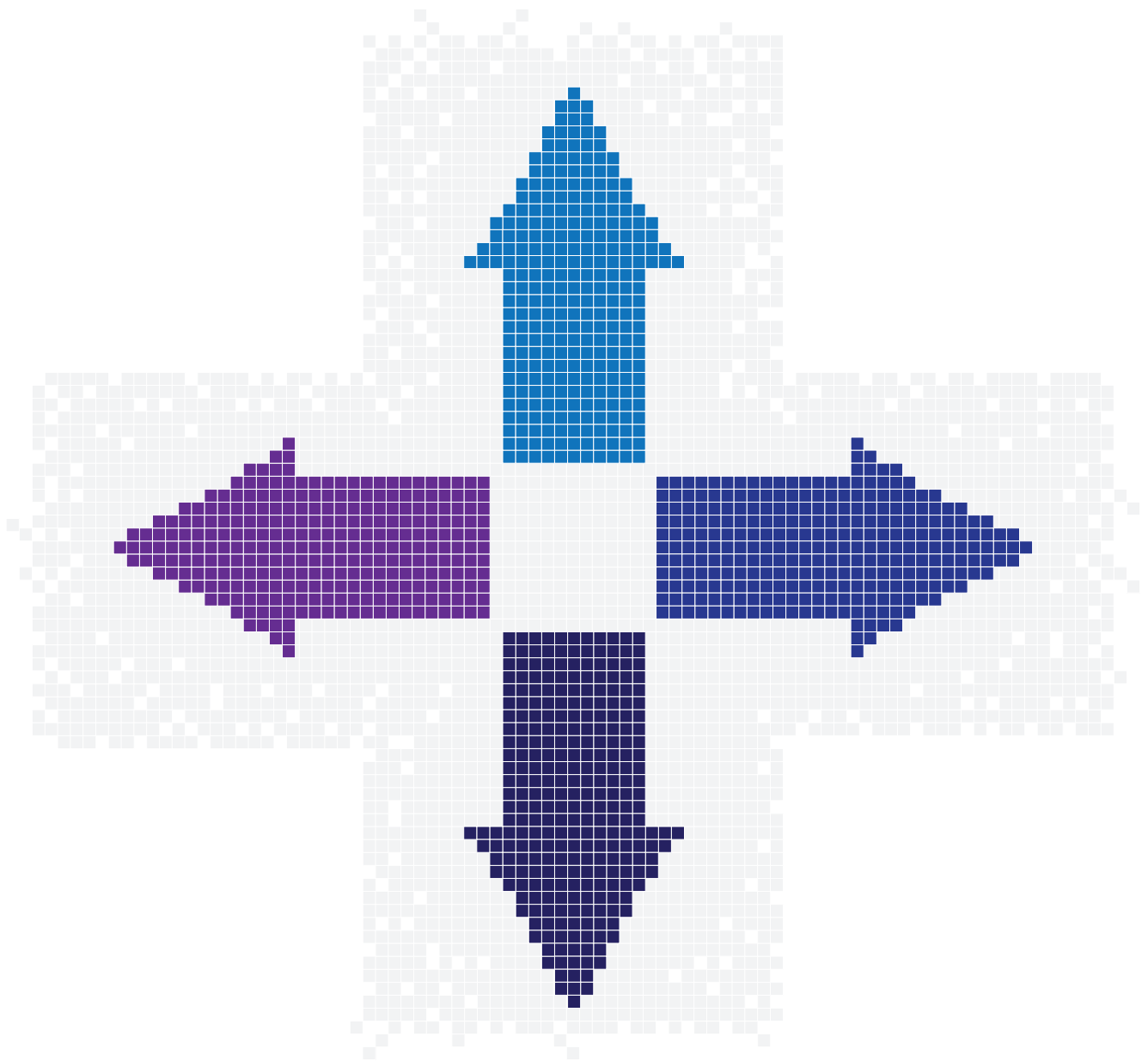
Before I sign off, I would like to thank all our stakeholders for their encouragement and support. As the Company continues on its journey to becoming an integrated player in the financial services sector, it will explore both organic and inorganic routes to grow sustainably.

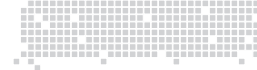
Thank you.

Vimal Bhandari
Managing Director and Chief Executive Officer



Our Promise Rests on our Dynamism





IndoStar is seeking new opportunities to widen its business horizon and deliver value consistently. In line with its objective of becoming a multi-product credit institution, IndoStar forayed into the asset management business.

With our structured finance business stabilising and reaching critical mass, we moved into the business of asset management. As a planned strategy, we leveraged our existing infrastructure and experience in the structured finance space to intermarry credit skills with the added fiduciary activities of our asset management business.

During the year, we launched the IndoStar Credit Fund to lock in the opportunity of high yields. With the Fund, we continue to play to our strengths and staying true to our cautious approach. The Fund, therefore, offers high risk-adjusted returns on heavily collateralised securities, focusing on established developers and taking secured positions in projects.

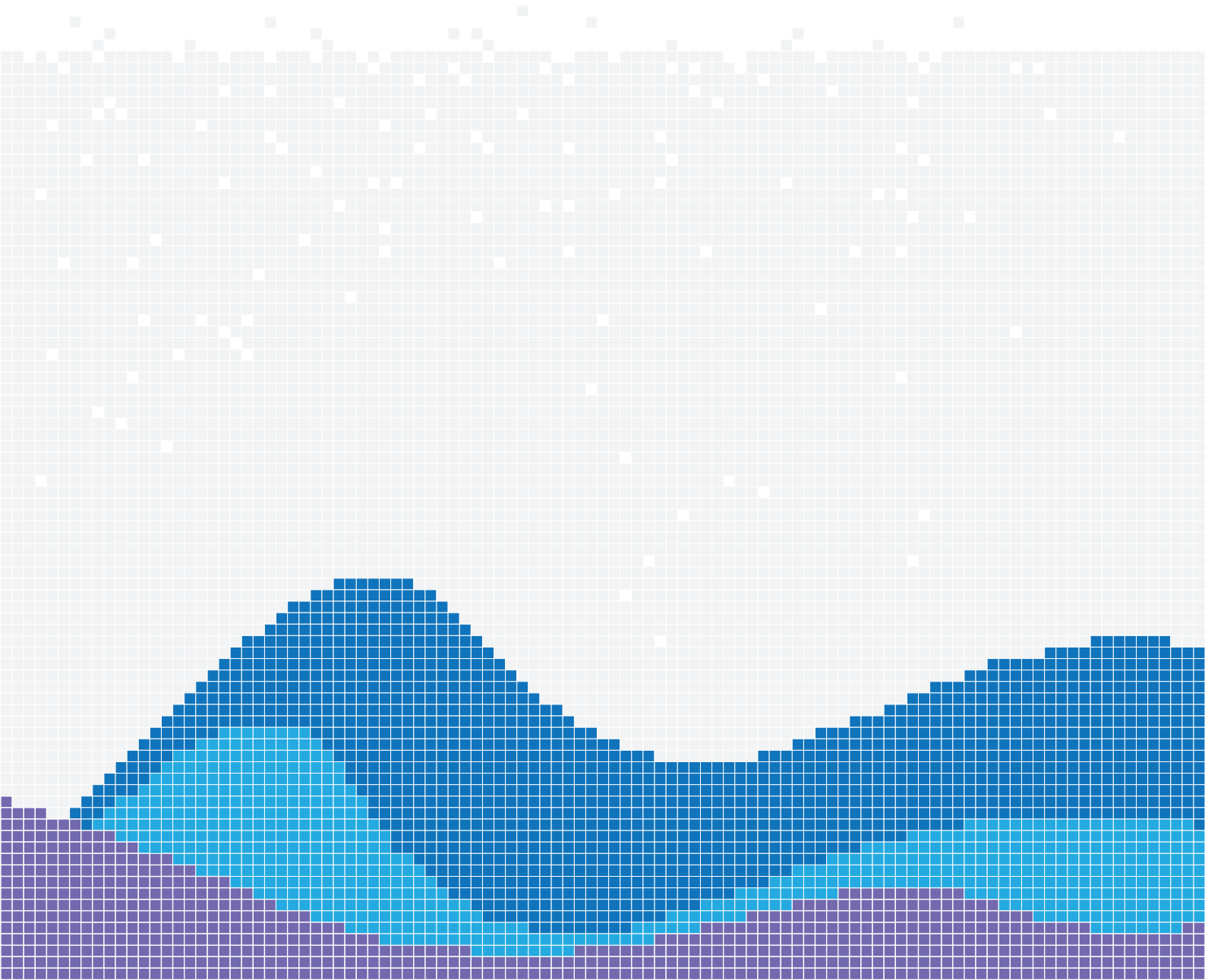
Going forward, we seek to establish our SME lending business, ensuring our industry and customer distributions are well spread. With the Mumbai SME branch already launched, we will be setting up operations in Bengaluru, Delhi and Pune in the near future.

Asset showcase for IndoStar Credit Fund

Asset 1: A leading Bengaluru-based developer is building two residential projects, aggregating nearly 1.7 million square feet. IndoStar has a 3.4x security cover and has structured the deal in such a way that interest servicing is for 12 months without delay for a deal size of approximately ₹ 35 Crore; out of a ₹ 255 Crore facility.

Asset 2: A leading Mumbai-based developer is building three residential and one commercial projects in prime Mumbai locations, aggregating around 2.64 million square feet. IndoStar has a 3.2x security cover with an approximate deal size of ₹ 45 Crore out of a ₹ 415 Crore facility.

***Our Performance
is Driven by our
Unique Approach***



IndoStar’s performance is catalysed by its value-accretive mix of a diverse lending portfolio, governed by a conservative operating philosophy.

A rigorous approach to lending and due diligence has helped us grow consistently in a largely volatile business environment. Such a strategy ensures that our exit average Return on Equity and Return on Assets remain in the upper quartile. We focus on borrowers where the repayment is through operating cash flows, negating the risk of refinancing. Our objective is to consistently reduce credit costs, minimise losses and increase credit spreads, while ensuring balance sheet strength.

A variety of differentiated product offerings in the structured credit space, including loan against property and acquisition finance, and an experienced team with strong structuring capabilities allow us to provide a range of credit solutions to customers. These drive our consistent focus on widening and deepening our portfolio, while strengthening our relationships. We are also actively engaging with various investor segments. The aim is to create a wider pool of capital to tap for sell-down activities, while

creating a strong recall in the minds of our customers.

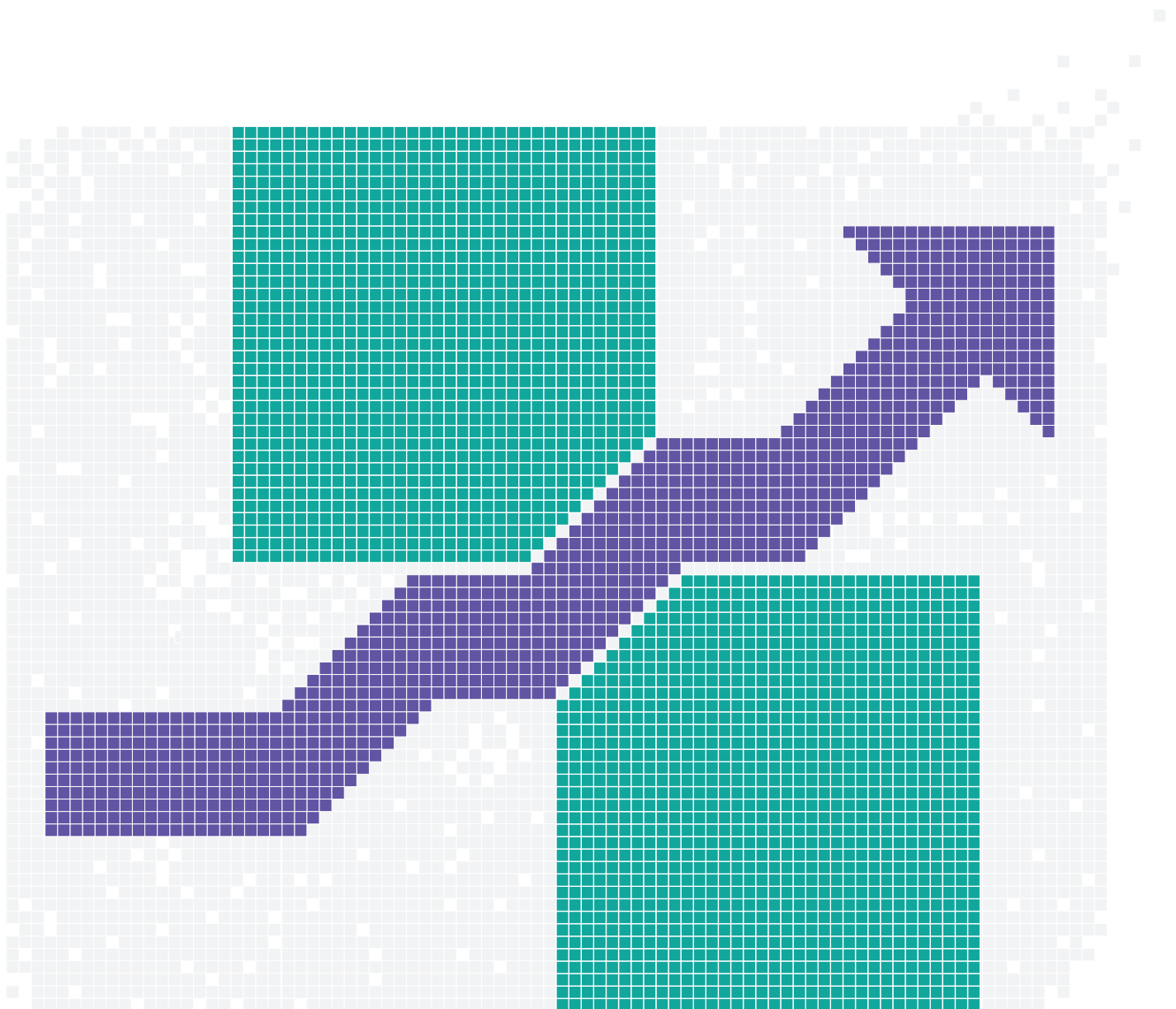
We also ensure that our asset book remains balanced with no single sector greater than 35%. In addition, we maintain a large liquidity buffer as part of our ALM philosophy. Vigilant monitoring of our assets enables us to ensure that we receive timely repayments and maintain asset quality. In addition, robust capital adequacy of 32.6% allows us significant headroom to grow.

Industry-wise Portfolio as on March 31, 2015



Industry	% Current Exposure
Real Estate	34
Infrastructure	10
Financial Services	7
Dairy	7
Iron & Steel	5
Cement	5
Oil & Gas	4
Glass & Glass Products	3
Retail	3
Transportation	3
Publishers	3
Ceramics/Granite	2
Paper	2
Power	2
Other/Miscellaneous	10
Total	100

Our Relationships Define our Performance and Promise



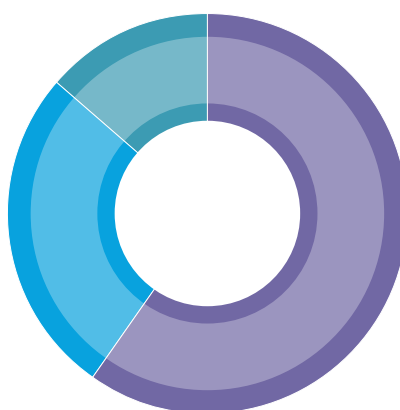
IndoStar maintains strong relationships to ensure a diversified funding profile to borrow at competitive rates, reducing the cost of funding.

Over the past four years, we have extended our footprint in the financial sector wide and deep, building relationships in the banking sector, wholesale capital markets and money markets. Today, we have rating limits of ₹ 3,500 Crore, which is expected to be extended further.

We have strong relationships with 23 banks, both private and public sector undertakings, and look forward to deepening these relationships further as we enjoy continued stakeholder confidence. Besides, we have also received support from leading mutual funds, some of whom have subscribed to NCD/Commercial Paper issued by us.

We continue to receive keen interest from existing and new financial institutions, i.e. banks and mutual funds.

Funding Sources as on March 31, 2015



Source	% of Portfolio
Bank Finance	60
Markets	40
Non-Convertible Debentures	27
Commercial Paper	13

Board of Directors and CFO

IndoStar's Board comprises a mix of experienced professionals and industry veterans. As on date, there are six Non-Executive Directors, four Independent Directors and two Executive Directors on the Board.

Sameer Sain

DIN: 01164185

Mr. Sain has over two decades of experience in a range of roles in corporate and retail finance, investment and institutional wealth management. He holds a BBA from the University of Massachusetts at Amherst and an MBA from Cornell University, USA. He is on the Board of IndoStar as a representative from Everstone Capital.

L. Brooks Entwistle

DIN: 00561480

Mr. Entwistle has over two decades of experience in private equity and investment banking. He holds an AB from Dartmouth College and an MBA from Harvard Business School. He is on the Board of IndoStar as a representative from Everstone Capital.

Dhanpal Jhaveri

DIN: 02018124

Mr. Jhaveri has over two decades of experience in corporate finance and strategy. He holds a Bachelor of Commerce degree from the University of Mumbai and an MBA from Babson College, Graduate School of Business, USA. He is on the Board of IndoStar as a representative from Everstone Capital.

Deepak Shahdadpuri

DIN: 00444270

Mr. Shahdadpuri has over 17 years of successful private equity investing and advisory experience in India, the UK and the US. He holds an undergraduate Law degree from King's College, University of London, and an MBA from INSEAD. He is on the Board of IndoStar as a representative from Baer Capital.

Alok Oberoi

DIN: 01779655

Mr. Oberoi has over two decades of experience in the field of investments, including advising on various investment strategies, as well as structuring international joint venture and transactions. He holds a Bachelor of Arts degree from Cornell University and an MBA degree from Johnson Graduate School. He is on the Board of IndoStar as a representative from ACPI.

Shweta Bhatia

DIN: 03164394

Ms. Bhatia has over 13 years of experience in private equity. She received her Bachelor of Arts in Economics and Computer Science from Smith College and an MBA from Harvard Business School. She is on the Board of IndoStar as a representative from Goldman Sachs.

**Eric Stuart Schwartz**

DIN: 03510540

Mr. Schwartz has nearly three decades of financial services experience. He completed his MBA from the Wharton School, University of Pennsylvania, USA. He is on the Board of IndoStar as an Independent Director.

Bobby Parikh

DIN: 00019437

Mr. Parikh has over 27 years of experience in advising clients in the areas of entry strategy, business model identification, structuring a business presence, M&A and other business re-organisations. He holds a Bachelor of Commerce degree from the University of Mumbai and is a qualified Chartered Accountant. He is on the Board of IndoStar as an Independent Director.

Ravi Narain

DIN: 00062596

Mr. Narain has been with the National Stock Exchange (NSE) since inception, and was the MD & CEO of the Exchange for 12 years, before he joined the NSE board as Vice Chairman in a non-executive position. He has a degree in Economics from Cambridge University, the UK and a degree in Business Administration (Finance) from Wharton School, University of Pennsylvania, USA. He is on the Board of IndoStar as an Independent Director.

D. Sivanandhan

DIN: 03607203

Mr. Sivanandhan is a highly regarded retired IPS Officer. He holds a Masters in Arts from University of Madras. He is on the Board of IndoStar as an Independent Director.

Vimal Bhandari

DIN: 00001318

Mr. Bhandari is responsible for the overall supervision, management and functioning of the organisation. He has over three decades of experience in the financial services industry. He is a Chartered Accountant and has studied at Mumbai University.

Shailesh Shirali

DIN: 06525626

Mr. Shirali is responsible for the Credits and Markets division of the Company. He has over two decades of experience in investment banking and financial services in large & global companies in India. He holds a Bachelor of Commerce degree from the University of Mumbai and is a qualified Chartered Accountant.

Pankaj Thapar

Chief Financial Officer

Mr. Thapar is responsible for the Company's finance and business support functions. He has over three decades of work experience across banks and major corporates. He holds a Bachelor of Commerce degree and an MBA from the University of Delhi.

Management Discussion and Analysis Report

Global Economy

Global economic growth during 2014 remained subpar and uneven. While the developed economies led by the US and The UK continued to strengthen, the growth in most emerging markets slowed further during the year. Among the key emerging economies, China further slowed down due to weak global growth and policy induced slowdown to move the economy to more manageable levels and due to slowdown in investment, particularly in real estate. A year also saw a sharp decline in crude prices as crude petroleum prices averaged about US\$ 47/ bbl in January 2015 and about US\$ 90/bbl (April 2014-January 2015) for the whole year. The sharp decline in commodity prices in general and crude prices in particular had an adverse impact on the exporting countries, while positively impacting the importing nations. (Source: RBI)

	Actual		Projections	
	2013	2014	2015	2016
World Output	3.3	3.3	3.5	3.7
Advanced Economies	1.3	1.8	2.4	2.4
United States	2.2	2.4	3.6	3.3
Euro Area	(0.5)	0.8	1.2	1.4
Japan	1.6	0.1	0.6	0.8
United Kingdom	1.7	2.6	2.7	2.4
Other Advanced Economies *	2.2	2.8	3.0	3.2
Emerging and Developing Economies	4.7	4.4	4.3	4.7
China	7.8	7.4	6.8	6.3
India**	5.0	5.8	6.3	6.5

*(Excludes the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries)

**For India, data and forecasts are presented on a fiscal year basis and output growth is based on GDP at market prices. Corresponding growth rates for GDP at factor cost are 4.7, 5.6, 6.3, and 6.5 percent for 2013/14, 2014/15, 2015/16, and 2016/17, respectively.

(Source: International Monetary Fund January 2015)

Indian Economy

India economy during the fiscal 2014-15, helped by a stable macroeconomic environment and several policy measures undertaken by the new government, witnessed a mild recovery. Most of the key macroeconomic indicators such as current account deficit, fiscal deficit, inflation, exchange rate remained within the desired range despite significant volatility in the global markets. Indian forex reserves also expanded by USD 55 billion to US\$ 340 billion during the year. The stability in these indicators is critical to revive the investment climate and growth. This is a one key reason that despite worsening global outlook, both IMF and World Bank raised India's growth projections.

As per CSO's Advanced Estimates (AE), Indian economic growth for FY15 is projected at 7.4%, as compared to 6.9% in FY14 and 5.1% in FY13.

Sectors	2013-14	2014-15*
Agriculture, forestry & fishing	3.7	1.1
Manufacturing	5.3	6.8
Mining and quarrying	5.4	2.3
Electricity, gas and water supply	4.8	9.6
Construction	2.5	4.5
Trade, hotels, transport, communication and services related to broadcasting	11.1	8.4
Financial, real estate & professional services	7.9	13.7
Public administration, defence and Other Services	7.9	9.0
GDP at market prices*	6.9	7.4

* Source: CSO Advance Estimates

₹ 1,277 cr

Tangible net worth as on March 31, 2015 compared to ₹ 1,127 Crore in the previous year

The Indian Financial Sector

Tighter liquidity conditions, stringent prudential norms and regulatory changes have resulted in fewer and stronger NBFCs in the country.

Changes in the Banking and Financial Industry

- After more than 10 years, RBI awarded new bank licences to IDFC and Bandhan Financial Services.
- The monetary framework has been changed to 6 reviews per year as compared to 8 earlier.
- The RBI has issued draft norms for payments and small banks, and initiated a process to issue differentiated licences.
- There is CRR/SLR exemption for banks for funds raised via infra bonds.

Payment Banks

In a bid to give financial inclusion a boost in the country, the RBI released its final guidelines for the setting up of payments banks, at the fag end of 2014. The move is aimed at providing basic financial services to nearly 50% of the Indian population that still remains unbanked. The primary objective of payment banks is to provide small saving accounts and payment and remittance services to low income households, the migrant labourer workforce, small business and other unorganised sector entities.

With payment banks set out to achieve a different set of objectives, the activities of a payment bank must be confined to the objectives it is set out to achieve. They will be allowed to establish their own outlets, such as branches, Business Correspondents (BCs) (subject to RBI guidelines on BCs) mobile banking and Automated Teller Machines (ATMs), among others. Though payment banks will not be exposed to any credit risks, the operational risks are going to be substantial for such banks. Besides, they will need to invest heavily in a technology framework that will ensure smooth operations. The RBI envisions a very simple model of payment banks, where an entity must offer two basic functions of providing a savings account on the one hand and payment and remittance services on the other.

Alternative Investment Funds

The government has also allowed foreign investments in alternative investment funds (AIFs), a category of pooled-in investment vehicles for real estate, private equity and hedge funds. AIFs are funds established or incorporated in India for the purpose of pooling in capital from domestic investors for investing according to a pre-decided policy.

Now that foreign investors are allowed to participate in AIFs, it is expected that these funds will attract investments from NRIs and overseas institutions. With foreign money coming in, the AIF industry in India, which has doubled in the past one year is expected to increase. With long-term money coming into unlisted securities, which was not the case till now, these funds may see enhanced growth. This will also give a boost to investments in the country. Domestic investors may now expect better returns from investments in AIFs.

GIFT

GIFT (Gujarat International Finance Tec-City) in Gujarat was envisaged as International Finance Centre. It will target 8-10% of financial services on 84 million sqft of space and create one million new jobs - 30,000 by 2016. Over a period of time, GIFT will likely get much of the business of financial services — currency derivatives and reinsurance businesses. The regulations for international financial services centre (IFSC) would allow domestic and foreign firms to open offshore banking, as well as insurance and capital market intermediaries at GIFT.

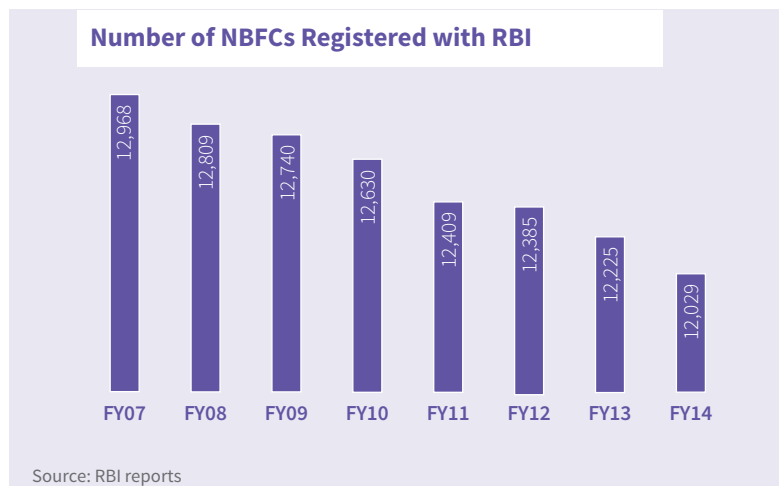
These initiatives are welcome developments in-tune with the larger objectives of 'Make in India' and 'Pradhan Mantri Jan Dhan Yojana', endeavours that will need significant financing to gather impetus. These are not incremental, but mega-reforms and will restructure the contours of India as it becomes the world's fastest growing modern economy.

The Indian NBFC Industry

The Indian NBFC sector has crucial links with the financial sector on both sides of the balance sheet, dynamism and innovation have helped them survive and thrive and mitigate counterparty failures, funding and asset, interest rate

movement and liquidity and solvency risks. NBFCs form an integral part of the Indian Financial System. They have been providing credit to customers in the underserved and unbanked areas. They are prompting the direction of savings and investments of the customers and the subsequent capital formation is a necessity for India's economic growth and development. Their ability to innovate products in conformity to the needs of their clients is well established. The new banking license related guidelines issued by RBI places NBFCs ahead in competition for licenses owing largely to their rural network.

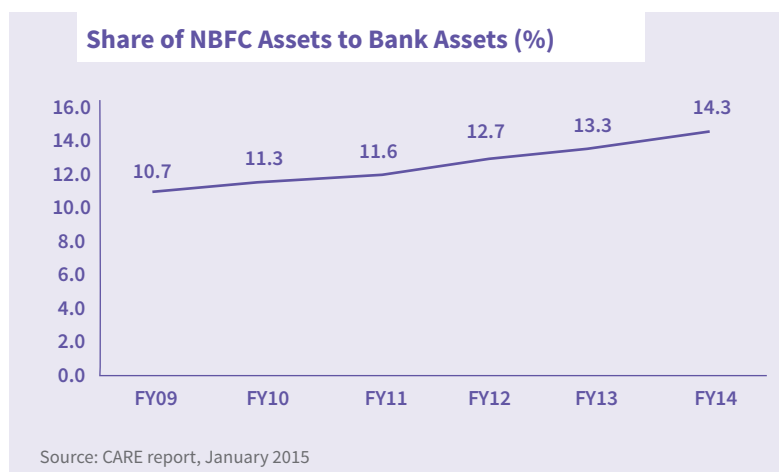
As of March 31, 2014, there were 12,029 registered NBFCs of which 241 were deposit-accepting NBFCs. Among the non-deposit accepting NBFCs, 465 NBFCs had assets of ₹100 Crore and above, 314 NBFCs had assets between ₹50 Crore and ₹100 Crore, and 11,009 entities had assets of less than ₹50 Crore. Credit to NBFCs increased by 6.4% during 2014-15, as compared with an increase of 13.2% during 2013-14.



On the assets side, the share of NBFCs' assets as a proportion of Gross Domestic Product (GDP) at current market prices have increased steadily from 8.4% in 2006 to 12.5% in 2013.

Increasing Size

NBFC has steadily grown from 10.7% of banking assets in 2009 to 14.3% of banking assets in 2014.



New Regulations

The RBI has issued new regulations for the NBFC sector, from several important recommendations made by the Working Group on Issues and Concerns in the NBFC Sector (Chairperson: Smt. Usha Thorat) and the Committee on Comprehensive Financial Services for Small Businesses and Low Income Households (Chairman: Dr. Nachiket Mor). The central bank has implemented higher capital requirements, regulatory alignment with banks, improved disclosure requirements and tighter corporate governance norms — all measures that will reinforce the NBFC sector structurally and safeguard the interests of customers and investors. These measures in the long term will bring in more transparency and increase NBFCs ability to survive asset quality shocks.

The RBI has issued the revised regulatory framework with a view to gradually move to activity based regulations for NBFCs and address the various risks associated with the operation of NBFCs. The revised regulatory framework is a positive step taken by the RBI towards convergence of regulations between banks and NBFCs. The increase in disclosure requirement and corporate governance norms will improve the transparency and increase the accountability of management and the board and improve the investor awareness.

Net owned funds	The RBI aims to mitigate risks in the sector and has raised the capital adequacy requirement for NBFCs. As per the latest directives, the RBI has increased the net owned fund (NOF) limit to four times by 2017 to ₹ 2 Crore (in a phased manner with ₹ 1 Crore by March 2016). Currently, the NOF requirement is at ₹ 25 lakh.
CRAR-Tier 1 capital	For deposit and non-deposit taking NBFCs, Capital to Risk (Weighted) Assets Ratio or CRAR, which includes Tier I capital of 7.5%, is 15% currently. This will be changed to Tier I capital of 8.5% by end of March 2016 and 10% by March, 31, 2017. NBFCs also have to maintain standard provisioning of 0.3% by end of March 2016; 0.35% by March 2017 and to 0.4% by end of March 2018.
Loan against shares	Lending restricted to 50% Loan To Value (LTV) of the security. Only A category as described by the Securities and Exchange Board of India (SEBI) shares can be pledged as collateral to avail loan. Mandatory online reporting of pledge of equity shares by NBFCs to the stock exchanges is necessary.

Asset Classification

Asset classification norms are being harmonised with those of banks. An asset is classified as Non-Performing Asset (NPA) when it has remained overdue for a period of 6 months or more for loans; and overdue for twelve months or more in case of lease rental and hire purchase instalments, as compared to 90 days for banks.

Table: Non Performing Assets

	Loan assets, other than Lease Rental and Hire-Purchase to become NPA if overdue	Lease Rental and Hire to become NPA if overdue	Sub-standard Assets -as NPA for a period not exceeding	Doubtful Assets -Asset has remained sub-standard for a period exceeding
March 2016	5 months	9 months	16 months	16 months
March 2017	4 months	6 months	14 months	14 months
March 2018	3 months	3 months	12 months	12 months

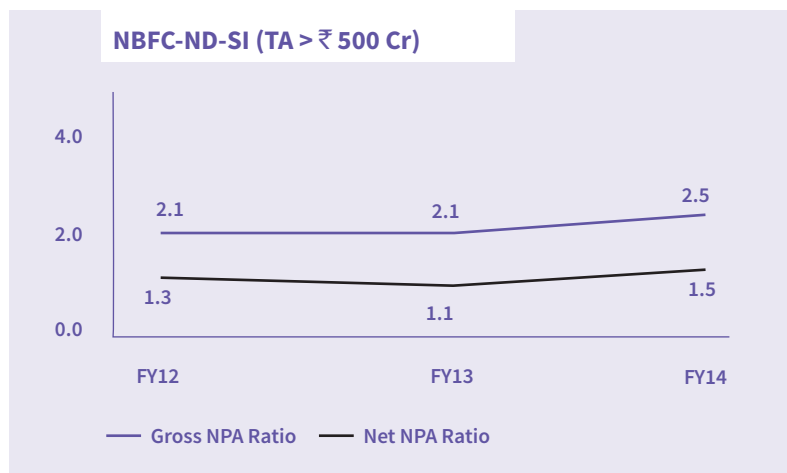
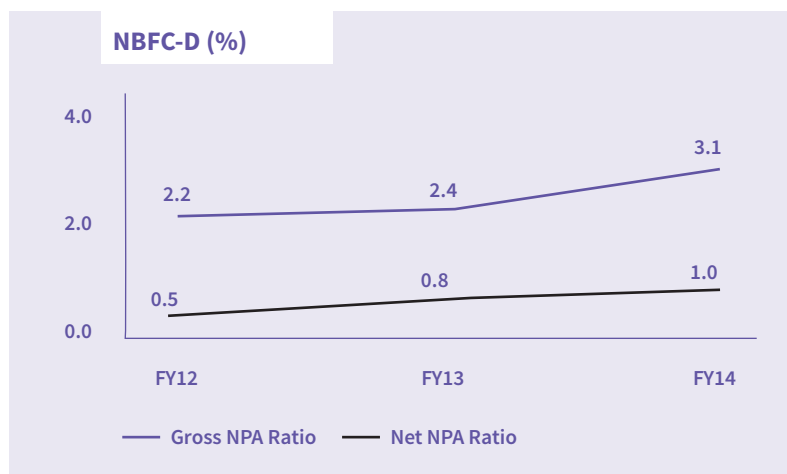
Source: RBI

Improved Disclosures

NBFCs will have to increase their disclosures and also lay down a 'fit-and-proper' policy for appointment of directors. NBFCs will have to disclose data on ratings, penalties and movement of NPAs, among other things, from March 2015. Over the long run, better revelation and strong governance standards will reduce the perceived risks of NBFCs.

Asset Quality

NBFCs have witnessed pressure in asset quality during the last two-three years due to weak operating atmosphere and economic downturn. Sectors which are directly linked to economic activities like commercial vehicle, construction equipment and infrastructure financing have witnessed sharp deterioration in asset quality. Going ahead, the industrial activity is expected to see recovery due to improved economy performance.





Capital Adequacy at Comfort Level

The total CAR for the sector was around 20% with Tier I CAR of around 15.5% as on March 31, 2014, which was comfortably higher than the minimum regulatory requirement of 15% of total CAR. The capital adequacy ratio has remained steady over the last few years with the entry of new large players having strong capital back-up. Though, due to higher issuance of Tier II capital mainly in the form of subordinated debt followed by preference capital and perpetual debt, the share of Tier II capital has increased over a period. However, at the current level of Tier I CAR, the sector seems contented with respect to revised guidelines of 10% of Tier I CAR by March 2018.

Growth Drivers

Improving Macro-economic Fundamentals

The cross-sectional distribution pattern of the industry is determined by the performance of the economy as a whole. The macro-economic vulnerabilities at domestic front have declined significantly in recent months on account of improvement in growth outlook, fall in inflation, recovery in industrial production data. In addition, with the government's assurance to fiscal discipline and sharp decline in international oil prices, the Current Account Deficit (CAD) is within the comfort level. With rising investor sentiments and business confidence, industry growth is likely to be fuelled by lending in the future.

Increase in Infrastructure Projects

Infrastructure development has been identified as a key driver of long-term economic growth in India over the years. Government spending on infrastructure has been constantly increasing to bolster the country's economy. Infrastructure sector requires USD 1 trillion of investment over the next four years. Urbanisation, rising incomes and younger and smaller family units all point at a rise in real estate activity. The government has announced development of 100 new smart cities with better facilities, connectivity and environment.

Strong Regulatory Initiatives

RBI has been tightening the regulations to manage the risk in the sector and has been proposing higher capital and provisioning requirement. It has also been stressing on higher disclosures to safeguard public money and prevent any systemic shocks. In addition, the RBI has taken rapid preventive actions in addressing specific issues to manage systemic risk.

Opportunities and Threats

Opportunities

- Long-term economic outlook positive, will lead to opportunity for NBFC services
- Growing financial services industry's share of wallet for disposable income
- Regulatory reforms would aid greater participation by all class of investors
- Leveraging technology to enable best practices and processes

Threats

- Execution risk
- Short-term economic slowdown impacting investor sentiments and business activities
- Slowdown in global liquidity flows
- Increased intensity of competition from local and global players
- Market trends making other assets relatively attractive as investment avenues

Outlook

The outlook for the sector looks better on account of positive trend of growth in economy, which is expected to boost credit demand. The revised RBI regulations for NBFCs have been formed with the drive of strengthening the financial system and to bring the norms in line with those of banks. This, along with renewal of certain infrastructure projects, which have been cleared by the cabinet committee in recent months, improvement in industrial growth and corporate capex investments also, is expected to benefit most of the commercial assets financed by the NBFCs. This is expected to ease the pressure on the cash flows of borrowers through enhanced utilisation of assets.

Retail inflation has consistently moderated and sustained recovery in 2015-16 is likely to be continued. RBI has reduced repo rates (rate at which RBI lends to banks) to 7.5%, which gives policy support to growth by fuelling household spending and reducing corporate debt burden.

Business Overview

IndoStar Capital Finance Limited (ICF) is a systemically important non-deposit taking NBFC. IndoStar is promoted by global financial institutions Everstone Capital, Goldman Sachs, the Ashmore group PLC, Baer Capital Partners and ACP Investments with the aim of developing an independent wholesale lending institution in India.

The loan portfolio as on March 31, 2015 of ICF stood at ₹ 3,429 Crore comprising corporate loans – 63%, developer financing/loan against property – 34% and retail asset portfolio buyouts and promoter financing (secured against shares) – 3%. IndoStar's single exposure limit is approximately ₹ 189 Crore and group exposure limit is approximately ₹ 315 Crore.

Portfolio of Offerings

Wholesale lending comprises:

- Corporate finance
- Developer financing/loan against property
- Working capital financing
- Acquisition financing
- Loan against shares

Strengths

ICF derives strengths from leading global financial institutions and from a highly-experienced management, good risk management processes, comfortable capital adequacy and liquidity position.

Strong Management Team

ICF has a strong management team with qualified and experienced professional from the finance industry. Sponsors include global institutions like Everstone Capital, Ashmore Group PLC, Goldman Sachs, Beacon India Private Equity Fund, ACPI Investment Managers and CDIB Capital, which are managing billion dollar investments globally.

Disciplined and Rigorous Investment Processes

ICF adheres to the highest ethical standards and demonstrate integrity and transparency in all our dealings. While prudent risk taking aligned with our strategic priorities is fundamental to our business, ICF maintains a conservative framework to manage liquidity and capital. ICF continues to maintain high quality of assets on our strong credit due diligence and collection processes.

Capital Adequacy

ICF has strong capitalisation levels, and has been well above the CAR required by the RBI. This represents sufficiency of capital and relatively low leverage of the Company.

Service Excellence

IndoStar leverages strong relationships with corporate houses and banks and in-depth knowledge of regulatory and compliance requirements to structure the best deals for clients.

₹ 2,574 Cr

Liability position as on March 31, 2015.

32.64%

Capital Adequacy Ratio (CAR) as on March 31, 2015. The high Tier I CAR provides considerable leeway to raise Tier II capital to support business growth going forward.

38%

Net worth was held as liquidity reserves. The liquidity reserves are an integral part of the Company's ALM philosophy.

Differentiated product offerings structured and customised financial solutions like debt re-profiling, extending payment schedule to match client's cash flow generation, structuring and cash escrow facilities.

Enduring relationships with over 50 corporate houses, 23 banks and 12 mutual funds.

Real estate lending maintained at one-third of the portfolio, which is largely sector neutral. This approach helped the Company garner a tangible net worth of ₹ 1,277 Crore in 2014-15.

IndoStar has focused on being sector agnostic and is primarily catering to mid-to-large corporates in India. Strong management involvement and business origination from the large networks of its promoters has helped the Company grow consistently and with prudent caution.

Highlights of FY15

IndoStar has prioritised secured lending in its portfolio and aims at growing its lending along, with a comfortable collateral cover. The Company's loan portfolio stood at ₹ 3,429 Crore as on March 31, 2015 and the security cover is over 2 times for most long-term loans. The security is mainly in the form of tangible assets including fixed assets, viz, plant and machinery, land and building, current assets and securities. Net NPA ratio stood at 0.52% as on March 31, 2015 and 1.36% of net worth in the fiscal year 2014-15.

The lending portfolio is also diversified across various sectors viz infrastructure, manufacturing, services and across industries, such as iron & steel, cement, dairy, financial services, glass and glass products and logistics, among others. Total assets including treasury assets stood at ₹ 3,992 Crore (Previous year: ₹ 3,161 Crore).

Gross NPA ratio stood at 0.58% and the Net NPA ratio stood at 0.52% as on March 31, 2015.

The Company had a diversified liability profile. The borrowings of the Company stood at ₹ 2,574 Crore with borrowings from banking system at ₹ 1,541 Crore and borrowings from markets at ₹ 1,033 Crore.

The net interest income of the Company stood at ₹ 209 Crore and the profit after tax at ₹ 149 Crore, a growth of 33% y-o-y.

NPA Management

There were no slippages during FY 2014-15. The management of the Company is in constant communication with the defaulting borrower to repay outstanding amounts and is confident that these will be fully recovered.

Financial Review

Particulars	₹ in Crore	
	2014-15	2013-14
Total Income	528	397
Profit after tax	149	112
Borrowings	2,574	1,898
Net worth	1,285	1,127
Return on Net worth(%)	12.3	10.4
Gearing ratio	2.0	1.7

Revenue: The Company registered a growth of 33%, taking its total income from ₹ 397 Crore in FY 2013-14 to ₹ 528 Crore during the year under review.

Net profit: IndoStar's net profit rose by 33% to reach ₹ 149 Crore in FY 2014-15 with improved net interest margins and high loan growth.

Net worth: IndoStar's tangible net worth increased by 13% to reach ₹ 1,277 Crore in FY 2014-15.

Loans disbursed: IndoStar's loan book stood at ₹ 3,429 Crore during the year under review. The Company's loan portfolio comprises ₹ 2,011 Crore for meeting its operating requirements, loans against property of ₹ 1,175 Crore and other loans of ₹ 243 Crore.

Risk Management

The Company, due to experience of its global promoters, has instituted a robust enterprise wide risk mapping framework for approving its loan portfolio and to undertake predictive analysis of potential risks and initiate relevant mitigation measures. The Company adopts prudent risk management policies to safeguard all its stakeholders' interests and consistently create value. KYC policy, Anti-Money Laundering Policy, Investment & Loans Policy, Underwriting Risk Guidelines, Interest Rate Policy and Fair Practice Code are some of the risk management policies that are extensively implemented by several committees including the Risk Management Committee, Credit Committee, ALCO and Audit Committee. Moreover, various external professional agencies and legal advisors are also appointed to monitor these policies.

All credit proposals are pre-screened by the management committee before consideration of the credit committee. It has well-defined criteria for the sanction of loans including assessing track record and borrowing capacity of borrower, credit history of borrower, quality of collaterals and external credit ratings.

Internal Control Systems

IndoStar has established thorough internal control systems to monitor and check if all financial statements are issued with complete integrity and reliability. The senior management is fully involved in prudent lending and due diligence exercises to protect the Company's loan asset portfolio. The loan approval process involves origination and sourcing of business, credit appraisal and credit approval by various committees, including the Credit Committee, Risk Management Committee and so on.



Human Resource Management

The Company believes that its human resources have the expertise and experience to provide high-quality services in credit evaluation, risk and treasury management, information technology, client relations and others. Its focus on training develops employee skill and knowledge base and makes them competent for future skills to meet the organisation's growth. IndoStar's human resource policies create an employee friendly culture and develop employee relationships, ensuring a low attrition rate. As on March 31, 2015, the Company had 34 employees on its rolls.

Cautionary Statement

Certain statements in the Management Discussion and Analysis describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from the forward looking statements contained in this document due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, volatility in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy. The Company does not undertake to update these statements.

Directors' Report

Dear Members,

Your Directors take pleasure in presenting the Sixth Annual Report on the affairs of your Company together with the Audited Financial Statements for the year ended March 31, 2015.

Financial Highlights

The highlights of the Financial Statements of the Company for the Financial Years 2014-15 and 2013-14 are as under:

Particulars	₹ in Crore	
	As at March 31, 2015	As at March 31, 2014
Total Income	528.06	396.90
Total Expenditure	301.97	227.65
Profit before Tax	226.09	169.25
Less: Provision for taxation		
- Current Tax	77.41	61.39
- Deferred Tax Asset	(0.39)	(4.28)
Net Profit after Tax	149.06	112.14
Transfer to Reserve Fund U/s 45-IC of the Reserve Bank of India Act, 1934	29.81	22.43
Balance brought forward from previous period	197.17	107.45
Balance carried to Balance Sheet	316.42	197.17
Earnings per share (Face Value ₹ 10)		
Basic (₹)	21.72	16.34
Diluted (₹)	21.43	16.27

Financial Performance

During the year, the Gross Income of the Company was ₹ 528.06 Crore and the Profit after Tax was ₹ 149.06 Crore (Previous Year: ₹ 396.90 Crore and ₹ 112.14 Crore, respectively). The Company's tangible Net Worth as on March 31, 2015 was ₹ 1,276.51 Crore (Previous Year: ₹ 1,127.40 Crore).

As part of its risk management process and to have a prudent risk provisioning/reserve policy for loan assets, a provision of ₹ 13.84 Crore (Previous Year: ₹ 10.80 Crore) at the rate of 0.40% of outstanding standard assets was made this year, which is in excess of 0.25% as required pursuant to the Reserve Bank of India (RBI) requirement in this regard.

An amount of ₹ 29.81 Crore (Previous Year: ₹ 22.43 Crore) is required to be transferred to Special Reserve Fund pursuant to Section 45-IC of the RBI Act, 1934.

No material changes or commitments, affecting the financial position of the Company have occurred between the end of Financial Year ended March 31, 2015 and date of this Director's Report.

Dividend

Your Directors consider it prudent to conserve the resources of the Company for the growth of the Company and therefore despite sufficient distributable profits, do not recommend any dividend on Equity Shares for the Financial Year under review.

State of Affairs of the Company

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



₹ 149 cr

Profit after tax as on March 31, 2015 compared to ₹ 112 Crore in the previous year.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report.

New Initiatives

Your Company has been keen to build up other businesses in the debt space as part of its goal to become a diversified credit institution. An insight of new initiatives undertaken by the Company is presented in a separate section forming part of this Annual Report.

Subsidiary Company

As on March 31, 2015, your Company had one wholly-owned subsidiary company, IndoStar Asset Advisory Private Limited (IAAPL), engaged in the business of providing asset advisory services for debt funds.

During the year under review, IAAPL had not commenced its business operations and reported a gross loss of ₹ 0.041 Crore. Hence, your Directors are not commenting on the performance and financial position of IAAPL in terms of Section 134(3)(q) read with Rule 8(1) of the Companies (Accounts) Rules, 2014.

There has been no change in the number of Subsidiary Company(s) or in the nature of business of the existing Subsidiary Company, during the year under review.

Consolidated Financial Statements

In terms of Section 129 of the Companies Act, 2013, your Company has prepared Consolidated Financial Statements of the Company and its wholly-owned Subsidiary Company, IAAPL. The Consolidated Financial Statements along with a statement containing salient features of the Financial Statements of IAAPL in the prescribed Form AOC – 1 forms part of this Annual Report.

The Consolidated Financial Statements of the Company shall be laid before the ensuing Sixth Annual General Meeting of the Company along with the Standalone Financial Statements of the Company.

The Financial Statements of the IAAPL are available on the website of the Company and shall be provided to the Members upon their request.

Registered Office

During the year under review, your Directors approved the shifting of the Registered Office from the State of West Bengal to the State of Maharashtra, considering the operational convenience such move would provide.

The Members of the Company at the Extraordinary General Meeting held on February 16, 2015, approved alteration in the situation clause of the Memorandum of Association of the Company for shifting of the Registered Office of the Company to the State of Maharashtra. The application / petition filed for shifting of the Registered Office with the Regional Director, Eastern Region, Ministry of Corporate Affairs is under consideration.

Directors and Key Managerial Personnel

Cessation of Director(s):

During the year under review, Mr. Rajesh Mehta resigned as Non-Executive Director from the Board and the Committees of the Board in which he was serving as a Chairman or Committee Member with effect from March 5, 2015.

Subsequent to the year under review, Mr. Atul Kapur resigned as Non-Executive Director from the Board and Committees of the Board in which he was serving as a Chairman or Committee Member with effect from April 22, 2015.

Your Directors place on record their sincere appreciation for the valuable contribution and guidance provided by Mr. Rajesh Mehta and Mr. Atul Kapur, during their association with the Company.

Appointments of Director(s):

During the year under review, in terms of Section 149 of the Companies Act, 2013 read with rules made thereunder, the existing Non-Executive Independent Directors, Mr. Eric Stuart Schwartz, Mr. Bobby Parikh and Mr. Ravi Narain were appointed as Additional Non-Executive Independent Directors with effect from March 5, 2015 and Mr. D. Sivanandhan had been appointed as an Additional Non-Executive Independent Director with effect from March 17, 2015. The Members of the Company at the Extraordinary General Meeting held on March 28, 2015 had approved appointment of Mr. Eric Stuart Schwartz, Mr. Bobby Parikh, Mr. Ravi Narain and Mr. D Sivanandhan as Non-Executive Independent Director(s) for a period of 5 years from their date of appointment.

Subsequent to the year under review, Mr. L. Brooks Entwistle was appointed as an Additional Non-Executive Director with effect from April 23, 2015. In terms of Section 160 of the Companies Act, 2013 and the Article of Association of the Company, Mr. L. Brooks Entwistle holds office upto the ensuing Annual General Meeting and is eligible to be appointed as Non-Executive Director. Notice in terms of Section 160 of the Companies Act, 2013 along with the requisite deposit have been received from a Member of the Company, proposing the candidature of Mr. L. Brooks Entwistle as Non-Executive Director on the Board of the Company.

Director(s) Retiring by Rotation:

In terms of the Articles of Association of the Company, Mr. Alok Oberoi, Mr. Vimal Bhandari and Mr. Shailesh Shirali, Directors, being longest in office retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

Director(s) Disclosures:

Based on the declarations and confirmations received in terms of provisions of the Companies Act, 2013, circular(s)/ notification(s)/direction(s) issued by the RBI and other applicable laws, none of your Directors on the Board of the Company are disqualified for appointment as Directors.

Your Company has received declarations from the Independent Director(s), affirming compliance with the criteria of independence as laid under the provisions of Section 149(6) of the Companies Act, 2013.

Appointment of Key Managerial Personnel:

During the year under review, in terms of Sections 203 of the Companies Act, 2013, the following officials of your Company were designated as Key Managerial Personnel of the Company.

1.	Mr. Vimal Bhandari	- Managing Director and CEO
2.	Mr. Shailesh Shirali	- Whole-Time Director
3.	Mr. Pankaj Thapar	- Chief Financial Officer
4.	Mr. Jitendra Bhati	- Company Secretary

RBI Guidelines

Your Company continues to fulfill and comply with all circular(s), notification(s), direction(s) and guideline(s) of the RBI, as are applicable to it as a Systemically Important Non-Deposit Accepting or Holding Non-Banking Financial Company.

In terms of the RBI Master Circular No. 15/2014-15 dated July 1, 2014 on Foreign Investment in India, your Company has obtained a certificate from its Statutory Auditors, certifying that the Company has complied with the terms and conditions relating to foreign direct investment in India as prescribed in the said Master Circular.

Particulars of Deposits

Your Company being a 'Non-Deposit Accepting or Holding Non-Banking Financial Company' the provisions of Section 73 and Section 74 read with Rule 8(5) (v) & (vi) of the Companies (Accounts) Rules, 2014, are not applicable to the Company. During the year under review, your Company has not accepted or held any deposits from the public and shall not accept any deposits from the public without obtaining prior approval of the RBI.

Resources and Liquidity

Your Company has diversified funding sources including public sector banks, private sector banks, mutual funds and financial institutions. Funds were raised in line with Company's Resource Planning Policy FY 2014-15, primarily through term loans, issue of secured redeemable non-convertible debentures and commercial paper.

During the year under review, the Company has raised (i) ₹ 830 Crore from bank borrowings (outstanding as on March 31, 2015: ₹ 1,541.06 Crore), (ii) ₹ 775 Crore by issuances of commercial paper (outstanding as on March 31, 2015: ₹ 350 Crore) and a further ₹ 284 Crore through issuance of listed, secured, rated, redeemable, non-convertible debentures (NCDs) on private placement basis, to banks, mutual funds and others (outstanding as on March 31, 2015: ₹ 684 Crore).

The NCDs issued by the Company are listed on the BSE Limited, the applicable disclosures as stipulated under the Listing Agreement for Debt Securities executed with the BSE Limited, as on March 31, 2015 are given at Annexure I.

Debt Equity Ratio

Your Company's Debt: Equity ratio as on March 31, 2015 stands at 2:1.

Capital Adequacy Ratio

The Capital to Risk Assets Ratio (CRAR) of your Company as on March 31, 2015 stood at 32.64%, which is well above the limit of 15% as prescribed by the RBI for NBFCs.

Net Owned Funds

The Net Owned Funds of your Company as on March 31, 2015 stood at ₹ 1,260.50 Crore, a 11.81% increase over the previous year.

Credit Rating(s)

a) Short Term Debt Programme

During the year under review, the limit of the Short Term Debt Programme of the Company was enhanced from ₹ 300 Crore to ₹ 500 Crore. Credit Analysis & Research Limited (CARE), ICRA Limited (ICRA) and CRISIL Limited (CRISIL) reaffirmed the ratings "CARE A1+" (pronounced "CARE A One Plus"), "ICRA A1+" (pronounced "ICRA A One Plus") and "CRISIL A1+" (pronounced "CRISIL A One Plus"), respectively, with respect to the Short Term Debt Programme of the Company, including the amount enhanced during the year under review.

The ratings as mentioned above indicate that the instruments have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk.

b) Long Term Debt Programme

During the year under review, the limit of the Long Term Debt Programme of the Company was enhanced from ₹ 2,450 Crore to ₹ 3,000 Crore. Credit Analysis & Research Limited (CARE) has reaffirmed the rating "CARE AA-" (pronounced "CARE Double A Minus") with respect to the Long Term Debt Programme of the Company, including the amount enhanced during the year under review.

Subsequent to the year under review, India Ratings and Research (Fitch Group) assigned the rating "IND AA-" with

stable outlook (pronounced “IND Double A Minus / Stable) with respect to the Long Term Debt Programme of the Company for the limit of ₹ 3,000 Crore.

The ratings as mentioned above indicate that the instruments have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

The Company’s financial discipline and prudence, despite the relatively few years since start of operations, is reflected in the strong credit ratings ascribed by rating agencies, summarised below:

Instrument	Amount (₹ in Crore)	Rating Agency	Rating
Long Term Debt	3,000	CARE Limited	“CARE AA-”
		India Ratings and Research (Fitch Group)	“IND AA-/Stable”
Short Term Debt	500	CARE Limited	“CARE A1+”
		ICRA Limited	“ICRA A1+”
		CRISIL	“CRISIL A1+”

Auditors

Statutory Auditors & their Report

S R Batliboi & Co. LLP, Chartered Accountants, having Firm Registration No. 301003E, were appointed as the Statutory Auditors of your Company at the Fifth Annual General Meeting held on September 5, 2014 from the conclusion of the said Annual General Meeting to hold office till the ensuing Annual General Meeting of the Company.

S R Batliboi & Co. LLP, Chartered Accountants, being eligible for appointment have consented and confirmed that their appointment, if made, shall be in compliance with the terms of Section 139 read with Section 141 of the Companies Act, 2013 and Rule 3 read with Rule 10 of Companies (Audit and Auditors) Rules, 2014 of the Companies Act, 2013.

Your Directors recommend the appointment of S R Batliboi & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company to hold office for a period of five years i.e. from the conclusion of the Sixth Annual General Meeting of the Company till the conclusion of the Eleventh Annual General Meeting of the Company, subject to ratification by Members at every Annual General Meeting.

In their report on the Annual Audited Financial Statements including Consolidated Financial Statements of your Company prepared for the Financial Year ended March 31, 2015, S R Batliboi & Co. LLP, Statutory Auditors, have not submitted any qualifications, reservations or adverse remarks or disclaimers.

For the year under review, the Statutory Auditors have not reported any incident of fraud to the Audit Committee.

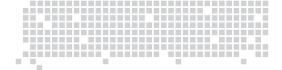
Internal Auditors & their Report

In terms of Section 138 of the Companies Act, 2013 and other applicable laws, KPMG had been appointed as Internal Auditors of the Company for the Financial Year 2014 -15.

In their report(s) on the Internal Audit of your Company, KPMG, Internal Auditors, have not submitted any material qualifications, reservations or adverse remarks or disclaimers.

Secretarial Auditors & their Report

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M Siroya and Company, Practising Company Secretary, to undertake the Secretarial Audit of the Company for the Financial Year ended March 31, 2015. The Report of the Secretarial Auditors in prescribed Form MR-3 is given at Annexure II to this Director’s Report.



In their report(s) on the Secretarial Audit of your Company, M Siroya and Company, Secretarial Auditors, have not submitted any qualifications, reservations or adverse remarks or disclaimers.

Corporate Governance

Your Company is committed to adopt the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set by the concerned regulator(s) and applicable laws.

The Corporate Governance Report for the Company is annexed to and forms an integral part of this Director's Report.

The Board of Directors

The composition of the Board of Directors of your Company is in compliance with the circular(s), notification(s), direction(s) and guideline(s) of the RBI, the applicable provisions of the Companies Act, 2013 and other applicable laws inter-alia with respect to women director, non-executive director and non-executive independent directors. The detailed composition of the Board of Directors has been provided in the Corporate Governance Report annexed to this Director's Report.

Committees of the Board

During the year under review, your Directors constituted a Corporate Social Responsibility Committee in terms of Section 135 of the Companies Act, 2013 and an Internal Complaints Committee in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Subsequent to the year under review, your Directors re-constituted some of its Committees to be in compliance with the provisions of the Companies Act, 2013, circular(s), notification(s), direction(s) and guideline(s) of the RBI and other applicable laws. The composition of Committees, number of meetings held, roles, powers and responsibilities of the Committees has been provided in the Corporate Governance Report annexed to this Director's Report.

Meetings

Details with respect to the meetings of the Board of Directors and Committee(s) held during the year have been provided in the Corporate Governance Report annexed to this Director's Report.

Evaluation of the Board's Performance

A statement indicating the manner in which formal evaluation has been made by the Board of its own performance and that of its Committees and individual Directors is provided in the Corporate Governance Report annexed to this Director's Report.

A separate meeting of only the Independent Directors was held during the year under review.

The performances of the individual Directors of the Board, its Committees and the Board as a whole was evaluated by the Nomination and Remuneration Committee and the Board of Directors.

Audit Committee

In terms of Section 177 of the Companies Act, 2013 and other applicable laws, your Directors has constituted an Audit Committee consisting of well qualified Directors.

The composition, number of meetings held and roles, powers and responsibilities of the Audit Committee has been provided in the Corporate Governance Report annexed to this Director's Report.

The Board of Directors has accepted and implemented the recommendations of Audit Committee, whenever provided by it.

Policy on Appointment of Directors & Senior Management Personnel

In terms of Section 178 of the Companies Act, 2013 read with rules framed thereunder and Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, as amended, your Directors has adopted a Policy on Selection Criteria/“Fit & Proper” Person Criteria for appointment of Directors and Senior Management Personnel of the Company.

The details of Policy on Selection Criteria/“Fit & Proper” Person Criteria has been provided in the Corporate Governance Report annexed to this Director’s Report.

The Remuneration Policy, Disclosure of Remuneration & Particulars of Employees

In terms of Section 178 of the Companies Act, 2013, your Directors, on the recommendation of the Nomination and Remuneration Committee adopted the Remuneration Policy of the Company relating to the remuneration of the Executive Directors, Non-Executive Directors, Senior Management Personnel and other Employees of the Company.

The details of the Remuneration Policy has been provided in the Corporate Governance Report annexed to this Director’s Report.

In terms of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, Key Managerial Personnel and the Employees of the Company has been provided at Annexure III to this Director’s Report.

In terms of Section 197 of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the statement relating to particulars of employees of the Company is available for inspection by the Members at the Registered Office of the Company during business hours on working days. If any Member is interested in obtaining a copy, you may write to the Company Secretary in this regard.

Your Directors hereby confirm that the remuneration paid to the Directors is as per the Remuneration Policy of the Company.

Risk Management and Internal Control Adequacy

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business of the Company. Major risks identified by the businesses and functions, if any, are systematically addressed through mitigating actions on a continuing basis. Your Company has put in place a Board approved “Risk Framework and Policy” for risk management and it is reviewed by the Board on annual basis.

The Risk Management Committee of the Board of Directors of the Company has not identified any elements of risk which in their opinion may threaten the existence of the Company and the Company’s internal controls systems are commensurate with the nature of its business, size and complexity of its operations.

The details of the Risk Framework and Policy has been provided in the Corporate Governance Report annexed to this Director’s Report.

Internal Control / Internal Financial Control Systems and Their Adequacy

To the best of our knowledge and belief and according to the information and explanations obtained by us, and relying on the Reports of Internal Auditors and Statutory Auditors of the Company for the Financial Year 2014-15, your 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 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 controls 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, credit appraisal and credit approval in accordance with approved processes / levels.

Whistle Blower Policy / Vigil Mechanism

In terms of Section 177(9) and (10) of the Companies Act, 2013, your Company has established and put in place a Board approved 'Whistle Blower Policy/Vigil Mechanism' to provide a mechanism to anyone connected with the Company to approach the Audit Committee of the Company and disclose unethical and improper practices or any other wrongful conduct in the Company and to prevent managerial personnel from taking any adverse personal action against such person(s) for reporting such matters.

The details of the Whistle Blower Policy/Vigil Mechanism have been provided in the Corporate Governance Report annexed to this Director's Report.

Corporate Social Responsibility

In terms of Section 135 of the Companies Act, 2013, your Directors constituted a Corporate Social Responsibility (CSR) Committee and in light of the Company's philosophy of being a responsible corporate citizen, your Company has adopted a CSR Policy which lays down the principles and mechanism for undertaking various programs in accordance with the provisions of the Companies Act, 2013.

The details of the CSR Policy have been provided in the Corporate Governance Report annexed to this Director's Report.

The disclosures in terms of Section 135 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 with respect to CSR activities of the Company has been provided at Annexure IV to this Director's Report.

Contracts / Arrangements With Related Parties and Policy on Related Party Transactions

In terms of the provisions of the Companies Act, 2013 and the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, your Company has put in place a Board approved Related Party Transaction Policy for purpose of proper approval and reporting of transactions with related parties.

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 Companies Act, 2013 and all other transactions with related parties were in compliance with the Related Party Transactions Policy of the Company. There were no transactions with related parties which could be considered to be material in accordance with the Related Party Transactions Policy of the Company. Accordingly, the disclosure of Related Party Transactions in terms of Section 134(3)(h) of the Companies Act, 2013 in Form AOC – 2 is not applicable to the Company.

The details of the Related Party Transactions Policy have been provided in the Corporate Governance Report annexed to this Director's Report.

Particulars of Loans, Guarantees or Investments

During the year under review, your Company has not made any investments in terms of Section 186(1) of the Companies Act, 2013.

The provisions relating to loans, guarantees or investments made by the Company in terms of Sub-Section 2 to Sub-Section 13 of Section 186 of the Companies Act, 2013, are not applicable to the Company.

Extract of Annual Return

In terms of Section 134(3)(a) and Section 92(3) read with the Companies (Management and Administration) Rules, 2014 of the Companies Act, 2013, the extract of Annual Return as at Financial Year ended March 31, 2015 in the prescribed Form MGT-9 has been provided at Annexure V to this Director's Report.

Employee Stock Option Scheme

Pursuant to the resolution passed by the Members at the Annual General Meeting held on July 30, 2012, the Company had introduced IndoStar ESOP Plan 2012 (ESOP 2012) to enable the employees of the Company to participate in the future growth and financial success of the Company. Out of 3,03,000 Options outstanding at the beginning of the Financial Year 2014-15, 45,000 Options lapsed on account of cancellations. Additionally, during the year under review, 6,66,000 Options were granted to eligible employees under the ESOP 2012. Accordingly, 9,24,000 Options remain outstanding as of March 31, 2015.

In terms of Section 62 read with rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 of the Companies Act, 2013, the disclosures for the Financial Year ended March 31, 2015 has been provided at Annexure VI to this Director's Report.

Disclosures Under Sexual Harassment of Women At Workplace (Prevention, Prohibition & Redressal) Act 2013

In terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act 2013, your Directors constituted an Internal Complaints Committee and adopted a Care and Dignity Policy.

During the year under review, no complaints related to sexual harassment have been received by the Internal Complaints Committee.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

In terms of Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, the particulars relating to conservation of energy & technology absorption are not applicable to the Company.

During the year under review foreign currency expenditure amounting to ₹ 0.07 Crore (Previous Year: ₹ 0.03 Crore). Your Company did not have any foreign exchange earnings.

Significant and Material Orders Passed by the Regulators or Courts or Tribunals

No orders have been passed against your Company by any regulator(s) or courts or tribunals 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 Companies Act, 2013, your Directors hereby confirm that:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) 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 March 31, 2015 and of the profit and loss of the Company for that period;



- c) have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) have prepared the annual accounts on a going concern basis;
- e) have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) have devised proper checks and controls to ensure compliance with the provisions of all applicable laws and that were adequate and operating effectively.

Acknowledgement

Your Directors take this opportunity to express their appreciation to all stakeholders of the Company including the Reserve Bank of India, the Ministry of Corporate Affairs, the Securities and Exchange Board of India, the Government of India and other Regulatory Authorities, Members, Customers and Employees of the Company for their continued support and trust. Your Directors would like to express deep appreciation for the commitment shown by the employees in supporting the Company in achieving continued robust performance on all fronts.

By the Order of the Board of Directors
For IndoStar Capital Finance Limited

Place: Mumbai
Date: July 31, 2015

Vimal Bhandari	Dhanpal Jhaveri
Managing Director & CEO	Director
DIN: 00001318	DIN: 02018124

Annexure I

Disclosures pursuant to Clause 28 of the Listing Agreement for Debt Securities entered with the BSE Limited, as on March 31, 2015.

A. With respect to Parent and Subsidiary Companies

Sr. No.	In the books of an Issuer who is a	Disclosures of amounts at the year end and the maximum amount of loans/ advances/investments outstanding during the year	Details
1	Parent:	■ Loans and advances in the nature of loans to subsidiaries by name and amount	N.A.
		■ Loans and advances in the nature of loans to associates by name and amount	N.A.
		Loans and advances in the nature of loans where there is –	N.A.
		■ no repayment schedule or repayment beyond seven years; or	N.A.
		■ no interest or interest below section 372A of Companies Act by name and amount	N.A.
		■ Loans and advances in the nature of loans to firms / companies in which directors are interested by name and amount	N.A.
2	Subsidiary:	■ Loans and advances in the nature of loans to parent company and amount	N.A.
		■ Loans and advances in the nature of loans to associates by name and amount	N.A.
		Loans and advances in the nature of loans where there is –	N.A.
		■ no repayment schedule or repayment beyond seven years; or	N.A.
		■ no interest or interest below Section 372A of Companies Act by name and amount	N.A.
		■ Loans and advances in the nature of loans to firms / companies in which directors are interested by name and amount	N.A.
3	Parent:	Investment by the loanee (borrower) in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan	N.A.

B. Cash Flow Statement:

The Cash flow statement, along with the Balance Sheet and Profit and Loss Account, which are prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) issued by the Institute of Chartered Accountants of India forms part of this Annual Report.

Annexure II

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
IndoStar Capital Finance Limited
Room # 6, 4th Floor, Commerce House,
2A, Ganesh Chandra Avenue, West Bengal,
Kolkata - 700013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IndoStar Capital Finance Limited (hereinafter called the “Company”) for the audit period covering the Financial Year ended on 31 March 2015. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31 March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March, 2015 according to the relevant and applicable provisions of:

- (i) The Companies Act, 1956 (the Old Act) and the rules made thereunder;
- (ii) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (iii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (v) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment in India;
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (b) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;
- (vii) Based on the representations made by the Company and its officers, the Company has adequate system and process in place for compliance under the other applicable Laws, Acts, Rules, Regulations, Notifications, Circulars, Guidelines and Standards including the following:
 - (a) The Reserve Bank of India Act, 1934, as applicable to Non-Banking Financial Companies;
 - (b) Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007;
 - (c) Systemically Important Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015; and
 - (d) Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India from time to time in respect of Systemically Important Non-Deposit Accepting Non-Banking Financial Company’s compliance.

Annexure II

Major heads/groups of 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 contractual 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) Land Revenue laws of respective states;
- (v) Labour Welfare Acts of respective states; and
- (vi) Such other Local laws as applicable to the Company and its offices / branches.

We have also examined compliance with the applicable clauses of the following:

- (i) The Listing Agreement for Debt Securities entered into by the Company with the BSE Limited.

The Institute of Company Secretaries of India has not prescribed any Secretarial Standards which are mandatory for the year 2014-15.

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

During the period under review, inter-alia, the provisions of the following regulations were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (v) 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;
- (vi) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (vii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

Adequate notice is given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions were carried through at the meetings of the Board of Directors of the Company. There were no dissenting views by any Member of the Board of Directors during the period under review.

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, acts, rules, regulations, circulars, notifications, directions and guidelines.

Annexure II

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, etc. referred to above:

- (i) The Company was converted from Private Limited to Public Limited on May 28, 2014 vide Fresh Certificate of Incorporation issued by the Registrar of Companies, Kolkata, West Bengal;
- (ii) The Members in their Extraordinary General Meeting held on April 30, 2014 approved raising of funds by issue of Non-Convertible Debentures for an amount upto ₹ 1,050 Crore and Commercial Papers for an amount upto ₹ 300 Crore, on a private placement basis in a year;
- (iii) During the year, the Company had issued 2840 Non-Convertible Debentures of ₹ 10 Lakh each in 3 tranches aggregating to ₹ 284 Crore;
- (iv) During the year, the Company had redeemed 500 Secured Non-Convertible Debentures of ₹ 10 Lakh each aggregating to ₹ 50 Crore; and
- (v) The Members at their Extraordinary General Meeting held on February 16, 2015 approved the shifting of the registered office of the Company from Kolkata, State of West Bengal to Mumbai, State of Maharashtra, subject to requisite approvals.

For M Siroya and Company

Company Secretaries

Mukesh Siroya

Proprietor

FCS No.: 5682

CP No.: 4157

Place : Mumbai

Date: May 15, 2015

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Annexure II

'Annexure A'

To,
The Members,
IndoStar Capital Finance Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the Corporate and other applicable laws, acts, rules, circulars, notifications, directions, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M Siroya and Company**
Company Secretaries

Mukesh Siroya
Proprietor
FCS No.: 5682
CP No.: 4157

Place : Mumbai
Date: May 15, 2015

Annexure III

Disclosures in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the Financial Year ended March 31, 2015:

Sr. No.	Requirement	Disclosure	
1.	The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	Name of Director	Ratio
		Mr. Vimal Bhandari	30:1
		Mr. Shailesh Shirali	31.67:1
		Mr. Bobby Parikh*	0.4:1
		Mr. Ravi Narain*	0.4:1
		Mr. Eric Stuart Schwartz*	0.4:1
		Mr. D. Sivanandhan	NA
		Mr. Deepak Shahdadpuri	NA
		Mr. Sameer Sain	NA
		Mr. Alok Oberoi	NA
		Mr. Dhanpal Jhaveri	NA
		Ms. Shweta Bhatia	NA
		Mr. Atul Kapur	NA
		Mr. Rajesh Mehta (resigned with effect from March 5, 2015)	NA
2.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year	Name of Director / CEO / CFO/ CS	Percentage Increase in their remuneration during the Financial Year ended 2015
		Mr. Vimal Bhandari	9.76%
		Mr. Shailesh Shirali	18.75%
		Mr. Bobby Parikh	100%
		Mr. Ravi Narain	NA
		Mr. Eric Stuart Schwartz	100%
		Mr. D. Sivanandhan	NA
		Mr. Deepak Shahdadpuri	NA
		Mr. Sameer Sain	NA
		Mr. Alok Oberoi	NA
		Mr. Dhanpal Jhaveri	NA
		Ms. Shweta Bhatia	NA
		Mr. Atul Kapur	NA
		Mr. Rajesh Mehta (resigned with effect from March 5, 2015)	NA
Mr. Pankaj Thapar (CFO)	31.97%		
Mr. Jitendra Bhati (CS)	53.85%		
3.	The percentage increase in the median remuneration of employees in the financial year	-38.94%	

*Commission paid during the FY 2014-15 for the FY 2013-14

Annexure III

Sr. No.	Requirement	Disclosure	
4.	Number of permanent employees on the rolls of Company at the end of financial year	34	
5.	Explanation on the relationship between average increase in remuneration and Company performance	The average increase in remuneration is -5.84%.	
6.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	For the Financial Year 2014-15, Key Managerial Personnel were paid approx 7.86% of the Net Profit for that year.	
7.	Comparison of the remuneration of each Key Managerial Personnel against the performance of the Company	Name of the Key Managerial Personnel	% of remuneration to the net profit of the Company
		Mr. Vimal Bhandari	3.00%
		Mr. Shailesh Shirali	3.17%
		Mr. Pankaj Thapar	1.40%
		Mr. Jitendra Bhati	0.29%
8.	The variations in the net worth of the company as at the close of the current financial year and previous financial year	Networth of the Company as on March 31, 2014 (in ₹ Crore)	Networth of the Company as on March 31, 2015 (in ₹ Crore)
		1,135.65	1,285.27
9.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year was 18.87% whereas the average percentile increase in the managerial remuneration was 4.52%. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increases this year reflect the market practice.		
10.	The key parameters for any variable component of remuneration availed by the directors	<ul style="list-style-type: none"> ■ Performance of the Company during relevant financial year in terms of turnover, cash profit and net profit; ■ Contribution by particular Director(s); ■ Achievements, critical project(s), performance(s); ■ Remuneration paid in the previous year; ■ Industry standards and other factors as the Board may think appropriate. 	
11.	The ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	NA	
12.	Affirmation that the remuneration is as per the Remuneration Policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.	

Annexure IV

Annual Report on Corporate Social Responsibility

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

In terms of Section 135 read with Rules made thereunder, the Company has adopted a CSR Policy which helps in furtherance of the Company's objective to enhance value creation in the society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate Citizen. The CSR Policy inter-alia includes the following:

- The list of CSR projects or programs which Company can undertake (within the purview of Schedule VII of the Companies Act, 2013);
- Activities which will not be considered as CSR activities;
- The CSR Budget of the Company;
- The implementation process;
- Role and Responsibility of the Board and CSR Committee;
- Monitoring and Reporting framework.

The CSR Policy provides an overview of the projects and programs which are proposed to be undertaken by the Company in the coming years. The CSR Policy is placed on the Company's website <http://www.indostarcapital.com/policies.html>

2. The Composition of the CSR Committee:

Name of the Director	Category	Status
Mr. Ravi Narain	Non-Executive Independent Director	Chairman
Mr. D. Sivanandhan	Non-Executive Independent Director	Member
Mr. L. Brooks Entwistle	Non-Executive Director	Member
Ms. Shweta Bhatia	Non-Executive Director	Member
Mr. Vimal Bhandari	Executive Director	Member

3. Average net profit of the Company for the last three financial years prior to financial year ended March 31, 2015:

₹ 1,19,30,93,025/- (Rupees One Hundred and Nineteen Crore Thirty Lakh Ninety Three Thousand and Twenty Five only) calculated as per Section 198 of the Companies Act, 2013.

4. Prescribed CSR Expenditure (2% of ₹ 1,19,30,93,025/-):

₹ 2,38,61,861/- (Rupees Two Crore Thirty Eight Lakh Sixty One Thousand Eight Hundred and Sixty One only).

5. Details of CSR spent during the financial year:

Particulars	₹ in Crore
a. Total amount to be spent for the financial year	2.39
b. Amount unspent	1.39

Annexure IV

c. Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where the project or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads; (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
1.	Prime Minister's National Relief Fund	Contribution to the Prime Minister's National Relief Fund falling under item (viii) of Schedule VII of the Companies Act, 2013	NA	₹ 1,00,00,000	₹ 1,00,00,000 Direct on project/program	₹ 1,00,00,000	Directly contributed to the Prime Minister's National Relief Fund

6. In case the Company has failed to spend the 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Director's Report:

Financial year ended March 31, 2015 was effectively the first year for the Company for undertaking CSR activities. In view of the nascent stage of the implementation framework of CSR activities, the Company was not able to engage/participate itself in suitable CSR activities in depth and could not spend the entire 2% of the average net profit of the last three financial years.

The Company is in process of identifying the entities/partners/trusts engaged in the CSR activities/areas identified by the Company in its CSR Policy and accordingly engage it in such CSR activities which can deliver the maximum impact to society.

7. Responsibility statement of the CSR Committee that the implementation and monitoring of the CSR Policy, is in compliance with CSR objectives and Policy of the Company:

The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR Objectives and Policy of the Company.

Sd/-

Vimal Bhandari
(Managing Director & CEO)
DIN: 00001318

Sd/-

Ravi Narain
(Chairman – CSR Committee)
DIN: 00062596

Annexure V

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[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	U51909WB2009PLC136998
Registration Date	21 July 2009
Name of the Company	IndoStar Capital Finance Limited
Category/Sub-Category of the Company	Public Company Limited by shares, NBFC
Address of the Registered office and contact details	Room # 6, 4th Floor, Commerce House, 2A, Ganesh Chandra Avenue, West Bengal, Kolkata – 700013 Telephone: 022 43157000; Fax: 022 43157010; Email id: icf.legal@indostarcapital.com
Whether listed company Yes /No	Yes (Non-Convertible Debentures of the Company are listed on the BSE Limited)
Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078 Telephone: 022 25963838 Fax: 022 25946979 Email id: ganesh.jadhav@linkintime.co.in

II. Principal Business Activities of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1.	NBFC 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 3rd Floor, Raffles Tower, Nineteen, Cybercity, Ebene, Mauritius	098649 C1/GBL	Holding Company	87.61	Section 2(46)
2.	IndoStar Asset Advisory Private Limited One Indiabulls Center, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai - 400013	U67100MH2013PTC240676	Subsidiary Company	100	Section 2(87)(ii)

Annexure V

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.	-	-	-	-	-	-	-	-	-
e) Banks/Fl	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	-	-	-	-	-	-	-	-
2) Foreign									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	68035332	-	68035332	87.61	68035332	-	68035332	87.61	-
d) Banks/Fl	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	68035332	-	68035332	87.61	68035332	-	68035332	87.61	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	68035332	-	68035332	87.61	68035332	-	68035332	87.61	-
B. Public shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / Fl	-	-	-	-	-	-	-	-	-
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Flls	-	-	-	-	-	-	-	-	-
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	-	5000	5000	0.01	-	5000	5000	0.01	-
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	580	5860234	5860814	7.54	580	5860234	5860814	7.54	-
c) Other-Trust	-	3757051	3757051	4.84	-	3757051	3757051	4.84	-
Sub-total (B)(2):-	580	9622285	9622865	12.39	580	9622285	9622865	12.39	NA
Total Public Shareholding (B)=(B)(1)+(B)(2)	580	9622285	9622865	12.39	580	9622285	9622865	12.39	NA
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	68035912	9622285	77658197	100	68035912	9622285	77658197	100	-

Annexure V

ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares	% of Shares Pledged / of the encumbered to Company	No. of Shares	% of total Shares	% of Shares Pledged / of the encumbered to Company	
1	Indostar Capital	68035332	87.61	-	68035332	87.61	-	-
	Total	68035332	87.61	-	68035332	87.61	-	-

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	At the beginning of the year	68035332	87.61		
	Date wise Increase/Decrease	-	-	-	-
	At the End of the year	68035332	87.61		

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

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 Trust (through its trustees)	At the beginning of the year	3757051	4.84		
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	3757051	4.84		
Mr. Sandeep Baid	At the beginning of the year	1261513	1.63		
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	1261513	1.63		
Mr. Sanjay Hinduja	At the beginning of the year	723640	0.93		
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	723640	0.93		
Mr. Vivek Agarwall	At the beginning of the year	406000	0.52		
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	406000	0.52		
Mr. Jayant Gunjal	At the beginning of the year	165000	0.21		
	Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	165000	0.21		
Mr. Pankaj Thapar	At the beginning of the year	80000	0.10		
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	80000	0.10		
Mr. Vinod Lund	At the beginning of the year	5000	0.01		
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	5000	0.01		

Annexure V

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. Sailesh Shirali (Whole-Time Director)	At the beginning of the year	2307692	2.97		
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	2307692	2.97		
Mr. Vimal Bhandari (Managing Director & CEO)	At the beginning of the year	916969	1.18		
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	916969	1.18		
Mr. Pankaj Thapar (Chief Financial Officer)	At the beginning of the year	80000	0.10		
	Date wise Increase/Decrease in Shareholding during the year	-	-	-	-
	At the end of the year	80000	0.10		

Note: Mr. Sameer Sain, Mr. Atul Kapur, Mr. Dhanpal Jhaveri, Mr. Alok Oberoi, Ms. Shweta Bhatia, Mr. Deepak Shahdedpuri, Mr. Eric Stuart Schwartz, Mr. Ram Narain, Mr. Bobby Parikh and Mr. D. Sivanandhan, Directors of the Company and Mr. Jitendra Bhati, Company Secretary, did not hold any shares at the beginning and at the end of the year.

V. Indebtedness

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

(Amount in ₹)

	Secured Loans Excluding deposits	Unsecured Loans *	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	17,31,34,36,631	1,75,00,00,000	-	19,06,34,36,631
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	39,25,68,849	-	-	39,25,68,849
Total (i+ii+iii)	17,70,60,05,480	1,75,00,00,000	-	19,45,60,05,480
Change in Indebtedness during the financial year				
■ Addition	12,13,31,74,690	7,75,00,00,000	-	19,88,31,74,690
■ Reduction	7,14,79,54,798	6,00,00,00,000	-	13,14,79,54,798
Net Change	4,98,52,19,892	1,75,00,00,000	-	6,73,52,19,892
Indebtedness at the end of the financial year				
i) Principal Amount	22,29,86,56,522	3,50,00,00,000	-	25,79,86,56,522
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	57,79,73,508	-	-	57,79,73,508
Total (i+ii+iii)	22,87,66,30,030	3,50,00,00,000	-	26,37,66,30,030

* include Commercial Papers

Annexure V

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration paid to Managing Director and Whole-time Director:

Sr. No.	Particulars of Remuneration	Name of MD / WTD		Total Amount
		Mr. Vimal Bhandari (MD and CEO)	Mr. Shailesh Shirali (WTD)	
		(Amount in ₹)		
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,39,39,375	4,66,49,499	9,05,88,874
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	13,85,112	-	13,85,112
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	3,00,000	50,000	3,50,000
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others, please specify			
	Total (A)	4,53,24,487	4,66,49,499	9,19,73,986
	Ceiling as per the Act	(Being 10% of the net profits of the Company as calculated under Section 198 of the Companies Act, 2013 - ₹ 22,60,87,721.30 as on Financial Year ended March 31, 2015)		

B. Remuneration to other Directors:

Independent Directors							
Particulars of Remuneration	Name of Directors				Total Amount		
	Mr. Bobby Parikh	Mr. Ravi Narain	Mr. Eric Schwartz	Mr. D. Sivanandhan @			
Fee for attending board/ committee meetings	5,45,000	3,50,000	1,00,000	25,000	10,20,000		
Commission#	6,00,000	6,00,000	6,00,000	-	18,00,000		
Others, please specify	-	-	-	-	-		
Total (1)	11,45,000	9,50,000	7,00,000	25,000	28,20,000		
Other Non-Executive Directors							
Particulars of Remuneration	Name of Directors						
	Mr. Sameer Sain	Mr. Atul Kapur	Mr. Alok Oberoi	Mr. Dhanpal Jhaveri	Ms. Shweta Bhatia	Mr. Deepak Shahdarpuri	Mr. Rajesh Mehta*
Fee for attending board/ committee meetings	-	-	-	-	-	-	-
Commission	-	-	-	-	-	-	-
Others, please specify	-	-	-	-	-	-	-
Total (2)	-	-	-	-	-	-	-
Total (B)=(1+2)						28,20,000	
Ceiling as per the Act	(Being 1% of the net profits of the Company as calculated under Section 198 of the Companies Act, 2013 - ₹ 2,26,08,772.13 as on Financial Year ended March 31, 2015)						
Total Managerial Remuneration (A+B)						9,47,93,986	
Overall Ceiling as per the Act	(Being 11% of the net profits of the Company as calculated under Section 198 of the Companies Act, 2013 - ₹ 24,86,96,493.43 as on Financial Year ended March 31, 2015)						

Commission paid during the Financial Year 2014-15 for the Financial Year 2013-14

* Mr. Rajesh Mehta resigned as Non-Executive Director of the Company with effect from March 05, 2015

@Mr. D. Sivanandhan was appointed as Director of the Company with effect from March 17, 2015

Annexure V

C. Remuneration to Key Managerial Personnel other than MD / WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Pankaj Thapar (CFO)	Mr. Jitendra Bhati (CS)	
1	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,04,59,708	42,96,140	2,47,55,848
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	1,50,000	5,000	1,55,000
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify	-	-	-
5	Others, please specify	-	-	-
	Total	2,04,59,708	42,96,140	2,47,55,848

VII. Penalties / Punishment / Compounding of Offences:

Type	Section of the Companies Act	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					

Annexure VI

Disclosures under the IndoStar ESOP Plan 2012 pursuant to the provisions of Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 as on Financial Year ended March 31, 2015:

Particulars	Disclosures as per the IndoStar ESOP Plan 2012
Number of options granted	9,99,000
Number of options vested	27,300
Number of options exercised	-
Total number of shares arising as a result of exercise of options	-
Number of options lapsed / cancelled	75,000
Exercise Price of the options exercised	As per IndoStar ESOP Plan 2012
Variation of terms of options	Nil
Money realised by the exercise of options	Nil
Total number of options in force	9,24,000

■ Details of options granted to Key Managerial Personnel under the IndoStar ESOP Plan 2012:

Sr. No.	Name of the Key Managerial Personnel	Designation	options granted
1	Mr. Vimal Bhandari	Managing Director and CEO	3,76,000
2	Mr. Shailesh Shirali	Whole - Time Director	50,000
3	Mr. Pankaj Thapar	Chief Financial Officer	1,92,000
4	Mr. Jitendra Bhati	Company Secretary	5,000

■ Details of employees including director(s) who have received a grant of options in any one year, of option amounting to five percent or more of options granted during that year:

Sr. No.	Name of Employee	Number of options granted
Financial Year 2012-13 (Total options granted – 3,23,000)		
1	Mr. Jayant Gunjal	22,000
2	Mr. Pankaj Thapar	42,000
3	Mr. Rohit Talwalkar	22,000
4	Mr. Vimal Bhandari	76,000
5	Mr. Vinod Lund	22,000
6	Mr. Deepak Bakliwal	50,000
7	Mr. Nishant Kotak	50,000
Financial Year 2013-14 (Total options granted – 10,000)		
1	Mr. Ravi Narain	10,000
Financial Year 2014-15 (Total options granted – 6,66,000)		
1	Mr. Vimal Bhandari	3,00,000
2	Mr. Pankaj Thapar	1,50,000
3	Mr. Shailesh Shirali	50,000

■ Details of employees including director(s) who were granted options, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:

No employee was granted options equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) during any one year, at the time of grant.

Report on Corporate Governance

Corporate Governance Philosophy

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

Board Composition

Your Company's Board has a primary role of trusteeship to protect and enhance stakeholder value through strategic supervision. The Board provides direction and exercises appropriate controls. The Corporate Governance principles of your Company have been formulated to ensure that the Board remains informed, independent and participates actively in the affairs of your Company.

In addition to the basic governance practices, the Board of your Company lays strong emphasis on transparency, accountability and integrity. Your Company also strives to enhance stakeholders' value by taking measures to continuously improve Corporate Governance Standards.

The Board has an optimal combination of Independent Directors, Executive Directors and Non-Executive Directors. In terms of the provisions of Section 149 of the Companies Act, 2013, the Board comprises of 1 (one) Woman Director and 1/3 (one-third) Independent Directors.

At present, the Board of the Company comprises of 12 (twelve) Directors of whom 4 (four) are Non-Executive Independent Directors, 6 (six) are Non-Executive Directors representing shareholders, 1 (one) Managing Director and 1 (one) Whole-Time Director.

Composition of the Board of the Company:

Name of the Director	Category
Mr. Sameer Sain	Non-Executive Director
Mr. L. Brooks Entwistle	Non-Executive Director
Mr. Dhanpal Jhaveri	Non-Executive Director
Mr. Alok Oberoi	Non-Executive Director
Ms. Shweta Bhatia	Non-Executive Director
Mr. Deepak Shahdadpuri	Non-Executive Director
Mr. Eric Stuart Schwartz	Non-Executive Independent Director
Mr. Ravi Narain	Non-Executive Independent Director
Mr. Bobby Parikh	Non-Executive Independent Director
Mr. D. Sivanandhan	Non-Executive Independent Director
Mr. Vimal Bhandari	Managing Director & CEO
Mr. Shailesh Shirali	Whole-Time Director

Board Meetings

The schedule of the Board/Committee meetings to be held in a Financial Year is circulated in advance to enable the Directors/Committee Members to plan their schedule in order to ensure highest participation at the meetings. Directors are given an option of attending Board/Committee Meetings through video conferencing in order to ensure effective decision making through increased participation by all the Directors. The agenda and notes on agenda are circulated to the Directors well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting.

During the year under review, 5 (five) meetings of the Board were conveyed and held on April 11, 2014, May 22, 2014, August 7, 2014, November 12, 2014 and March 5, 2015. These meetings were held in a manner that not more than one hundred and twenty days intervened between two consecutive meetings.

Independent Directors Meeting

In terms of Schedule IV of the Companies Act, 2013, a Meeting of the Non-Executive Independent Directors of the Company was held on March 26, 2015 without attendance of the Non-Independent Directors and members of the Management of the Company.

At their meeting, the Independent Directors reviewed and assessed the performance of Non-Independent Directors and the Board as whole. The Independent Directors also reviewed the quality, quantity, content and timeliness of the flow of information between the Management and the Board and its Committees which was necessary to perform their duties effectively.

Board Committees

In terms of the applicable circular(s), notification(s) and direction(s) issued by the Reserve Bank of India (the RBI Regulations), the applicable provisions of the Companies Act, 2013 and the Company's internal corporate governance requirements, the Board of Directors has constituted the following committees and the role of each committee has been broadly defined for effective business operations and governance of the Company.

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

Credit Committee

Subsequent to the year under review, the Board reconstituted the Committee and revised the terms of reference of the Committee considering the change in the composition of the Board, in terms of the requirements of the internal functioning of the Company and with a view to align the same with the RBI Regulations.

The terms of reference of the Committee inter-alia includes: the deployment of all capital/resources of the Company, approving credit proposals in accordance with risk policy approved by the Risk Management Committee of the Company, formulate, recommend, review, alter and implement the various policies adopted by the Company with respect to the Committee.

During the year under review, the Committee met 4 (four) times on May 22, 2014, August 07, 2014, November 12, 2014 and March 5, 2015.

Composition of the Credit Committee:

Name of the Director	Category	Status
Mr. Sameer Sain	Non-Executive Director	Chairman
Mr. L. Brooks Entwistle	Non-Executive Director	Member
Mr. Dhanpal Jhaveri	Non-Executive Director	Member
Ms. Shweta Bhatia	Non-Executive Director	Member
Mr. Deepak Shahdarpuri	Non-Executive Director	Observer
Mr. Eric Stuart Schwartz	Non-Executive Independent Director	Observer

Audit Committee

Subsequent to the year under review, the Board reconstituted the Committee and revised the terms of reference of the Committee considering the change in the composition of the Board and with a view to align the same with the requirements of the Companies Act, 2013 and the RBI Regulations.

The terms of reference of the Committee inter-alia includes: dealing with all material questions concerning the auditing and accounting policies of the Company and its subsidiary(s) and their financial controls and systems, review and ensure correctness, sufficiency and credibility of Financial Statements, recommend appointment/re-appointment/removal of Statutory and Internal Auditors, overseeing the Whistle Blower Policy/Vigil Mechanism, monitoring

transactions with Related Parties, reviewing monitoring and evaluating the internal control system including internal financial controls and risk management system etc. or any other function as may be determined by the Board.

During the year under review, the Committee met on May 22, 2014 and November 12, 2014.

Composition of the Audit Committee:

Name of the Director	Category	Status
Mr. Bobby Parikh	Non-Executive Independent Director	Chairman
Mr. Ravi Narain	Non-Executive Independent Director	Member
Mr. D. Sivanandhan	Non-Executive Independent Director	Member
Mr. Dhanpal Jhaveri	Non-Executive Director	Member
Ms. Shweta Bhatia	Non-Executive Director	Member

In terms of Section 177 of the Companies Act, 2013 read with Companies (Meetings of the Board and its Powers) Rules, 2014, the majority of the Audit Committee comprises of Independent Directors.

Asset-Liability Management Committee (ALCO)

Subsequent to the year under review, the Board reconstituted the ALCO and revised the terms of reference of the ALCO considering the change in the composition of the Board and with a view to align the same with the RBI Regulations.

The terms of reference of the ALCO inter-alia includes: monitoring the asset liability composition of the Company's business, determining actions to mitigate risks associated with the asset liability mismatches, reviewing the borrowing programme of the Company, review product pricing and desired maturity profile of assets and liabilities and also the mix of incremental assets & liabilities etc.

During the year under review, the ALCO met 4 (four) times on May 22, 2014, August 07, 2014, November 12, 2014 and March 5, 2015.

Composition of the ALCO:

Name of the Director	Category	Status
Mr. Vimal Bhandari	Executive Director	Chairman
Mr. Dhanpal Jhaveri	Non-Executive Director	Member
Ms. Shweta Bhatia	Non-Executive Director	Member

Risk Management Committee

Subsequent to the year under review, the Board reconstituted the Committee and revised the terms of reference of the Committee considering the change in the composition of the Board and with a view to align the same with the requirements of the Companies Act, 2013 and the RBI Regulations.

The terms of reference of the 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 of / implementation of Risk Management Practices etc.

During the year under review, the Committee met 4 (four) times on May 22, 2014, August 07, 2014, November 12, 2014 and March 5, 2015.

Composition of the Risk Management Committee:

Name of the Director	Category	Status
Mr. L. Brooks Entwistle	Non-Executive Director	Chairman
Ms. Shweta Bhatia	Non-Executive Director	Member
Mr. Alok Oberoi	Non-Executive Director	Member
Mr. Eric Stuart Schwartz	Non-Executive Independent Director	Member
Mr. Bobby Parikh	Non-Executive Independent Director	Member

Nomination & Remuneration Committee

Subsequent to the year under review, the Board re-designated the Compensation and Nomination Committee as 'Nomination and Remuneration Committee', reconstituted the Committee and revised the terms of reference of the Committee considering the change in the composition of the Board and with a view to align the same with the requirements of the Companies Act, 2013 and the RBI Regulations.

The terms of reference of the Committee inter-alia includes: deciding on specific remuneration packages (including pension rights and compensation payments) of the Executive Directors, Non-Executive Directors (including Independent Directors), Senior Level Employees, formulating criteria for determining qualification, positive attributes, 'fit and proper' criteria and independence of directors and senior management personnel, administering and implementing the Employee Stock Option Scheme(s) etc.

During the year under review, the Committee met once on March 5, 2015.

Composition of the Nomination & Remuneration Committee:

Name of the Director	Category	Status
Mr. Bobby Parikh	Non-Executive Independent Director	Chairman
Mr. Dhanpal Jhaveri	Non-Executive Director	Member
Ms. Shweta Bhatia	Non-Executive Director	Member
Mr. Alok Oberoi	Non-Executive Director	Member
Mr. Eric Stuart Schwartz	Non-Executive Independent Director	Member
Mr. Ravi Narain	Non-Executive Independent Director	Member

In terms of Section 178 of the Companies Act, 2013 read with Companies (Meetings of the Board and its Powers) Rules, 2014, one half of the Committee comprises of Independent Directors.

Corporate Social Responsibility (CSR) Committee

During the year under review, the Board constituted the CSR Committee of the Company in terms of Section 135 of the Companies Act, 2013 and subsequent to the year under review, reconstituted the Committee and revised the terms of reference of the Committee considering the change in the composition of the Board and with a view to align the same with the various requirements of the Companies Act, 2013.

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

During the year under review, the Committee met once on March 5, 2015.

Composition of the CSR Committee:

Name of the Director	Category	Status
Mr. Ravi Narain	Non-Executive Independent Director	Chairman
Mr. L. Brooks Entwistle	Non-Executive Director	Member
Ms. Shweta Bhatia	Non-Executive Director	Member
Mr. D. Sivanandhan	Non-Executive Independent Director	Member
Mr. Vimal Bhandari	Executive Director	Member

Debenture Committee

Subsequent to the year under review, the Board reconstituted the Committee and revised the terms of reference of the Committee considering the change in the composition of the Board and in terms of the requirements of the internal functioning of the Company.

The terms of reference of the Debenture Committee inter-alia includes: determination and approval of all matters relating to the issue of debentures and all other acts and deeds that it deems necessary for the purpose of issue of debentures.

During the year under review, the Committee met 3 (three) times on May 29, 2014, August 22, 2014 and December 12, 2014.

Composition of the Debenture Committee:

Name of the Director	Category	Status
Mr. Dhanpal Jhaveri	Non-Executive Director	Chairman
Ms. Shweta Bhatia	Non-Executive Director	Member
Mr. Vimal Bhandari	Executive Director	Member
Mr. Shailesh Shirali	Executive Director	Member

Other Committees

The Internal Complaints Committee

In terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, during the year under review, the Board constituted the Internal Complaints Committee.

The terms of reference of the Committee inter-alia includes: conducting an inquiry into complaints made by any aggrieved at the workplace and arrive at a conclusion as to whether the allegation against whom the complaint has been filed was proved or not and take necessary actions to resolve the complaints. The Committee monitors the Company's Care and Dignity Policy.

During the year under review, the Committee met once on September 12, 2014 and it was noted that no complaints related to sexual harassment were received by the Committee.

Composition of the Internal Complaints Committee: Ms. Ophelia DeRoze (Presiding Officer), Mr. Pankaj Thapar, Ms. Mamata Pradhan and Ms. Kanti Joshi (External Member from an association committed to the cause of women).

Grievance Redressal Committee

The Grievance Redressal Committee is constituted in terms of the RBI Regulations.

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

During the year under review, the Committee met once on August 7, 2014, and it was noted that no complaints were received from borrowers or clients of the Company.

Composition of the Grievance Redressal Committee: Mr. Vimal Bhandari and Mr. Pankaj Thapar.

Banking Committee

The terms of reference of the Banking Committee, constituted for internal functioning of the Company, inter-alia includes: matters relating to opening, operating, closing, change in signatories or such related matters of bank account(s), demat account(s), broking account(s), trading account(s) and CSGL account(s) of the Company.

During the year under review, the Committee met 4 (four) times on August 11, 2014, November 21, 2014, January 7, 2015 and March 17, 2015.

Composition of the Banking Committee: Mr. Dhanpal Jhaveri, Mr. Vimal Bhandari and Mr. Pankaj Thapar.

Management Committee

The Management Committee is the principal forum for taking operational decisions for the effective functioning of the Company.

The Management Committee meets on multiple occasions as and when required, but normally 2 (two) times a month.

Composition of the Management Committee: Mr. Vimal Bhandari, Mr. Shailesh Shirali and Mr. Pankaj Thapar.

Executive Committee

Subsequent to the year under review, the Executive Committee of the Board was dissolved and discontinued with effect from May 5, 2015.

General Meetings

Annual General Meeting

During the year under review, the Annual General Meeting of the Company for the Financial Year ended March 31, 2014 was held on September 5, 2014. The Members accorded their approval in the requisite manner for the following matters:

- Adoption of Accounts for the Financial Year 2013-14;
- Appointment of S R Batliboi & Co. LLP, Chartered Accountants, as the Statutory Auditors to hold office till the next Annual General Meeting of the Company;
- Re-appointment of Mr. Dhanpal Jhaveri, Director retiring by rotation;
- Re-appointment of Mr. Sameer Sain, Director retiring by rotation;
- Re-appointment of Mr. Deepak Shahdadpuri, Director retiring by rotation;
- Re-appointment of Ms. Shweta Bhatia, Director retiring by rotation; and
- Payment of Commission for Financial Year 2013-14 to Non-Executive Independent Directors of the Company.

Extraordinary General Meeting(s)

During the year under review, 3 (three) Extraordinary General Meeting(s) (EGM) of the Company were held. The Members accorded their approval in the requisite manner for the following matters in the respective EGM:

EGM held on April 30, 2014:

- Change in status of the Company from private limited to public limited company;
- Alteration(s) in Memorandum and Articles of Association;
- Issue of Non-Convertible Debentures on Private Placement Basis upto ₹ 1,050 Crore (Rupees One Thousand Fifty Crore only); and
- Issue of Commercial Papers on Private Placement Basis.

EGM held on February 16, 2015:

- Alteration of Memorandum of Association for shifting the Registered Office of the Company from the State of West Bengal to the State of Maharashtra.

EGM held on March 28, 2015:

- Appointment of Mr. Eric Stuart Schwartz as Independent Director of the Company;
- Appointment of Mr. Bobby Parikh as Independent Director of the Company;
- Appointment of Mr. Ravi Narain as Independent Director of the Company; and
- Appointment of Mr. D. Sivanandhan as Independent Director of the Company.

Policies and Codes

In terms of the RBI Regulations, the applicable provisions of the Companies Act, 2013 and the applicable regulations issued by the Securities and Exchange Board of India, the Board of Directors has adopted several policies/guidelines for the effective governance of the Company which includes the following:

Internal Guidelines on Corporate Governance

In terms of the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015 issued by the Reserve Bank of India and in order to adopt best practices and greater transparency in its operations, the Company has formulated and adopted Internal Guidelines on Corporate Governance.

The Internal Guidelines on Corporate Governance covers governance matters / compliance / actions inter-alia with respect to the Board, the Committees constituted by the Board, subsidiary company(ies), auditors, avoidance of conflict of interest and other Code(s) and Policy(ies) of the Company. The Internal Guidelines on Corporate Governance are available on the website of the Company.

Fair Practices Code

In terms of the Circular(s) on Fair Practices Code issued by the Reserve Bank of India, the Company has adopted a Fair Practices Code for the Company which inter-alia includes matters related to manner for application of loans & their processing, loan appraisal & terms / conditions and disbursement of loans including changes in terms and conditions. The Fair Practices Code is available on the website of the Company.

Investment Policy including policy on demand/call loans

In terms of the requirements of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, including amendments from time-to-time, to have a documented policy for investment and demand / call loans, the Company has adopted an Investment Policy including policy on demand / call loans.

The Investment Policy including policy on demand / call loans inter-alia describes the criteria to classify the investments into current and long term investments, process that the Company will follow to grant demand / call loans, manner of deployment of surplus funds as permissible under the RBI Regulations and other applicable law(s).



Policy on Single / Group Exposure Norms

In terms of the requirements of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, including amendments from time-to-time, to have a documented policy for concentration to a single party or a single group of parties as prescribed by the Reserve Bank of India, the Company has adopted a Policy on Single / Group Exposure Norms.

The Policy on Single / Group Exposure Norms inter-alia intends to align the loan 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 portfolio.

Guidelines on Know Your Customer and Anti Money Laundering Policy

In terms of the Master Circular on Know Your Customer Guidelines – Anti Money Laundering Standards - Prevention of Money Laundering Act, 2002 - obligations of NBFCs in terms of Rules notified thereunder, the Company has adopted a KYC & AML Policy. This policy document incorporates the Reserve Bank of India's approach towards Know Your Customer (KYC), Anti Money Laundering (AML) and Combating of Financing of Terrorism (CFT) related issues.

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

Risk Framework and Policy

In terms of the RBI Regulations the Company's Risk Framework and Policy encompasses the organisation structure, strategies, systems and procedures. It integrates various elements of risk management embodied in the business and administrative aspects of the Company into a unified enterprise-wide policy. The Policy is laid down keeping in view the organisation objectives, business strategy and complexity arising out of the products / services and other activities carried out in pursuit of these objectives and implementation of these strategies. The Risk Framework and Policy is available on the website of the Company.

Interest Rate Policy

In terms of the RBI Regulations the Company determines the pricing of loans in a transparent and open manner. In terms of the requirement of the Reserve Bank of India to have a documented policy for interest rates being charged on loans disbursed by the Company, the circular(s) on Fair Practices Code issued by the Reserve Bank of India and the Fair Practices Code of the Company, the Company has adopted an Interest Rate Policy.

Since the Company focuses on providing credit only to customers meeting its credit standards for varying tenors, the interest rate applicable to each loan account, is assessed on a case to case basis, based on the evaluation of various factors. 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 procedural aspects in that regard. The Interest Rate Policy is available on the website of the Company.

Asset Liability Management Policy (ALCO Policy)

In terms of requirements of the Asset Liability Management (ALM) System for NBFCs – Guidelines issued by the Reserve Bank of India, the Asset Liability Management Committee of the Board has put in place the ALCO Policy.

The ALCO Policy provides a comprehensive and dynamic framework for assessing, measuring, monitoring and managing ALM risks. It also involves altering the asset liability portfolio in a dynamic way in order to manage ALM risks. The Policy also describes the process the Asset Liability Management Committee will use to evaluate the effectiveness of the Company's internal control procedures. The ALCO Policy is available on the website of the Company.

Treasury Policy

The Treasury Policy provides guidelines on how the Company shall productively deploy its surplus funds, pending deployment of funds in business. In terms of the Treasury Policy of the Company the key criteria to be looked at while deploying surplus funds of the Company from a treasury perspective are capital protection, liquidity and returns arranged in the descending order of priority.

Resource Planning Policy

In terms of the requirement of the Circular(s) on Raising Money through Private Placement of Non-Convertible Debentures by Non-Banking Financial Companies issued by the Reserve Bank of India to have a documented Policy with respect to resource planning of the Company for every year, the Company has adopted a Resource Planning Policy for the Financial Year 2015-16.

The Resource Planning Policy of the Company inter-alia promotes discipline in resource planning and raising of funds through private placement of non-convertible debentures, bank borrowings and issuance of commercial paper and also covers the planning horizon and the periodicity of fund raising by the Company.

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

In terms of Section 178 of the Companies Act, 2013 and the Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, as amended issued by the Reserve Bank of India, the Company has 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 appointment of Directors and Senior Management Personnel including Key Managerial Personnel;
- Qualifications for appointment of Directors;
- Positive attributes of Directors;
- Independence of Independent Director(s); and
- “Fit and Proper” person criteria for Directors.

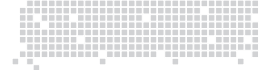
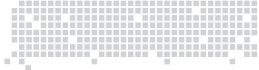
In terms of the Policy on Selection Criteria / “Fit and Proper” Person Criteria, the Nomination and Remuneration Committee is primarily responsible for:

- Guiding the Board in relation to appointment and removal of Director(s), Senior Management Personnel and Key Managerial Personnel of the Company;
- Formulating the criteria for determining the qualifications, positive attributes for appointment of Director(s) and Senior Management Personnel and independence for Independent Director(s);
- Ensuring “Fit and Proper” Person status of proposed / existing Director(s);
- Recommending to the Board, the appointment and removal of Director(s), Senior Management Personnel and Key Managerial Personnel.

Whistle Blower Policy / Vigil Mechanism

In terms of requirements of Section 177 of the Companies Act, 2013 read with Rules made thereunder, the Company has formulated a codified Whistle Blower Policy / Vigil Mechanism in order to encourage anyone connected with the Company, to come forward and express in good faith, genuine concerns about unethical and improper practices or any other wrongful conduct in the Company, without fear of punishment, victimisation or unfair treatment.

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 victimisation of persons who use such mechanism. The Mechanism provides for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. The Whistle Blower Policy / Vigil Mechanism is available on the website of the Company.

**Remuneration Policy**

In terms of the provisions of Section 178 of the Companies Act, 2013 read with Rules made thereunder, the Board has adopted a Remuneration Policy covering remuneration related aspects of the remuneration to be paid to Directors, Key Managerial Personnel and other Employees of the Company.

The Remuneration Policy is adopted to inter-alia ensure that remuneration paid by the Company is in compliance with the requirements of the applicable law(s) in this regard, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

Corporate Social Responsibility (CSR) Policy

In terms of Section 135 read with Rules made thereunder, the Company has adopted a CSR Policy which helps in furtherance of the Company's objective to enhance value creation in society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfillment of its role as a Socially Responsible Corporate Citizen.

The CSR Policy of the Company indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board and CSR Committee in implementing and monitoring CSR projects of the Company. The CSR policy is available on the website of the Company.

Board Performance Evaluation Policy

In terms of the provisions of the Companies Act, 2013, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors. In order to assist the Board to carry out such evaluation process the Board has adopted a Board Performance Evaluation Policy which defines the process to be followed for performance evaluation of the Board, its Committees and Individual Directors.

The manner in which formal annual evaluation of the Board, its Committees and individual Directors is conducted includes:

- The Independent Directors, in their separate meeting, review the performance of Non-Independent Directors and the Board as a whole including the Chairman after taking into account the views of Executive and Non-Executive Directors.
- The Nomination and Remuneration Committee evaluates the performance of the Board and submits its feedback to the Board in that regard. Then the Board as a whole analyses its own performance during the year and suggests changes or improvements, if required.
- The performance of Executive Directors is analysed in light of the Company's Mid-Term Goals and the Annual Business Plan / Strategy which includes the performance objectives / targets for the Executive Directors. The achievements against these performance objectives is reviewed annually by the Board and reflected in the Executive Directors review.
- The Nomination & Remuneration Committee evaluates the performance of various Committee(s) of the Board as against the Scope / Terms of Reference approved for it by the Board. The Nomination & Remuneration Committee submits its feedback to the Board for further discussion and evaluation by the Board.

The criteria to be considered for carrying out performance evaluation of Director(s) would, inter alia include the following:

- Diversity of the of Members of the Board and its Committees;
- Attendance by Directors / Committee Members at Board / Committee meetings;
- Participation, quality of discussions, independent judgment and contribution at meetings of the Board and its Committees, particularly with respect to policy matters and regulatory concerns;
- Understanding of the regulatory framework and environment as relevant to the business, activities and nature of the Company, including quality and adequacy of disclosures made to various stakeholders;
- Comparison of the financial performance of the Company over the years and specifically of the two previous years.

Related Party Transaction Policy

In furtherance of good corporate governance practices and in term of the provisions of the Companies Act, 2013, Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015, issued by the Reserve Bank of India, the Company has adopted a Policy on Related Party Transactions to ensure proper approval and reporting of transactions between the Company and its Related Parties.

The Related Party Transaction Policy inter-alia includes the process and manner of approval of transactions with Related Parties, identification of Related Parties and identification of potential Related Party Transactions. According to 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 interest of the Company and its Members. The Related Party Transaction Policy is available on the website of the Company.

The pecuniary relationship(s) / transaction(s) of Non-Executive Directors vis-à-vis the Company include the following:

Non-Executive Director	Transaction	Amount (₹ in Lakh)
Mr. Dhanpal Jhaveri	Purchase of 1 (one) Non-Convertible Debenture at par, held by the Company	100.44
Mr. Bobby Parikh	Payment of sitting fees for attending Board and its Committee Meeting(s)	5.45
	Payment of commission for the financial year 2013-14	6.00
Mr. Ravi Narain	Payment of sitting fees for attending Board and its Committee Meeting(s)	3.50
	Payment of commission for the financial year 2013-14	6.00
Mr. Eric Stuart Schwartz	Payment of sitting fees for attending Board and its Committee Meeting(s)	1.00
	Payment of commission for the financial year 2013-14	6.00
Mr. D. Sivanandhan	Payment of sitting fees	0.25

Code for Independent Directors

In terms of Section 149 and Schedule IV of the Companies Act, 2013, the Company has adopted a code for Independent Directors in order to ensure fulfillment of responsibilities of Independent Directors of the Company in a professional manner.

The Code for Independent Directors aims to promote confidence of the investment community, particularly minority shareholders, regulators and companies in the institution of independent directors and sets out the guidelines of professional conduct of Independent Directors, their roles, functions and duties, the process of performance evaluation etc.

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

In terms of Section 195 of the Companies Act, 2013 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, considering the nature of business activities of the Company, in order to maintain highest standards whilst dealing with the confidential information and unpublished price sensitive information related to the Company and/or its holding company and/or associate company(ies) and/or subsidiary company(ies) or business associates or current and potential client companies and in order to ensure uniform dissemination of unpublished price sensitive information the Company has adopted (i) a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information; and (ii) a self-regulated Code of Conduct for Prohibition of Insider Trading and Internal Procedures.

The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Company is available on the website of the Company.



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

Code of Conduct for Directors & Employees

The Company has put in place a comprehensive Code of Conduct which is applicable to all the Directors, including Non-Executive and Independent Directors and Employees of the Company to the extent of their role and responsibilities in the Company. The Code provides guidance to the Directors and employees to conduct their business affairs ethically and in full compliance with applicable laws, rules and regulations.

Media Communication Policy

The Company's Media Communication Policy encompasses the organisation structure, systems and procedures to manage communications with external audiences in a co-ordinated way via appointed spokespeople to ensure that external communication is consistent and aligned with the policies and needs of the Company.

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.

Provision for Standard Assets Accounting Policy

The Policy on Provision for Standard Assets Accounting Policy is a part of the risk management process of the Company. This Policy states the guidelines for provisioning for standard assets.

Care and Dignity Policy

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

Independent Auditor's Report

To
The Members of IndoStar Capital Finance Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of IndoStar Capital Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by 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, 2015, its profit/loss, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company 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

per **Shrawan Jalan**

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: May 15, 2015

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

Re: IndoStar Capital Finance 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.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/ services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, service tax, wealth-tax, cess and other material statutory dues applicable to it. The provisions relating to value added taxes, employees' state insurance, sales tax, duty of customs and duty of excise are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, wealth tax, cess and other material 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 value added taxes, employees' state insurance, sales tax, duty of customs and duty of excise are not applicable to the Company.
- (c) According to the information and explanations given to us, there are no dues of income-tax, service tax, wealth tax and cess which have not been deposited on account of any dispute.
- (d) According to the information and explanations given to us, the provisions of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder are not applicable to the Company.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management we report that no fraud on or by the Company has been noticed or reported during the year.

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

per **Shrawan Jalan**
Partner
Membership Number: 102102
Place of Signature: Mumbai
Date: May 15, 2015

Balance Sheet as at March 31, 2015

Particulars	Note No.	Amount in ₹	
		As at March 31, 2015	As at March 31, 2014
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	3	683,650,397	683,227,320
(b) Reserves and surplus	4	12,169,016,778	10,673,291,831
		12,852,667,175	11,356,519,151
(2) Non-current liabilities			
(a) Long term borrowings	5	16,138,357,597	11,915,701,060
(b) Other long term liabilities	6	138,985,631	578,132,245
(c) Long term provisions	7	119,515,250	108,974,249
		16,396,858,478	12,602,807,554
(3) Current liabilities			
(a) Short-term borrowings	8	3,439,215,825	1,668,424,475
(b) Trade payables (Refer note 27)		19,299,124	2,662,293
(c) Other current liabilities	6	7,150,918,304	5,947,898,998
(d) Short-term provisions	7	57,902,579	29,704,094
		10,667,335,832	7,648,689,860
Total		39,916,861,485	31,608,016,565
II. Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible		6,328,439	9,615,943
(ii) Intangible		2,383,191	1,237,725
(b) Non-current investments	10	546,100,000	608,500,000
(c) Deferred tax (net)	11	85,171,809	81,302,957
(d) Long term loans and advances	12	24,337,745,479	21,368,098,987
(e) Other non-current assets	13	53,704,595	104,048,513
		25,031,433,513	22,172,804,125
(2) Current assets			
(a) Cash and bank balances	14	4,856,380,582	4,681,700,721
(b) Short-term loans and advances	12	9,583,196,323	4,495,639,780
(c) Other current assets	13	445,851,067	257,871,939
		14,885,427,972	9,435,212,440
Total		39,916,861,485	31,608,016,565

Significant Accounting Policies

2.1

The notes referred to above form an integral part of the financial statements.

As per our report of even date

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

per **Shrawan Jalan**
Partner
Membership No. 102102

Place : Mumbai
Date : May 15, 2015

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

Vimal Bhandari
MD & CEO

Pankaj Thapar
Chief Financial Officer

Place : Mumbai
Date : May 15, 2015

Dhanpal Jhaveri
Director

Jitendra Bhati
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2015

Particulars	Note No.	Amount in ₹	
		For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Revenue from operations	15	5,280,529,500	3,945,636,099
Other income	16	26,559	23,410,335
Total		5,280,556,059	3,969,046,434
Expenditure			
Employee benefit expenses	17	280,576,665	251,912,848
Finance cost	18	2,579,287,824	1,918,853,189
Depreciation and amortisation	9	7,120,134	8,713,800
Other expenses	19	122,322,005	83,522,398
Provisions	20	30,372,218	13,541,381
Total		3,019,678,846	2,276,543,616
Profit before taxation		2,260,877,213	1,692,502,818
Provision for taxation			
Current tax		774,098,041	613,950,379
Deferred tax asset	11	(3,868,851)	(42,809,382)
Total tax expense		770,229,190	571,140,997
Net profit after taxes		1,490,648,023	1,121,361,821
Earnings per share	21		
Basic (₹)		21.72	16.34
Diluted (₹)		21.43	16.27
Nominal value of equity share (₹)		10	10

Significant Accounting Policies 2.1

The notes referred to above form an integral part of the financial statements.

As per our report of even date

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

per **Shrawan Jalan**
Partner
Membership No. 102102

Place : Mumbai
Date : May 15, 2015

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

Vimal Bhandari
MD & CEO

Pankaj Thapar
Chief Financial Officer

Place : Mumbai
Date : May 15, 2015

Dhanpal Jhaveri
Director

Jitendra Bhati
Company Secretary

Cash Flow Statement for the year ended March 31, 2015

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A. Cash flow from operating activities		
Profit before taxes	2,260,877,213	1,692,502,818
Depreciation and amortisation	7,120,134	8,713,800
Loss / (profit) on sale of fixed assets (net)	22,444	-
Provision for non performing assets	-	19,384,975
Provision for standard assets	30,372,218	(5,843,594)
Provision for gratuity	741,823	(341,763)
Provision for leave encashment	1,160,909	(82,676)
Operating profit before working capital changes	2,300,294,741	1,714,333,560
Movements in working capital:		
Increase / (decrease) in trade payables	16,636,831	(16,832,356)
Increase in other liabilities	763,872,693	3,312,396,037
Increase in loans and advances	(8,051,703,035)	(8,109,749,403)
Increase in other assets	(137,635,210)	(80,438,580)
Cash generated from operations	(5,108,533,980)	(3,180,290,742)
Direct taxes paid (net of refunds)	(767,633,505)	(647,461,457)
Net cash flow from / used in operating activities (A)	(5,876,167,485)	(3,827,752,199)
B. Cash flows from investing activities		
Purchase of fixed assets including intangible assets	(5,031,832)	(1,581,090)
Proceeds from sale of fixed assets	31,291	5,117
Repayments from fixed income debt instruments	62,400,000	41,600,000
Purchase of debt mutual fund units & fixed income debt instruments	-	(13,955,140,000)
Sale of debt mutual fund units & fixed income debt instruments	-	14,448,497,000
Bank deposits (having original maturity of more than three months)(net)	(2,320,000,000)	(215,000,000)
Net cash used in investing activities (B)	(2,262,600,541)	318,381,027

Cash Flow Statement for the year ended March 31, 2015

Amount in ₹

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
C. Cash Flows from financing activities		
Amount received from issue of commercial papers	1,770,791,350	330,842,578
Term loans from banks	1,662,187,077	3,469,414,383
Amount received on issue of NCDs	2,560,469,460	1,354,836,461
Net cash from financing activities (C)	5,993,447,887	5,155,093,422
Net increase / (decrease) in cash and cash equivalents (A + B + C)	(2,145,320,139)	1,645,722,250
Cash and Cash Equivalents at the beginning of the year	4,266,700,721	2,620,978,471
Cash and Cash Equivalents at the end of the year	2,121,380,582	4,266,700,721
Components of Cash and Cash Equivalents	For the year ended March 31, 2015	For the year ended March 31, 2014
Cash and Cash Equivalents at the end of the year		
i) Cheques on hand	4,088,610	-
ii) Balances with scheduled banks in:		
Current accounts	287,291,972	1,151,700,721
Deposits with original maturity of less than three months	1,830,000,000	3,115,000,000
Total cash and cash equivalents	2,121,380,582	4,266,700,721

As per our report of even date

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

per **Shrawan Jalan**
Partner
Membership No. 102102

Place : Mumbai
Date : May 15, 2015

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

Vimal Bhandari
MD & CEO

Pankaj Thapar
Chief Financial Officer

Place : Mumbai
Date : May 15, 2015

Dhanpal Jhaveri
Director

Jitendra Bhati
Company Secretary

Notes forming part of the financial statements for the year ended March 31, 2015

1. Corporate information

IndoStar Capital Finance Limited (formerly known as R V Vyapaar Private Limited) ('the Company') was incorporated on 21st July 2009. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company vide Certificate No. N-05.06857 dated January 21, 2015 (previously issued in the name of R V Vyapaar Private Limited vide Certificate No. N-05.06857 dated Jun 17, 2010). The Company is primarily engaged in Loans business.

2. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under Section 133 of the Companies Act 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the guidelines issued by Reserve Bank of India (RBI) as applicable to Non Banking Finance Company (NBFC). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

2.1 Significant accounting policies

(a) Presentation and disclosure of financial statements

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of twelve months from the date of financial statements. Accordingly, assets / liabilities expected to be realised / settled within twelve months from the date of financial statements are classified as current and other assets / liabilities are classified as non current.

(b) Use of estimates

The preparation of financial statements are in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.

(c) Tangible/Intangible Fixed Assets, Depreciation/Amortisation and Impairment

Tangible fixed assets

Fixed assets 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 fixed 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.

Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective fixed assets and are greater than or equal to the corresponding useful life prescribed in Schedule II of the Act. The estimated useful life used are as follows:

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act, 2013
Furniture and Fixtures	5 Years	10 Years
Office Equipments	5 Years	5 Years
Office Equipments - Mobiles	2 Years	5 Years
Computers	3 Years	3 Years

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

Leasehold improvement is amortised on Straight Line Method over the lease term.

All fixed assets individually costing ₹ 5,000/- or less are fully depreciated in the year of installation.

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

Notes forming part of the financial statements for the year ended March 31, 2015

Gains or losses arising from derecognition of fixed 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.

Intangible assets

Costs relating to acquisition and development of computer software are capitalized in accordance with the AS 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI') and are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life.

Impairment of 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 wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(d) Investments

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Commercial papers are valued at carrying cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

(e) Provisioning / Write-off of assets

Non performing loans are written off / provided as per the minimum provision required under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

Provision on standard assets is made as per management estimates and is more than as specified in the notification DNBS.PD.CC.No.207/03.02.002/2010-11 issued by Reserve Bank of India.

(f) Loans

Loans are stated at the amount advanced and expenses recoverable, as reduced by the amounts received up to the balance sheet date.

(g) Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss account on a straight-line basis over the lease term.

(h) Foreign currency translation

Initial recognition

Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.

Conversion

Monetary assets and liabilities denominated in foreign currency are translated in to Rupees at exchange rate prevailing on the date of the Balance Sheet.

Exchange differences

All exchange differences are dealt with in the Statement of Profit and Loss account.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Income from financing activities is recognised on accrual basis, except in case of income on non-performing assets, which is recognised on receipt basis.
- ii. Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.

Notes forming part of the financial statements for the year ended March 31, 2015

- iii Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.
- v Dividend is recognised as income when right to receive payment is established.
- vi Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- vii Origination fees is recognised as income signing of the binding term sheet by the client. Origination Fees @ 1.5% is recognised upfront and fees collected in excess of 1.5% is amortised over the tenure of the loan in proportion to the loan balance.
- viii Syndication fee and other fees are recognised as income when a significant portion of the arrangement is completed.

(j) Retirement and other employee benefits

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 in the year it is incurred.

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 years 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.

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.

(k) Income tax

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(l) Segment reporting

The Company is engaged in loan / financing activities. It operates in a single business and geographical segment.

(m) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) 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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares."

(n) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the

Notes forming part of the financial statements for the year ended March 31, 2015

obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(o) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit.

(p) Borrowing costs

Borrowing cost includes interest and are charged to Profit & Loss in the year in which they are incurred. Ancillary and other borrowing costs are amortised over the tenure of the underlying loan on straight line basis.

(q) Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2014 and the Guidance Note on

Accounting for Employee Share-based Payments, issued by ICAI. In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method.

(r) 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.

Note 3 Share capital

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Authorised		
80,000,000 (March 31, 2014: 80,000,000) Equity Shares of ₹10/- each	800,000,000	800,000,000
	800,000,000	800,000,000
Issued & Subscribed		
Equity Shares		
68,619,947 (March 31, 2014: 68,619,947) equity shares of ₹ 10/- each fully paid up	686,199,470	686,199,470
Less: 260,958 (March 31, 2014: 303,266) equity shares of ₹ 10/- each fully paid up issued to employees through Indostar trust or held by Indostar trust	(2,609,584)	(3,032,661)
9,038,250 (March 31, 2014: 9,038,250) equity shares of ₹ 10/- each ₹ 0.01 paid up per share	90,383	90,383
Less: 2,987,240 (March 31, 2014: 2,987,240) equity shares of ₹ 10/- each ₹ 0.01 paid up issued to employees through Indostar trust or held by Indostar trust	(29,872)	(29,872)
Total	683,650,397	683,227,320

a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.

Particulars	As at March 31, 2015		As at March 31, 2014	
	Numbers of shares	Amount in ₹	Numbers of shares	Amount in ₹
Shares outstanding at the beginning of the year	77,658,197	686,289,853	77,658,197	686,289,853
Issued during the year	-	-	-	-
	77,658,197	686,289,853	77,658,197	686,289,853
Less: Adjustment for fully paid up shares issued to employees through Indostar Trust or held by Indostar Trust	-	(2,609,584)	-	(3,032,661)
Less: Adjustment for partly paid up shares issued to employees through Indostar Trust or held by Indostar Trust	-	(29,872)	-	(29,872)
Shares outstanding at the end of the year	77,658,197	683,650,397	77,658,197	683,227,320

Notes forming part of the financial statements for the year ended March 31, 2015

Note 3 Share capital (Contd.)

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the proportionate amount of contribution made by the equity shareholder to the total equity share capital.

c. Details of shareholders holding more than 5% shares in the Company

Name of the shareholders	As at March 31, 2015		As at March 31, 2014	
	Numbers of shares	% holding in the class	Numbers of shares	% holding in the class
Equity shares of ₹ 10/- each				
Indostar Capital (Mauritius) (Holding Company)	68,035,332	87.61	68,035,332	87.61

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

d. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 23.

Note 4 Reserves and surplus

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Securities Premium Account		
Balance as per last account	8,227,128,268	8,227,128,268
Less: Premium on equity shares issued to employees through Indostar Trust or held by Indostar Trust	(31,315,005)	(36,391,929)
Closing balance	8,195,813,263	8,190,736,339
Other Reserves		
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per last account	510,885,189	286,612,825
Add: Transfer from surplus balance in statement of profit and loss	298,129,605	224,272,364
Closing balance	809,014,794	510,885,189
Surplus in Statement of profit and loss		
Balance as per last account	1,971,670,303	1,074,580,846
Add: Profit for the current year	1,490,648,023	1,121,361,821
Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(298,129,605)	(224,272,364)
Net surplus in the statement of profit and loss	3,164,188,721	1,971,670,303
Total	12,169,016,778	10,673,291,831

Notes

forming part of the financial statements for the year ended March 31, 2015

Note 5 Long term borrowings

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
Term loans from banks				
Secured	9,573,051,676	5,837,593,695	7,910,864,599	4,897,735,571
Redeemable non convertible debentures				
Secured	6,565,305,921	322,705,230	4,004,836,461	500,000,000
Less: Transferred to Other liabilities		(6,160,298,925)		(5,397,735,571)
Total	16,138,357,597	-	11,915,701,060	-

*Amount disclosed under the head 'Other liabilities'

(a) Term loan from banks:

Particulars - Bank Name	Rate of interest	Repayment details	Amount in ₹			
			As at March 31, 2015		As at March 31, 2014	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank Limited	>=11%<13%	12-Quarterly repayments	-	333,599,997	333,599,997	333,200,001
Axis Bank Limited- TL II	>=11%<13%	12-Quarterly repayments	461,538,462	307,692,308	750,000,000	250,000,000
Axis Bank Limited - TL III	>=11%<13%	13-Quarterly repayments	92,307,692	7,692,308	-	-
Bank of Baroda Limited	>=11%<13%	16-Quarterly repayments	500,000,000	250,000,000	750,000,000	250,000,000
Bank of Baroda Limited - TL II	>=11%<13%	20-Quarterly repayments	700,000,000	200,000,000	-	-
Bank of India Limited	>=11%<13%	16-Quarterly repayments	750,000,000	375,000,000	1,218,750,000	281,250,000
Canara Bank Limited	>=11%<13%	12-Quarterly repayments	333,600,000	333,200,000	666,666,667	333,333,333
Corporation Bank Limited	>=11%<13%	12-Quarterly repayments	50,000,000	100,000,000	150,000,000	100,000,000
Corporation Bank Limited - TL II	>=11%<13%	9-Quarterly repayments	266,666,667	33,333,333	-	-
Development Credit Bank Limited	>=11%<13%	7-Quarterly repayments	-	107,200,000	107,200,000	142,800,000
Federal Bank Limited	>=11%<13%	12-Quarterly repayments	83,333,333	83,333,333	166,666,667	83,333,333
Federal Bank Limited - TL II	>=11%<13%	12-Quarterly repayments	58,333,290	33,333,332	-	-
ICICI Bank Limited	>=11%<13%	9-Quarterly repayments	-	90,909,091	90,909,091	363,636,364
ICICI Bank Limited - II	>=11%<13%	10-Quarterly repayments	700,000,000	300,000,000	-	-
Indian Overseas Bank Limited	>=11%<13%	18-Quarterly repayments	666,666,667	222,222,222	888,888,889	111,111,111
Indusind Bank Limited	>=11%<13%	12-Quarterly repayments	75,000,000	100,000,000	175,000,000	400,000,000
IndusInd Bank Limited - TL II	>=11%<13%	10-Quarterly repayments	150,000,000	120,000,000	-	-
ING Vysya Bank Limited	>=11%<13%	12-Quarterly repayments	41,666,667	166,666,667	208,333,333	166,666,667
ING Vysya Bank Limited - TL III	>=11%<13%	20-Quarterly repayments	775,000,000	200,000,000	-	-
Kotak Mahindra Bank Limited	>=11%<13%	7-Quarterly repayments	-	-	-	166,071,430
Kotak Mahindra Bank Limited- TL II	>=11%<13%	12-Quarterly repayments	83,333,333	166,666,667	249,999,953	166,666,667
Kotak Mahindra Bank Limited - TL III	>=11%<13%	16-Quarterly repayments	687,500,000	250,000,000	-	-
Punjab National Bank Limited	>=11%<13%	12-Quarterly repayments	133,333,333	333,333,333	466,666,667	333,333,333
South Indian Bank Limited	>=11%<13%	18-Quarterly repayments	222,222,224	27,777,776	-	-
State Bank of Bikaner and Jaipur Limited	>=11%<13%	12-Quarterly repayments	166,666,666	166,666,667	333,333,333	166,666,667
State Bank of Hyderabad Limited	>=11%<13%	12-Quarterly repayments	83,333,333	166,666,667	250,000,000	166,666,667
State Bank of India Limited	>=11%<13%	12-Quarterly repayments	-	667,200,000	667,200,000	666,400,000
State Bank of India Limited - TL II	>=11%<13%	18-Quarterly repayments	1,888,700,000	111,300,000	-	-
State Bank of Mysore Limited	>=11%<13%	12-Quarterly repayments	20,650,007	83,399,997	104,050,005	83,399,997
State Bank of Mysore Limited - TL II	>=11%<13%	9-Quarterly repayments	583,200,000	166,800,000	-	-
State Bank of Patiala Limited	>=11%<13%	12-Quarterly repayments	-	333,599,997	333,599,997	333,200,001
Total			9,573,051,675	5,837,593,695	7,910,864,599	4,897,735,571

Nature of security:

First pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge by way of hypothecation of the standard asset portfolio of receivables of ₹ 21,689,503,800/- (March 31, 2014: ₹ 17,245,361,370/-).

Notes forming part of the financial statements for the year ended March 31, 2015

Note 5 Long term borrowings (Contd.)

b) Non convertible debenture

Privately placed Redeemable Non Convertible Debentures of ₹ 1,000,000/- each
Terms of repayment as on March 31, 2015

Redeemable within	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Rate of interest		Rate of interest	
	>= 0% < 13%		>= 0% < 13%	
	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
0-12 months	-	322,705,230	-	500,000,000
12-24 months	2,500,000,000	-	304,247,749	-
24-36 months	1,349,368,636	-	2,000,000,000	-
36-48 months	1,215,937,285	-	350,000,000	-
48-60 months	1,350,000,000	-	1,200,588,712	-
Above 60 months	150,000,000	-	150,000,000	-
Total	6,565,305,921	322,705,230	4,004,836,461	500,000,000

Nature of security:

- Security is created in favour of the Debenture Trustee, as follows:
 - first pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge on by way of hypothecation of the standard asset portfolio of receivables of ₹ 7,976,106,000 (March 31, 2014: ₹ 5,550,000,000); and
 - first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat
- Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Note 6 Other liabilities

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Deposits from clients	-	210,326,231	452,450,030	-
Unamortised fees	138,985,631	63,184,606	125,682,215	62,049,379
Interest accrued but not due on loans	-	584,093,633	-	397,238,740
Tax deducted at source payable	-	8,907,821	-	5,192,483
Statutory liabilities payable	-	560,824	-	352,825
Current maturities of long term debts (Refer note 5)	-	6,160,298,925	-	5,397,735,571
Employee benefits payable	-	110,000,000	-	85,330,000
Others	-	13,546,264	-	-
Total	138,985,631	7,150,918,304	578,132,245	5,947,898,998

Note 7 Provisions

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Long term	Short term	Long term	Short term
For employee benefit				
For gratuity	-	1,004,188	-	262,365
For leave encashment and availment	2,052,181	85,641	926,326	50,587
For Others				
For non-performing assets	19,384,975	-	19,384,975	-
For standard assets	98,078,094	40,324,048	88,662,948	19,366,976
For income tax (net of advance tax) [net of advance tax ₹ 1,863,769,185 (March 31, 2014: ₹ 1,096,135,680)]	-	16,488,702	-	10,024,166
Total	119,515,250	57,902,579	108,974,249	29,704,094

Notes

forming part of the financial statements for the year ended March 31, 2015

Note 8 Short term borrowing

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Unsecured Loan		
Commercial papers		
i) From banks	250,000,000	1,000,000,000
ii) other than banks	3,250,000,000	750,000,000
Less: Unamortised discount	(60,784,175)	(81,575,525)
Total	3,439,215,825	1,668,424,475

Note 9 Fixed assets

Particulars	Tangible Assets						Intangible Assets		Total Assets
	Land - Freehold	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Total	Software	Total Assets	
Gross Block									
As at April 1, 2013	1,505,100	4,516,966	1,728,057	3,209,648	16,453,451	27,413,222	-	27,413,222	
Additions	-	137,544	328,656	-	-	466,200	1,486,520	1,952,720	
Deletions	-	-	15,250	441,360	-	456,610	-	456,610	
As at March 31, 2014	1,505,100	4,654,510	2,041,463	2,768,288	16,453,451	27,422,812	1,486,520	28,909,332	
Additions	-	2,387,785	746,633	124,890	-	3,259,308	1,772,524	5,031,832	
Deletions	-	82,037	72,800	-	-	154,837	-	154,837	
As at March 31, 2015	1,505,100	6,960,258	2,715,296	2,893,178	16,453,451	30,527,283	3,259,044	33,786,327	
Depreciation									
As at April 1, 2013	-	1,333,407	595,807	771,163	7,092,980	9,793,357	-	9,793,357	
Additions	-	1,536,880	442,792	877,521	5,607,812	8,465,005	248,795	8,713,800	
Deletions	-	-	10,133	441,360	-	451,493	-	451,493	
As at March 31, 2014	-	2,870,287	1,028,466	1,207,324	12,700,792	17,806,869	248,795	18,055,664	
Additions	-	1,656,045	525,161	559,215	3,752,659	6,493,080	627,058	7,120,138	
Deletions	-	70,771	30,334	-	-	101,105	-	101,105	
As at March 31, 2015	-	4,455,561	1,523,293	1,766,539	16,453,451	24,198,844	875,853	25,074,697	
Net Block									
As at March 31, 2014	1,505,100	1,784,223	1,012,997	1,560,964	3,752,659	9,615,943	1,237,725	10,853,668	
As at March 31, 2015	1,505,100	2,504,697	1,192,003	1,126,639	-	6,328,439	2,383,191	8,711,630	

Notes forming part of the financial statements for the year ended March 31, 2015

Note 10 Non-current investments

Particulars	Amount in ₹					
	As at March 31, 2015			As at March 31, 2014		
	Face value	Quantity	Amount	Face value	Quantity	Amount
Unquoted - Equity shares						
Investment in wholly owned subsidiaries						
IndoStar Asset Advisory Private Limited (10,000 shares of face value of ₹ 10/- each)	10	1,000	100,000	10	1,000	100,000
Quoted -Investments in debentures						
Indrajit Power Private Limited	840,000	650	546,000,000	936,000	650	608,400,000
Total		1,650	546,100,000		1,650	608,500,000
Aggregate Value of Quoted Investments						
Cost of acquisition*			546,100,000			608,500,000
Market value*			546,100,000			608,500,000

*Investment in debentures of Indrajit Power Private Limited (the Company) are privately placed and listed on BSE . However there are no trades in the debentures of the Company. Hence the cost of Investment is considered as market value.

Note 11 Deferred tax assets (net)

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Deferred tax asset created during the year		
Fixed asset: Impact of difference between tax depreciation and depreciation / amortization charged for financial reporting period	3,822,089	3,387,758
Provision for standard assets	47,042,888	36,719,371
Origination fees unamortised	68,717,663	63,809,969
Provision for gratuity	341,324	89,178
Provision for leave encashment	726,646	332,053
Provision for non performing assets	6,588,953	6,588,953
Total (A)	127,239,563	110,927,282
Deferred tax liability created during the year		
Borrowing costs amortisation	(42,067,754)	(29,624,325)
Total (B)	(42,067,754)	(29,624,325)
Net deferred tax asset (A-B)	85,171,809	81,302,957

Note 12 Loans and advances

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current portion	Current portion	Non Current portion	Current portion
Unsecured, considered good				
Security Deposits				
Unsecured, considered good	4,583,548	-	4,583,548	-
Secured, considered good				
Hypothecation loans	14,879,001,623	4,649,695,571	9,781,900,999	3,184,273,437
Debentures	8,590,032,569	660,639,560	10,302,386,726	308,598,581
Short term loans	-	1,000,000,000	-	250,000,000
Secured, considered doubtful				
Hypothecation loans	193,849,748	-	193,849,748	-

Notes forming part of the financial statements for the year ended March 31, 2015

Note 12 Loans and advances (Contd.)

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current portion	Current portion	Non Current portion	Current portion
Unsecured, considered good				
Hypothecation loans	571,428,572	228,571,428	1,000,000,000	-
Debentures	-	-	-	99,566,000
Short term loans	-	2,973,100,000	-	600,000,000
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received	-	8,599,765	-	271,597
Prepaid expenses	98,849,419	61,295,248	85,377,966	52,571,436
Service tax (input credit)	-	401,640	-	189,420
Others	-	893,111	-	169,309
Total	24,337,745,479	9,583,196,323	21,368,098,987	4,495,639,780

Note 13 Other assets

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current portion	Current portion	Non Current portion	Current portion
Interest accrued on investments	-	11,013,897	-	12,789,244
Interest accrued but not due on loans	53,704,595	414,561,975	104,048,513	228,151,914
Interest accrued on fixed deposits with banks	-	20,275,195	-	16,930,781
Total	53,704,595	445,851,067	104,048,513	257,871,939

Note 14 Cash and bank balances

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Cash and cash equivalents				
i) Balances with scheduled banks in:				
Current accounts	-	287,291,972	-	1,151,700,721
Deposits with original maturity of less than three months	-	1,830,000,000	-	3,115,000,000
ii) Cheque on hand	-	4,088,610	-	-
iii) Deposits with original maturity of more than three months but less than six months	-	2,735,000,000	-	415,000,000
Total	-	4,856,380,582	-	4,681,700,721

Notes forming part of the financial statements for the year ended March 31, 2015

Note 15 Revenue from operations

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income on:		
Loan portfolio and related charges	4,243,424,251	3,247,169,933
Deposits with banks	337,435,026	268,244,088
Fixed income debt instruments	85,643,739	106,025,870
Other financial services:		
Origination fees	512,848,373	283,133,664
Syndication & other fees	88,782,290	28,528,061
Gain on sale of loan assets	12,395,821	12,534,483
Total	5,280,529,500	3,945,636,099

Note 16 Other income

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Dividend from debt mutual fund units	-	23,361,256
Miscellaneous income	26,559	49,079
Total	26,559	23,410,335

Note 17 Employee benefit expenses

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries, other allowances and bonus	270,988,098	246,231,152
Gratuity expenses	1,601,823	89,561
Leave encashment	1,274,798	365,442
Contribution to provident and other funds	4,763,218	4,337,977
Staff welfare expenses	1,948,728	888,716
Total	280,576,665	251,912,848

Note 18 Finance cost

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest expense on:		
Debentures	753,779,000	424,116,527
Deposits from clients	67,314,489	35,154,050
Loans from banks	1,487,687,478	1,225,011,396
Commercial paper	190,812,480	168,575,678
Other borrowing costs:		
Processing charges on loans	52,764,990	39,046,827
Other related costs	26,929,387	26,948,711
Total	2,579,287,824	1,918,853,189

Notes forming part of the financial statements for the year ended March 31, 2015

Note 19 Other expenses

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Rent	17,744,034	17,723,630
Rates & taxes	8,060,277	12,282,284
Printing & stationery	602,928	536,636
Travelling & conveyance	3,701,571	3,179,768
Advertisement	195,323	1,011,859
Business meeting	445,784	490,808
Business Promotion	1,634,727	1,723,526
Conference charges	143,748	706,772
Commission & brokerage	1,029,357	-
Office expenses	13,881,974	12,126,888
Directors' sitting fees	8,009,444	975,114
Insurance	3,786,579	1,429,263
Communication expenses	1,150,341	1,199,522
Payment to auditor		
- Audit fees	2,654,500	1,504,919
- Tax audit fees	318,540	265,450
- Certification	270,881	359,883
- Out of pocket	53,143	22,990
Bank charges	1,528,548	1,250,821
CSR expenses	10,000,000	-
Legal & professional charges	44,808,908	21,542,046
Loss on sale of fixed assets (net)	22,444	-
Loss on sale of investments	-	3,326,374
Membership & subscriptions	2,264,674	1,863,845
Miscellaneous expenses	14,280	-
Total	122,322,005	83,522,398

Note 20 Provisions

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
General contingency provision (Refer note no.28)	-	(60,000,000)
Provision for standard assets	30,372,218	54,156,406
Provision for non-performing assets	-	19,384,975
Total	30,372,218	13,541,381

Notes forming part of the financial statements for the year ended March 31, 2015

Note 21 Earnings per share

Particulars	Amount in ₹ except for no. of equity shares	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Net Profit after tax as per profit and loss account (Amount in ₹) (A)	1,490,648,023	1,121,361,821
Weighted average number of equity shares for calculating Basic EPS (B)	68,628,985	68,628,985
Weighted average number of equity shares for calculating Diluted EPS (C)	69,552,985	68,931,985
Basic earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (A) / (B)	21.72	16.34
Diluted earnings per equity share (in ₹) (Face value of ₹ 10/- per share) (A) / (C)	21.43	16.27

Particulars	Amount in ₹ except for no. of equity shares	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Weighted average number of equity shares for calculating Basic EPS	68,628,985	68,628,985
Add : Equity shares for no consideration arising on grant of stock options under ESOP	924,000	303,000
Weighted average number of equity shares in calculating Diluted EPS	69,552,985	68,931,985

Note 22 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.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

Profit and loss account

Net employee benefit expense (recognized in employee cost)

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Current service cost	1,040,154	953,394
Interest cost on benefit obligation	206,679	159,525
Expected return on plan assets	(228,767)	(149,619)
Net actuarial (gain) / loss recognised in the year	583,757	(842,146)
Past service cost	-	-
Adjustment in respect of interest not credited in the previous year	-	(31,593)
Net benefit expense	1,601,823	89,561

Balance sheet

Details of Provision for gratuity

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Defined benefit obligation	(4,077,761)	(2,277,797)
Fair value of plan assets	3,073,573	2,015,432
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(1,004,188)	(262,365)

Notes forming part of the financial statements for the year ended March 31, 2015

Note 22 Gratuity and other post-employment benefit plans (Contd.)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Opening defined benefit obligation	2,277,797	2,019,309
Interest cost	206,679	159,525
Current service cost	1,040,154	953,393
Benefits paid	-	-
Actuarial (gains) / losses on obligation	553,131	(854,430)
Closing defined benefit obligation	4,077,761	2,277,797

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Investments with insurer	3,073,573	2,015,432

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	As at March 31, 2015	As at March 31, 2014
Discount Rate	7.80%	9.10%
Increase in compensation cost	6.00%	6.00%
Employee Turnover*		

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

*5% at younger ages reducing to 1% at older ages

Amounts for the Current and previous four years are as follows:

Particulars	Amount in ₹				
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Defined benefit obligation	4,077,761	2,277,797	2,019,308	918,890	-
Plan assets	3,073,573	2,015,432	1,415,180	-	-
Surplus / (deficit)	(1,004,188)	(262,365)	(604,128)	(918,890)	-
Experience adjustments on plan liabilities	26,861	(632,462)	(208,423)	(429,171)	(452,620)
Experience adjustments on plan assets	30,626	12,284	49,041	-	-

Note 23 Employee stock option plans

The company provides share-based employee benefits to the employees of the Company, the Holding Company or Subsidiary Company working in India or outside India, the Director, whether a whole time Director or otherwise; whether in India or outside India, including the Director of the Company, the Holding Company or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid Employees who are on deputation at the request of the Company and during the year ended 31 March 2015, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

Notes forming part of the financial statements for the year ended March 31, 2015

Note 23 Employee stock option plans (Contd.)

On 20 June 2012, the board of directors approved the share-based employee benefits ESOP Scheme 2012 (Scheme 2012) for issue of stock options to the key employees and directors of the company. According to the Scheme 2012, the employee selected by the Nomination and Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising of the vesting period and the exercise period) of options granted is 5 years.

Other relevant terms of the grant are as follows	Terms
Vesting period	5 years
Exercise period	4 years from the date of vesting
Expected life	5 years
Market price	NIL

The details of activity under the Scheme 2012 are summarized below:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Date of grant	21-Aug-12	18-Feb-13	28-Mar-13	14-Aug-13	23-Apr-14
Number of option granted	203,000	100,000	20,000	10,000	666,000
Number of option cancelled	30,000	-	20,000	10,000	15,000
Number of option outstanding	173,000	100,000	-	-	651,000
Weighted average remaining contractual life (in years)	5	6	4	4	6
Weighted average fair value of options granted (₹)	99.63	102.52	91.11	92.16	105.67
Weighted Average Exercise Price (₹)	140.00	145.00	145.10	147.24	149.37

The range of exercise prices for options outstanding at the end of the year was ₹ 140.00 to ₹ 149.37 (March 31, 2014: ₹ 140.00 to ₹ 147.24).

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Dividend yield (%)	0%	0%	0%	0%	0%
Expected volatility	0.5811	0.5765	0.5709	0.5671	0.5733
Risk-free interest rate	8%	8%	8%	8%	8%
Weighted average share price (₹)	Nil	Nil	Nil	Nil	Nil
Exercise price (₹)	140.00	145.00	145.10	147.24	149.37
Expected life of options granted in years	8	8	6	6	8

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Notes forming part of the financial statements for the year ended March 31, 2015

Note 23 Employee stock option plans (Contd.)

The company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit after tax as reported	1,490,648,023	1,121,361,821
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	96,279,160	27,487,990
Proforma profit after tax	1,394,368,863	1,093,873,831
Earnings Per Share		
Basic		
- As reported	21.72	16.34
- Proforma	20.32	15.94
Diluted		
- As reported	21.43	16.27
- Proforma	20.05	15.87

Note 24 Related party disclosure

Names of related parties and related party relationships

Holding Company	Indostar Capital (Mauritus)
Subsidiary Company	IndoStar Asset Advisory Private Limited
Key Managerial Personnel	Vimal Bhandari - MD & CEO Sanjay Hinduja** - Wholetime Director Shailesh Shirali - Wholetime Director Pankaj Thapar - CFO Jitendra Bhati - Company Secretary
Relatives of Key Managerial Personnel	There are no transactions, and hence not reported

** till 31 August 2013

I. Related party with whom transactions have taken place during the period

Name of related party & nature of relationship	Particulars	Amount in ₹	
		For the year ended March 31, 2015	For the year ended March 31, 2014
Key managerial personnel			
Vimal Bhandari	Remuneration paid*	43,939,375	39,939,375
	Expenses reimbursed	725,048	770,482
Sanjay Hinduja	Remuneration paid*	-	7,711,533
	Expenses reimbursed	-	31,852
Shailesh Shirali	Remuneration paid*	46,649,499	39,149,499
Pankaj Thapar	Remuneration paid*	20,459,708	15,459,708
	Expenses reimbursed	164,806	145,895
Jitendra Bhati	Remuneration paid*	4,296,140	2,783,036
	Expenses reimbursed	110,161	47,004
Subsidiary Company			
IndoStar Asset Advisory Private Limited	Investment in subsidiary	-	100,000
	Reimbursement of expenses	380,900	30,500

*includes bonus on accrual basis

Notes forming part of the financial statements for the year ended March 31, 2015

Note 24 Related party disclosure (Contd.)

II. Balance as at period end

Name of related party & nature of relationship	Particulars	Amount in ₹	
		For the year ended March 31, 2015	For the year ended March 31, 2014
Holding Company			
Indostar Capital (Mauritius)	Investment in share capital	680,353,320	680,353,320
	Securities premium	8,164,239,840	8,164,239,840
Key managerial personnel			
Vimal Bhandari	Investment in share capital	2,314,552	2,314,552
	Securities premium	27,692,280	27,692,280
Shailesh Shirali	Investment in share capital	23,077	23,077
Pankaj Thapar	Investment in share capital	800	800
Subsidiary Company			
IndoStar Asset Advisory Private Limited	Investment in subsidiary	100,000	100,000
	Reimbursement of expenses	380,900	-

Note 25 Contingent liabilities and commitments

Capital and other commitments	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Loans sanctioned not yet disbursed	4,459,752,370	1,088,078,918

Note 26 Leases

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognized in the Statement of Profit & Loss are ₹ 17,744,034 (March 31, 2014: ₹ 17,723,630). The non-cancellable operating lease agreements are for a period of 60 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Minimum Lease Payments:		
Not later than one year	16,541,844	11,027,896
Later than one year but not later than five years	65,615,980	-
Later than five years	-	-

Notes forming part of the financial statements for the year ended March 31, 2015

Note 27 Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006”. Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as as the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further 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 for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Note 28 General contingency provision

The Company had reassessed the general contingency provision in the previous year and on reassessment it has been reversed in the previous year.

Note 29 Capital to risk assets ratio disclosure

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
(i) CRAR (%)	32.64	41.45
(ii) CRAR – Tier I capital (%)	32.29	41.05
(iii) CRAR – Tier II capital (%)	0.35	0.39
(iv) Amount of Subordinated debt raised as Tier - II capital	-	-
(v) Amount raised by issue of perpetual debt instruments	-	-

Note 30 Asset liability management

Particulars	Amount in ₹							
	1 day to 30/31 days	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
Liabilities:								
Borrowings from banks	91,666,667	629,756,410	652,931,313	1,466,845,299	2,996,394,007	6,963,315,815	2,498,635,861	111,100,000
Market borrowings	1,739,159,983	990,671,848	-	240,365,924	791,723,300	4,699,368,638	1,715,937,283	150,000,000
Assets:								
Loans & advances	1,209,958,568	967,122,301	976,935,721	2,000,153,291	4,357,836,678	17,030,167,401	6,973,022,852	231,122,259
Investments	-	-	-	41,600,000	41,600,000	187,200,000	275,700,000	-

Notes forming part of the financial statements for the year ended March 31, 2015

Note 31 Exposure to real estate sector

Category	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
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 may be shown separately)	74,076,681	-
ii. Commercial real estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	12,282,311,575	9,832,881,813
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
- Residential	-	-
- Commercial Real Estate	-	-
B Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Note 32 Exposure to capital market

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
1 Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
2 Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
3 Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	1,000,000,000	1,750,000,000
4 Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
5 Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6 Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7 Bridge loans to companies against expected equity flows / issues;	-	-
8 All exposures to Venture Capital Funds (both registered and unregistered)	-	-

Notes forming part of the financial statements for the year ended March 31, 2015

Note 33 Other Disclosures pursuant to the RBI Circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated November 10, 2014

I Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
1 Provision for depreciation on investment	-	-
2 Provision towards NPA	-	19,384,975
3 Provision made towards income tax	774,098,041	613,950,379
4 Other provisions and contingencies (with details)	-	-
5 Provision for standard assets	30,372,218	54,156,406

II Concentration of Advances

Particulars	Amount in ₹	
	As at March 31, 2015	
1 Total Advances to twenty largest borrowers	22,677,160,393	
2 Percentage of Advances to twenty largest borrowers to total advances of the NBFC		66.13%

III Concentration of Exposures

Particulars	Amount in ₹	
	As at March 31, 2015	
1 Total Exposure to twenty largest borrowers /customers	26,971,172,299	
2 Percentage of Exposures to twenty largest borrowers / customers to total exposure of the NBFC on borrowers / customers		57.21%

IV Concentration of NPAs

Particulars	Amount in ₹	
	As at March 31, 2015	
1 Total exposure to top four NPA accounts	193,849,748	

V Sectorwise NPA (% of NPA to Total Advances in that sector)

Particulars	Amount in ₹	
	As at March 31, 2015	
1 Agriculture and allied activities	-	
2 MSME	-	
3 Corporate borrowers	1.57%	
4 Services	-	
5 Unsecured personal loans	-	
6 Auto loans	-	
7 Other personal loans	-	

Notes forming part of the financial statements for the year ended March 31, 2015

Note 33 Other Disclosures pursuant to the RBI Circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated November 10, 2014 (Contd.)

VI Movement of NPAs

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Net NPAs to Net Advances (%)	0.52%	0.69%
Movement of NPAs (Gross)		
Opening balance	193,849,747	-
Additions during the year	-	193,849,747
Reductions during the year	-	-
Closing balance	193,849,747	193,849,747
Movement of Net NPAs		
Opening balance	174,464,772	-
Additions during the year	-	174,464,772
Reductions during the year	-	-
Closing balance	174,464,772	174,464,772
Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	19,384,975	-
Provisions made during the year	-	19,384,975
Write-off / write-back of excess provisions	-	-
Closing balance	19,384,975	19,384,975

VII Customer Complaints

Particulars	As at March 31, 2015
1 No. of complaints pending at the beginning of the year	NIL
2 No. of complaints received during the year	NIL
3 No. of complaints redressed during the year	NIL
4 No. of complaints pending at the end of the year	NIL

VIII Investments

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	546,100,000	608,500,000
(b) Outside India	-	-
(ii) Provision for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	546,100,000	608,500,000
(b) Outside India	-	-

Notes forming part of the financial statements for the year ended March 31, 2015

Note 33 Other Disclosures pursuant to the RBI Circular No. DNBR (PD) CC. No. 002/03.10.001/2014-15 dated November 10, 2014 (Contd.)

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off/ write-back of excess provision during the year	-	-
(iv) Closing balance	-	-

IX Registration obtained from other financial sector regulators : None

X Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by NBFC

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

XI Details of financing of parent company products : None

XII Disclosure of penalties imposed by RBI and other regulators : None

XIII Draw down from reserves : None

XIV Rating assigned by credit rating agencies and migration of ratings during the year

Sr. No.	Instrument	Credit Rating Agency	As at March 31, 2015	As at March 31, 2014
1	Commercial Paper	CARE	A1+	A1+
		ICRA	A1+	A1+
		CRISIL	A1+	-
2	Bank term loan	CARE	AA-	AA-
3	NCD	CARE	AA-	AA-

XV - Unsecured Advances against intangible securities : None

Note 34 Previous years comparative

Previous year / periods figures have been regrouped / rearranged, wherever considered necessary, to conform with Current year / periods presentation.

As per our report of even date

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

per **Shrawan Jalan**
Partner
Membership No. 102102

Place : Mumbai
Date : May 15, 2015

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

Vimal Bhandari
MD & CEO

Pankaj Thapar
Chief Financial Officer

Place : Mumbai
Date : May 15, 2015

Dhanpal Jhaveri
Director

Jitendra Bhati
Company Secretary

Independent Auditor's Report

To
The Members of IndoStar Capital Finance Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IndoStar Capital Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to

obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by 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 consolidated state of affairs of the Group, as at March 31, 2015, their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143 (3) of the Act, we report, to the extent applicable, that:
 - (a) We and the other auditor whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

Independent Auditor's Report

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditor;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditor who are appointed under Section 139 of the Act, of its subsidiary company incorporated in India, none of the directors of the Group's company incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group does not have any pending litigations which would impact its consolidated financial position;
 - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India.

Other Matter

The accompanying consolidated financial statements include total assets of ₹ 78,574 as at March 31, 2015, for the year ended on that date, in respect of IndoStar Asset Advisory Private Limited subsidiary, which has been audited by other auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of such other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the financial statements and other financial information certified by the Management.

For **S. R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per Shrawan Jalan
Partner
Membership Number: 102102
Place of Signature: Mumbai
Date: May 15, 2015

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

Re: IndoStar Capital Finance Limited (“the Company”)

- (i) (a) The Holding 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 of the Holding Company during the year and no material discrepancies were identified on such verification.
- (ii) The business of the Holding Company does not involve inventories and accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Holding Company.
- (iii) According to the information and explanations given to us the Holding Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Holding Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Holding Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Holding Company do not involve purchase of inventory and the sale of goods. During the course of our audit, no major weakness was observed or continuing failure to correct any major weakness in the internal control system of the Holding Company in respect of these areas.
- (v) The Holding Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the services of the Holding Company.
- (vii) (a) The Holding Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, service tax, wealth-tax, cess and other material statutory dues as applicable to it. The provisions relating to value added taxes, employees’ state insurance, sales tax, duty of customs and duty of excise are not applicable to Holding Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, wealth-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable for Holding Company. The provisions relating to value added taxes, employees’ state insurance, sales tax, duty of customs and duty of excise are not applicable to the Holding Company.
- (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax and cess which have not been deposited on account of any dispute.

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

Re: IndoStar Capital Finance Limited (“the Company”)

- (d) According to the information and explanations given to us, the provisions of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder are not applicable to the Holding Company.
- (viii) The Holding Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Holding Company has not defaulted in their repayment of dues to a financial institution, bank or debenture holders.
- (x) According to the information and explanations given to us, the Holding Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained by the Holding Company.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Holding Company has been noticed or reported during the year.

For **S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Shrawan Jalan

Partner

Membership Number: 102102

Place of Signature: Mumbai

Date: May 15, 2015

Consolidated Balance Sheet as at March 31, 2015

Particulars	Note No.	Amount in ₹	
		As at March 31, 2015	As at March 31, 2014
I. Equity and Liabilities			
(1) Shareholders' funds			
(a) Share capital	3	683,650,397	683,227,320
(b) Reserves and surplus	4	12,168,702,049	10,673,250,095
		12,852,352,446	11,356,477,415
(2) Non-current liabilities			
(a) Long term borrowings	5	16,138,357,597	11,915,701,060
(b) Other long term liabilities	6	138,985,631	578,132,245
(c) Long term provisions	7	119,515,250	108,974,249
		16,396,858,478	12,602,807,554
(3) Current liabilities			
(a) Short term borrowings	8	3,439,215,825	1,668,424,475
(b) Trade payables (Refer note 27)		19,352,096	2,704,029
(c) Other current liabilities	6	7,150,918,304	5,947,898,998
(d) Short term provisions	7	57,762,010	29,704,094
		10,667,248,235	7,648,731,596
Total		39,916,459,159	31,608,016,565
II. Assets			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible		6,328,439	9,615,943
(ii) Intangible		2,383,191	1,237,725
(b) Non current investments	10	546,000,000	608,400,000
(c) Deferred tax (net)	11	85,171,809	81,302,957
(d) Long term loans and advances	12	24,337,745,479	21,368,098,987
(e) Other non current assets	13	53,704,595	104,048,513
		25,031,333,513	22,172,704,125
(2) Current assets			
(a) Cash and bank balances	14	4,856,459,156	4,681,800,721
(b) Short term loans and advances	12	9,582,815,423	4,495,639,780
(c) Other current assets	13	445,851,067	257,871,939
		14,885,125,646	9,435,312,440
Total		39,916,459,159	31,608,016,565

Significant accounting policies

2.1

The notes referred to above form an integral part of the financial statements.

As per our report of even date

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

per **Shrawan Jalan**
Partner
Membership No. 102102

Place : Mumbai
Date : May 15, 2015

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

Vimal Bhandari
MD & CEO

Pankaj Thapar
Chief Financial Officer

Place : Mumbai
Date : May 15, 2015

Dhanpal Jhaveri
Director

Jitendra Bhati
Company Secretary

Statement of Consolidated Profit and Loss for the year ended March 31, 2015

Particulars	Note No.	Amount in ₹	
		For the year ended March 31, 2015	For the year ended March 31, 2014
Income			
Revenue from operations	15	5,280,529,500	3,945,636,099
Other income	16	26,559	23,410,335
Total		5,280,556,059	3,969,046,434
Expenditure			
Employee benefit expenses	17	280,576,665	251,912,848
Finance cost	18	2,579,287,824	1,918,853,189
Depreciation and amortisation	9	7,120,134	8,713,800
Other expenses	19	122,735,567	83,564,134
Provisions	20	30,372,218	13,541,381
Total		3,020,092,408	2,276,585,352
Profit before taxation		2,260,463,651	1,692,461,082
Provision for taxation			
Current tax		773,957,472	613,950,379
Deferred tax asset	11	(3,868,851)	(42,809,382)
Total tax expense		770,088,621	571,140,997
Net profit after taxes		1,490,375,030	1,121,320,085
Earnings per share	21		
Basic (₹)		21.72	16.34
Diluted (₹)		21.43	16.27
Nominal value of equity share (₹)		10	10

Significant accounting policies 2.1

The notes referred to above form an integral part of the financial statements.

As per our report of even date

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

per **Shrawan Jalan**
Partner
Membership No. 102102

Place : Mumbai
Date : May 15, 2015

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

Vimal Bhandari
MD & CEO

Pankaj Thapar
Chief Financial Officer

Place : Mumbai
Date : May 15, 2015

Dhanpal Jhaveri
Director

Jitendra Bhati
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2015

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
A. Cash flow from operating activities		
Profit before taxes	2,260,463,651	1,692,461,082
Depreciation and amortisation	7,120,134	8,713,800
Loss / (profit) on sale of fixed assets (net)	22,444	-
Provision for non performing assets	-	19,384,975
Provision for standard assets	30,372,218	(5,843,594)
Provision for gratuity	741,823	(341,763)
Provision for leave encashment	1,160,909	(82,676)
Operating profit before working capital changes	2,299,881,179	1,714,291,824
Movements in working capital:		
Increase / (decrease) in trade payables	16,648,067	(16,790,620)
Increase in other liabilities	763,872,693	3,312,396,037
Increase in loans and advances	(8,051,322,135)	(8,109,749,403)
Increase in other assets	(137,635,210)	(80,438,580)
Cash generated from operations	(5,108,555,406)	(3,180,290,742)
Direct taxes paid (net of refunds)	(767,633,505)	(647,461,457)
Net cash flow from / used in operating activities (A)	(5,876,188,911)	(3,827,752,199)
B. Cash flows from investing activities		
Purchase of fixed assets including intangible assets	(5,031,832)	(1,581,090)
Proceeds from sale of fixed assets	31,291	5,117
Repayments from fixed income debt instruments	62,400,000	41,600,000
Purchase of debt mutual fund units & fixed income debt instruments	-	(13,955,140,000)
Sale of debt mutual fund units & fixed income debt instruments	-	14,448,597,000
Bank deposits (having original maturity of more than three months)(net)	(2,320,000,000)	(215,000,000)
Net cash used in investing activities (B)	(2,262,600,541)	318,481,027

Consolidated Cash Flow Statement for the year ended March 31, 2015

Amount in ₹

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
C. Cash flows from financing activities		
Amount received from issue of commercial papers	1,770,791,350	330,842,578
Term loans from banks	1,662,187,077	3,469,414,383
Amount received on issue of NCDs	2,560,469,460	1,354,836,461
Net cash from financing activities (C)	5,993,447,887	5,155,093,422
Net increase in cash and cash equivalents (A + B + C)	(2,145,341,565)	1,645,822,250
Cash and cash equivalents at the beginning of the year	4,266,800,721	2,620,978,471
Cash and cash equivalents at the end of the year	2,121,459,156	4,266,800,721

Components of cash and cash equivalents	For the year ended March 31, 2015	For the year ended March 31, 2014
Cash and cash equivalents at the end of the year		
i) Cash on hand	10	10
ii) Cheques on hand	4,088,610	-
iii) Balances with scheduled banks in:		
Current accounts	287,370,536	1,151,800,711
Deposits with original maturity of less than three months	1,830,000,000	3,115,000,000
Total cash and cash equivalents	2,121,459,156	4,266,800,721

As per our report of even date

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

per **Shrawan Jalan**
Partner
Membership No. 102102

Place : Mumbai
Date : May 15, 2015

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

Vimal Bhandari
MD & CEO

Dhanpal Jhaveri
Director

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary

Place : Mumbai
Date : May 15, 2015

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

1. Basis of preparation

The Consolidated financial statements relates to IndoStar Capital Finance Limited (the company) and its subsidiary company. The company, its subsidiary company constitute the group. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under provisions of the Companies Act, 2013 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the group and are consistent with those used in the previous year. The complete financial statements have been prepared along with all disclosures.

2. Basis of consolidation

- i. The financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the company i.e. year ended March 31, 2015 and are prepared based on the accounting policies consistent with those used by the company.
- ii. The financial statements of the group have been prepared in accordance with the AS 21- 'Consolidated financial statements', notified under the provisions of the Companies Act, 2013 (the 'Act') and other generally accepted accounting principles in India.
- iii. The consolidated financial statements have been prepared on the following basis :
 1. The financial statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.
 2. The excess of cost to the company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

3. Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

- iv. The subsidiary company IndoStar Asset Advisory Private Limited (IAAPL) is the 100% subsidiary of IndoStar Capital Finance Limited and same is considered for preparation of consolidated financial statements.

2.1 Significant accounting policies

(a) Presentation and disclosure of financial statements

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of twelve months from the date of financial statements. Accordingly, assets / liabilities expected to be realised / settled within 12 months from the date of financials statements are classified as current and other assets / liabilities are classified as non current

(b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognised prospectively in the current and future years.

(c) Tangible/intangible fixed assets, Depreciation/amortisation and impairment Tangible fixed assets

Fixed assets 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 fixed 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.

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

(c) Tangible/intangible fixed assets, Depreciation/amortisation and impairment (Contd.)

Depreciation on tangible fixed assets

Depreciation is provided on Straight line method ('SLM'), which reflects the management's estimate of the useful life of the respective fixed assets and are greater than or equal to the corresponding useful life prescribed in Schedule II of the Act. The estimated useful life used are as follows:

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act, 2013
Furniture and fixtures	5 Years	10 Years
Office equipments	5 Years	5 Years
Office equipments - mobiles	2 Years	5 Years
Computers	3 Years	3 Years

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

Leasehold improvement is amortised on Straight line method over the lease term.

All fixed assets individually costing ₹ 5,000/- or less are fully depreciated in the year of installation.

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.

Gains or losses arising from derecognition of fixed 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.

Intangible assets

Costs relating to acquisition and development of computer software are capitalized in accordance with the AS 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI') and are amortised using the straight line method over a period of 3 years, which is the management's estimate of its useful life.

Impairment of 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 wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to

their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

(d) Investments

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Commercial papers are valued at carrying cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

(e) Provisioning / Write-off of assets

Non performing loans are written off / provided as per the minimum provision required under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

Provision on standard assets is made as per management estimates and is more than as specified in the notification DNBS.PD.CC.No.207/03.02.002/2010-11 issued by Reserve Bank of India.

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

(f) Loans

Loans are stated at the amount advanced and expenses recoverable, as reduced by the amounts received up to the balance sheet date.

(g) Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss account on a straight-line basis over the lease term.

(h) Foreign currency translation

Initial recognition

Transactions in foreign currency entered into during the year are recorded at the exchange rates prevailing on the date of the transaction.

Conversion

Monetary assets and liabilities denominated in foreign currency are translated in to rupees at exchange rate prevailing on the date of the Balance Sheet.

Exchange differences

All exchange differences are dealt with in the Statement of Profit and Loss account.

(i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Income from financing activities is recognised on accrual basis, except in case of income on non-performing assets, which is recognised on receipt basis.
- ii. Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.
- iii. Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

- iv. Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.
- v. Dividend is recognised as income when right to receive payment is established.
- vi. Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- vii. Origination fees is recognised as income on signing of the binding term sheet by the client. Origination fees @ 1.5% is recognised upfront and fees collected in excess of 1.5% is amortised over the tenure of the loan in proportion to the loan balance.
- viii. Syndication fee and other fees are recognised as income when a significant portion of the arrangement is completed.

(j) Retirement and other employee benefits 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 in the year it is incurred.

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.

Leave encashment

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

(j) Retirement and other employee benefits (Contd.)

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.

(k) Income tax

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(l) Segment reporting policies

The Company is engaged in loan / financing activities. It operates in a single business and geographical segment.

(m) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) 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 period attributable to equity shareholders and the weighted average number of shares outstanding during the period are

adjusted for the effects of all dilutive potential equity shares.

(n) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(o) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit.

(p) Borrowing costs

Borrowing cost includes interest and are charged to Profit & Loss in the year in which they are incurred. Ancillary and other borrowing costs are amortised over the tenure of the underlying loan on straight line basis.

(q) Employee stock compensation costs

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method.

(r) 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.

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 3 Share capital

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Authorised		
80,000,000 (March 31, 2014: 80,000,000) Equity Shares of ₹ 10/- each	800,000,000	800,000,000
	800,000,000	800,000,000
Issued & Subscribed		
Equity shares		
68,619,947 (March 31, 2014: 68,619,947) equity shares of ₹ 10/- each fully paid up	686,199,470	686,199,470
Less: 260,958 (March 31, 2014: 303,266) equity shares of ₹ 10/- each fully paid up issued to employees through Indostar Trust or held by Indostar Trust	(2,609,584)	(3,032,661)
9,038,250 (March 31, 2014: 9,038,250) equity shares of ₹ 10/- each ₹ 0.01 paid up per share	90,383	90,383
Less: 2,987,240 (March 31, 2014: 2,987,240) equity shares of ₹ 10/- each ₹ 0.01 paid up issued to employees through Indostar Trust or held by Indostar Trust	(29,872)	(29,872)
Total	683,650,397	683,227,320

a. Reconciliation of the equity shares outstanding at the beginning and at end of reporting period.

Particulars	As at March 31, 2015		As at March 31, 2014	
	Numbers of shares	Amount in ₹	Numbers of shares	Amount in ₹
Shares outstanding at the beginning of the year	77,658,197	686,289,853	77,658,197	686,289,853
Issued during the period	-	-	-	-
	77,658,197	686,289,853	77,658,197	686,289,853
Less: Adjustment for fully paid up shares issued to employees through Indostar Trust or held by Indostar Trust	-	(2,609,584)	-	(3,032,661)
Less: Adjustment for partly paid up shares issued to employees through Indostar Trust or held by Indostar Trust	-	(29,872)	-	(29,872)
Shares outstanding at the end of the year	77,658,197	683,650,397	77,658,197	683,227,320

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to proportionate vote on basis of his contribution to fully paid up share capital.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the proportionate amount of contribution made by the equity shareholder to the total equity share capital.

c. Details of shareholders holding more than 5% shares in the Company

Name of the shareholders	As at March 31, 2015		As at March 31, 2014	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10/- each				
Indostar Capital (Mauritius) (Holding Company)	68,035,332	87.61	68,035,332	87.61

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

d. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 23.

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 4 Reserves and surplus

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Securities Premium Account		
Balance as per last account	8,227,128,268	8,227,128,268
Less: Premium on equity shares issued to employees through Indostar Trust or held by Indostar Trust	(31,315,005)	(36,391,929)
Closing balance	8,195,813,263	8,190,736,339
Other Reserves		
Statutory reserve pursuant to Section 45-IC of The RBI Act, 1934		
Balance as per last account	510,885,189	286,612,825
Add: Transfer from surplus balance in statement of profit and loss	298,075,006	224,272,364
Closing balance	808,960,195	510,885,189
Surplus in Statement of profit and loss		
Balance as per last account	1,971,628,567	1,074,580,846
Add: Profit for the current year	1,490,375,030	1,121,320,085
Less: Appropriations		
Transfer to statutory reserve as per Section 45-IC of The RBI Act, 1934	(298,075,006)	(224,272,364)
Net surplus in the statement of profit and loss	3,163,928,591	1,971,628,567
Total	12,168,702,049	10,673,250,095

Note 5 Long term borrowings

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current portion	Current maturities*	Non Current portion	Current maturities*
Term loans from banks				
Secured	9,573,051,676	5,837,593,695	7,910,864,599	4,897,735,571
Redeemable non convertible debentures				
Secured	6,565,305,921	322,705,230	4,004,836,461	500,000,000
Less: Transferred to other liabilities	-	(6,160,298,925)	-	(5,397,735,571)
Total	16,138,357,597	-	11,915,701,060	-

*Amount disclosed under the head 'Other liabilities'

(a) Term loan from banks:

Particulars - Bank Name	Rate of interest	Repayment details	As at March 31, 2015		As at March 31, 2014	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank Limited	>=11%<13%	12-Quarterly repayments	-	333,599,997	333,599,997	333,200,001
Axis Bank Limited- TL II	>=11%<13%	12-Quarterly repayments	461,538,462	307,692,308	750,000,000	250,000,000
Axis Bank Limited - TL III	>=11%<13%	13-Quarterly repayments	92,307,692	7,692,308	-	-
Bank of Baroda Limited	>=11%<13%	16-Quarterly repayments	500,000,000	250,000,000	750,000,000	250,000,000
Bank of Baroda Limited - TL II	>=11%<13%	20-Quarterly repayments	700,000,000	200,000,000	-	-
Bank of India Limited	>=11%<13%	16-Quarterly repayments	750,000,000	375,000,000	1,218,750,000	281,250,000
Canara Bank Limited	>=11%<13%	12-Quarterly repayments	333,600,000	333,200,000	666,666,667	333,333,333
Corporation Bank Limited	>=11%<13%	12-Quarterly repayments	50,000,000	100,000,000	150,000,000	100,000,000

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 5 Long term borrowings (Contd.)

				Amount in ₹		
Particulars - Bank Name	Rate of interest	Repayment details	As at March 31, 2015		As at March 31, 2014	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Corporation Bank Limited - TL II	>=11%<13%	9-Quarterly repayments	266,666,667	33,333,333	-	-
Development Credit Bank Limited	>=11%<13%	7-Quarterly repayments	-	107,200,000	107,200,000	142,800,000
Federal Bank Limited	>=11%<13%	12-Quarterly repayments	83,333,333	83,333,333	166,666,667	83,333,333
Federal Bank Limited - TL II	>=11%<13%	12-Quarterly repayments	58,333,290	33,333,332	-	-
ICICI Bank Limited	>=11%<13%	9-Quarterly repayments	-	90,909,091	90,909,091	363,636,364
ICICI Bank Limited - II	>=11%<13%	10-Quarterly repayments	700,000,000	300,000,000	-	-
Indian Overseas Bank Limited	>=11%<13%	18-Quarterly repayments	666,666,667	222,222,222	888,888,889	111,111,111
Indusind Bank Limited	>=11%<13%	12-Quarterly repayments	75,000,000	100,000,000	175,000,000	400,000,000
IndusInd Bank Limited - TL II	>=11%<13%	10-Quarterly repayments	150,000,000	120,000,000	-	-
ING Vysya Bank Limited	>=11%<13%	12-Quarterly repayments	41,666,667	166,666,667	208,333,333	166,666,667
ING Vysya Bank Limited - TL III	>=11%<13%	20-Quarterly repayments	775,000,000	200,000,000	-	-
Kotak Mahindra Bank Limited	>=11%<13%	7-Quarterly repayments	-	-	-	166,071,430
Kotak Mahindra Bank Limited- TL II	>=11%<13%	12-Quarterly repayments	83,333,333	166,666,667	249,999,953	166,666,667
Kotak Mahindra Bank Limited - TL III	>=11%<13%	16-Quarterly repayments	687,500,000	250,000,000	-	-
Punjab National Bank Limited	>=11%<13%	12-Quarterly repayments	133,333,333	333,333,333	466,666,667	333,333,333
South Indian Bank Limited	>=11%<13%	18-Quarterly repayments	222,222,224	27,777,776	-	-
State Bank of Bikaner and Jaipur Limited	>=11%<13%	12-Quarterly repayments	166,666,666	166,666,667	333,333,333	166,666,667
State Bank of Hyderabad Limited	>=11%<13%	12-Quarterly repayments	83,333,333	166,666,667	250,000,000	166,666,667
State Bank of India Limited	>=11%<13%	12-Quarterly repayments	-	667,200,000	667,200,000	666,400,000
State Bank of India Limited - TL II	>=11%<13%	18-Quarterly repayments	1,888,700,000	111,300,000	-	-
State Bank of Mysore Limited	>=11%<13%	12-Quarterly repayments	20,650,007	83,399,997	104,050,005	83,399,997
State Bank of Mysore Limited - TL II	>=11%<13%	9-Quarterly repayments	583,200,000	166,800,000	-	-
State Bank of Patiala Limited	>=11%<13%	12-Quarterly repayments	-	333,599,997	333,599,997	333,200,001
Total			9,573,051,675	5,837,593,695	7,910,864,599	4,897,735,571

Nature of security:

First pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge by way of hypothecation of the standard asset portfolio of receivables of ₹ 21,689,503,800/- (March 31 2014: ₹ 17,245,361,370/-).

b) Non convertible debenture

Privately placed redeemable non convertible debentures of ₹ 1,000,000/- each

Terms of repayment as on March 31, 2015

					Amount in ₹	
Redeemable within	As at March 31, 2015		As at March 31, 2014			
	Rate of interest		Rate of interest			
	>= 0% < 13%		>= 0% < 13%			
	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities		
0-12 months	-	322,705,230	-	500,000,000		
12-24 months	2,500,000,000	-	304,247,749	-		
24-36 months	1,349,368,636	-	2,000,000,000	-		
36-48 months	1,215,937,285	-	350,000,000	-		
48-60 months	1,350,000,000	-	1,200,588,712	-		
Above 60 months	150,000,000	-	150,000,000	-		
Total	6,565,305,921	322,705,230	4,004,836,461	500,000,000		

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 5 Long term borrowings (Contd.)

Nature of security:

- Security is created in favour of the Debenture Trustee, as follows:
 - first pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge of by way of hypothecation of the standard asset portfolio of receivables of ₹ 7,976,106,000 (March 31, 2014: ₹ 5,550,000,000); and
 - first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat
- Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

Note 6 Other liabilities

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Deposits from clients	-	210,326,231	452,450,030	-
Unamortised fees	138,985,631	63,184,606	125,682,215	62,049,379
Interest accrued but not due on loans	-	584,093,633	-	397,238,740
Tax deducted at source payable	-	8,907,821	-	5,192,483
Statutory liabilities payable	-	560,824	-	352,825
Current maturities of long term debts (Refer note 5)	-	6,160,298,925	-	5,397,735,571
Employee benefits payable	-	110,000,000	-	85,330,000
Others	-	13,546,264	-	-
Total	138,985,631	7,150,918,304	578,132,245	5,947,898,998

Note 7 Provisions

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Long term	Short term	Long term	Short term
For employee benefit				
For gratuity	-	1,004,188	-	262,365
For leave encashment and availment	2,052,181	85,641	926,326	50,587
For Others				
For non-performing assets	19,384,975	-	19,384,975	-
For standard assets	98,078,094	40,324,048	88,662,948	19,366,976
For income tax (net of advance tax) [net of advance tax ₹ 1,863,769,185 (March 31, 2014: ₹ 1,096,135,680)]	-	16,348,133	-	10,024,166
Total	119,515,250	57,762,010	108,974,249	29,704,094

Note 8 Short term borrowing

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Unsecured Loan		
Commercial papers		
i) From banks	250,000,000	1,000,000,000
ii) other than banks	3,250,000,000	750,000,000
Less: Unamortised discount	(60,784,175)	(81,575,525)
Total	3,439,215,825	1,668,424,475

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 9 Fixed assets

Particulars	Amount in ₹							
	Tangible Assets					Intangible Assets		Total Assets
	Land - Freehold	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Total	Software	
Gross Block								
As at April 1, 2013	1,505,100	4,516,966	1,728,057	3,209,648	16,453,451	27,413,222	-	27,413,222
Additions	-	137,544	328,656	-	-	466,200	1,486,520	1,952,720
Deletions	-	-	15,250	441,360	-	456,610	-	456,610
As at March 31, 2014	1,505,100	4,654,510	2,041,463	2,768,288	16,453,451	27,422,812	1,486,520	28,909,332
Additions	-	2,387,785	746,633	124,890	-	3,259,308	1,772,524	5,031,832
Deletions	-	82,037	72,800	-	-	154,837	-	154,837
As at March 31, 2015	1,505,100	6,960,258	2,715,296	2,893,178	16,453,451	30,527,283	3,259,044	33,786,327
Depreciation								
As at April 1, 2013	-	1,333,407	595,807	771,163	7,092,980	9,793,357	-	9,793,357
Additions	-	1,536,880	442,792	877,521	5,607,812	8,465,005	248,795	8,713,800
Deletions	-	-	10,133	441,360	-	451,493	-	451,493
As at March 31, 2014	-	2,870,287	1,028,466	1,207,324	12,700,792	17,806,869	248,795	18,055,664
Additions	-	1,656,045	525,161	559,215	3,752,659	6,493,080	627,058	7,120,138
Deletions	-	70,771	30,334	-	-	101,105	-	101,105
As at March 31, 2015	-	4,455,561	1,523,293	1,766,539	16,453,451	24,198,844	875,853	25,074,697
Net Block								
As at March 31, 2014	1,505,100	1,784,223	1,012,997	1,560,964	3,752,659	9,615,943	1,237,725	10,853,668
As at March 31, 2015	1,505,100	2,504,697	1,192,003	1,126,639	-	6,328,439	2,383,191	8,711,630

Note 10 Non-current investments

Particulars	Amount in ₹					
	As at March 31, 2015			As at March 31, 2014		
	Face value	Quantity	Amount	Face value	Quantity	Amount
Quoted -Investments in debentures						
Indrajit Power Private Limited	840,000	650	546,000,000	936,000	650	608,400,000
Total		650	546,000,000		650	608,400,000
Aggregate value of quoted investments						
Cost of acquisition*			546,000,000			608,400,000
Market value*			546,000,000			608,400,000

*Investment in debentures of Indrajit Power Private Limited (the Company) are privately placed and listed on BSE. However there are no trades in the debentures of the Company. Hence the cost of Investment is considered as market value.

Notes

forming part of the consolidated financial statements for the year ended March 31, 2015

Note 11 Deferred tax assets (net)

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Deferred tax asset created during the year		
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	3,822,089	3,387,758
Provision for standard assets	47,042,888	36,719,371
Origination fees unamortised	68,717,663	63,809,969
Provision for gratuity	341,324	89,178
Provision for leave encashment	726,646	332,053
Provision for non performing assets	6,588,953	6,588,953
Total (A)	127,239,563	110,927,282
Deferred tax liability created during the year		
Borrowing costs amortisation	(42,067,754)	(29,624,325)
Total (B)	(42,067,754)	(29,624,325)
Net deferred tax asset (A-B)	85,171,809	81,302,957

Note 12 Loans and advances

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current portion	Current portion	Non Current portion	Current portion
Unsecured, considered good				
Security Deposits				
Unsecured, considered good	4,583,548	-	4,583,548	-
Secured, considered good				
Hypothecation loans	14,879,001,623	4,649,695,571	9,781,900,999	3,184,273,437
Debentures	8,590,032,569	660,639,560	10,302,386,726	308,598,581
Short term loans	-	1,000,000,000	-	250,000,000
Secured, considered doubtful				
Hypothecation loans	193,849,748	-	193,849,748	-
Unsecured, considered good				
Hypothecation loans	571,428,572	228,571,428	1,000,000,000	-
Debentures	-	-	-	99,566,000
Short term loans	-	2,973,100,000	-	600,000,000
Unsecured, considered good				
Advances recoverable in cash or in kind or for value to be received	-	8,599,765	-	271,597
Prepaid expenses	98,849,419	61,295,248	85,377,966	52,571,436
Service tax (input credit)	-	401,640	-	189,420
Others	-	512,211	-	169,309
Total	24,337,745,479	9,582,815,423	21,368,098,987	4,495,639,780

Note 13 Other assets

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current portion	Current portion	Non Current portion	Current portion
Interest accrued on investments	-	11,013,897	-	12,789,244
Interest accrued but not due on loans	53,704,595	414,561,975	104,048,513	228,151,914
Interest accrued on fixed deposits with banks	-	20,275,195	-	16,930,781
Total	53,704,595	445,851,067	104,048,513	257,871,939

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 14 Cash and bank balances

Particulars	Amount in ₹			
	As at March 31, 2015		As at March 31, 2014	
	Non Current	Current	Non Current	Current
Cash and cash equivalents				
i) Cash On hand	-	10	-	10
ii) Balances with scheduled banks in:				
Current accounts	-	287,370,536	-	1,151,800,711
Deposits with original maturity of less than three months	-	1,830,000,000	-	3,115,000,000
iii) Cheques on hand	-	4,088,610	-	-
iv) Deposits with original maturity of more than three months but less than six months	-	2,735,000,000	-	415,000,000
Total	-	4,856,459,156	-	4,681,800,721

Note 15 Revenue from operations

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest income on:		
Loan portfolio and related charges	4,243,424,251	3,247,169,933
Deposits with banks	337,435,026	268,244,088
Fixed income debt instruments	85,643,739	106,025,870
Other financial services:		
Origination fees	512,848,373	283,133,664
Syndication & other fees	88,782,290	28,528,061
Gain on sale of loan assets	12,395,821	12,534,483
Total	5,280,529,500	3,945,636,099

Note 16 Other income

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Dividend from debt mutual fund units	-	23,361,256
Miscellaneous income	26,559	49,079
Total	26,559	23,410,335

Note 17 Employee benefit expenses

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Salaries, other allowances and bonus	270,988,098	246,231,152
Gratuity expenses	1,601,823	89,561
Leave encashment	1,274,798	365,442
Contribution to provident and other funds	4,763,218	4,337,977
Staff welfare expenses	1,948,728	888,716
Total	280,576,665	251,912,848

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 18 Finance cost

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Interest expense on :		
Debentures	753,779,000	424,116,527
Deposits from clients	67,314,489	35,154,050
Loans from banks	1,487,687,478	1,225,011,396
Commercial papers	190,812,480	168,575,678
Other borrowing costs :		
Processing charges on loans	52,764,990	39,046,827
Other related costs	26,929,387	26,948,711
Total	2,579,287,824	1,918,853,189

Note 19 Other expenses

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Rent	17,744,034	17,723,630
Rates & taxes	8,448,677	12,282,284
Printing & stationery	602,928	536,636
Travelling & conveyance	3,701,571	3,179,768
Advertisement	195,323	1,011,859
Business meeting	445,784	490,808
Business promotion	1,634,727	1,723,526
Conference charges	143,748	706,772
Commission & brokerage	1,029,357	-
Office expenses	13,895,900	12,126,888
Directors' sitting fees	8,009,444	975,114
Insurance	3,786,579	1,429,263
Communication expenses	1,150,341	1,199,522
Payment to auditor		
- Audit fees	2,665,736	1,516,155
- Tax audit fees	318,540	265,450
- Certification	270,881	359,883
- Out of pocket	53,143	22,990
Bank charges	1,528,548	1,250,821
CSR expenses	10,000,000	-
Legal & professional charges	44,808,908	21,542,046
Loss on sale of fixed assets (net)	22,444	-
Loss on sale of investments	-	3,326,374
Membership & subscriptions	2,264,674	1,863,845
Miscellaneous expenses	14,280	-
Preliminary Expenses	-	30,500
Total	122,735,567	83,564,134

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 20 Provisions

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
General contingency provision (Refer note 28)	-	(60,000,000)
Provision for standard assets	30,372,218	54,156,406
Provision for non-performing assets	-	19,384,975
Total	30,372,218	13,541,381

Note 21 Earnings per share

Particulars	Amount in ₹ except for no. of equity shares	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Net Profit after tax as per profit and loss account (Amount in ₹) (A)	1,490,375,030	1,121,320,085
Weighted average number of equity shares for calculating Basic EPS (B)	68,628,985	68,628,985
Weighted average number of equity shares for calculating Diluted EPS (C)	69,552,985	68,931,985
Basic earnings per equity share (Face value of ₹ 10/- per share) (A) / (B)	21.72	16.34
Diluted earnings per equity share (Face value of ₹ 10/- per share) (A) / (C)	21.43	16.27

Particulars	Amount in ₹ except for no. of equity shares	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Weighted average number of equity shares for calculating Basic EPS	68,628,985	68,628,985
Add : Equity shares for no consideration arising on grant of stock options under ESOP	924,000	303,000
Weighted average number of equity shares in calculating Diluted EPS	69,552,985	68,931,985

Note 22 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.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures have been made as required by the standard:

Profit and loss account

Net employee benefit expense (recognized in employee cost)

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Current service cost	1,040,154	953,394
Interest cost on benefit obligation	206,679	159,525
Expected return on plan assets	(228,767)	(149,619)
Net actuarial (gain) / loss recognised in the year	583,757	(842,146)
Past service cost	-	-
Adjustment in respect of interest not credited in the previous year	-	(31,593)
Net benefit expense	1,601,823	89,561

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 22 Gratuity and other post-employment benefit plans (Contd.)

Balance sheet

Details of Provision for gratuity

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Defined benefit obligation	(4,077,761)	(2,277,797)
Fair value of plan assets	3,073,573	2,015,432
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(1,004,188)	(262,365)

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Opening defined benefit obligation	2,277,797	2,019,309
Interest cost	206,679	159,525
Current service cost	1,040,154	953,393
Benefits paid	-	-
Actuarial (gains) / losses on obligation	553,131	(854,430)
Closing defined benefit obligation	4,077,761	2,277,797

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Investments with insurer	3,073,573	2,015,432

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	As at	
	March 31, 2015	March 31, 2014
Discount Rate	7.80%	9.10%
Increase in compensation cost	6.00%	6.00%
Employee Turnover*		

The estimates of future salary increases, considered in actuarial valuation, are on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

*5% at younger ages reducing to 1% at older ages

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 22 Gratuity and other post-employment benefit plans (Contd.)

Amounts for the Current and previous four years are as follows:

Particulars	Amount in ₹				
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012	As at March 31, 2011
Defined benefit obligation	4,077,761	2,277,797	2,019,308	918,890	-
Plan assets	3,073,573	2,015,432	1,415,180	-	-
Surplus / (deficit)	(1,004,188)	(262,365)	(604,128)	(918,890)	-
Experience adjustments on plan liabilities	26,861	(632,462)	(208,423)	(429,171)	(452,620)
Experience adjustments on plan assets	30,626	12,284	49,041	-	-

Note 23 Employee stock option plans

The company provides share-based employee benefits to the employees of the Company, the Holding Company or Subsidiary Company working in India or outside India, the Director, whether a whole time Director or otherwise; whether in India or outside India, including the Director of the Company, the Holding Company or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid Employees who are on deputation at the request of the Company and during the year ended 31 March 2015, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

On 20 June 2012, the board of directors approved the share-based employee benefits ESOP Scheme 2012 (Scheme 2012) for issue of stock options to the key employees and directors of the company. According to the Scheme 2012, the employee selected by the Nomination and Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. The contractual life (comprising of the vesting period and the exercise period) of options granted is 5 years.

Other relevant terms of the grant	are as follows	Terms
Vesting period		5 years
Exercise period		4 years from the date of vesting
Expected life		5 years
Market price		NIL

The details of activity under the Scheme 2012 are summarized below:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Date of grant	21-Aug-12	18-Feb-13	28-Mar-13	14-Aug-13	23-Apr-14
Number of option granted	203,000	100,000	20,000	10,000	666,000
Number of option cancelled	30,000	-	20,000	10,000	15,000
Number of option outstanding	173,000	100,000	-	-	651,000
Weighted average remaining contractual life (in years)	5	6	4	4	6
Weighted average fair value of options granted (₹)	99.63	102.52	91.11	92.16	105.67
Weighted average Exercise Price (₹)	140.00	145.00	145.10	147.24	149.37

The range of exercise prices for options outstanding at the end of the year was ₹ 140.00 to ₹ 149.37 (March 31, 2014: ₹ 140.00 to ₹ 147.24).

The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Dividend yield (%)	0%	0%	0%	0%	0%
Expected volatility	0.5811	0.5765	0.5709	0.5671	0.5733
Risk-free interest rate	8%	8%	8%	8%	8%
Weighted average share price (₹)	Nil	Nil	Nil	Nil	Nil
Exercise price (₹)	140.00	145.00	145.10	147.24	149.37
Expected life of options granted in years	8	8	6	6	8

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 23 Employee stock option plans (Contd.)

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The company measures the cost of ESOP using the intrinsic value method. Had the company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	Amount in ₹	
	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit after tax as reported	1,490,648,023	1,121,361,821
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost using the fair value method	96,279,160	27,487,990
Proforma profit after tax	1,394,368,863	1,093,873,831
Earnings Per Share		
Basic		
- As reported	21.72	16.34
- Proforma	20.32	15.94
Diluted		
- As reported	21.43	16.27
- Proforma	20.05	15.87

Note 24 Related party disclosure

Names of related parties and related party relationships

Holding Company	Indostar Capital (Mauritus)
Key Managerial Personnel	Vimal Bhandari - MD & CEO Sanjay Hinduja** - Wholetime Director Shailesh Shirali - Wholetime Director Pankaj Thapar - CFO Jitendra Bhati - Company Secretary
Relatives of Key Managerial Personnel	There are no transactions, and hence not reported

** till 31 August 2013

I. Related party with whom transactions have taken place during the period

Name of related party & nature of relationship	Particulars	Amount in ₹	
		For the year ended March 31, 2015	For the year ended March 31, 2014
Key managerial personnel			
Vimal Bhandari	Remuneration paid*	43,939,375	39,939,375
	Expenses reimbursed	725,048	770,482
Sanjay Hinduja	Remuneration paid*	-	7,711,533
	Expenses reimbursed	-	31,852
Shailesh Shirali	Remuneration paid*	46,649,499	39,149,499
Pankaj Thapar	Remuneration paid*	20,459,708	15,459,708
	Expenses reimbursed	164,806	145,895
Jitendra Bhati	Remuneration paid*	4,296,140	2,783,036
	Expenses reimbursed	110,161	47,004

*includes bonus on accrual basis

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 24 Related party disclosure (Contd.)

II. Balance as at period end

Name of related party & nature of relationship	Particulars	Amount in ₹	
		As at March 31, 2015	As at March 31, 2014
Holding Company			
Indostar Capital (Mauritius)	Investment in share capital	680,353,320	680,353,320
	Securities premium	8,164,239,840	8,164,239,840
Key managerial personnel			
Vimal Bhandari	Investment in share capital	2,314,552	2,314,552
	Securities premium	27,692,280	27,692,280
Shailesh Shirali	Investment in share capital	23,077	23,077
Pankaj Thapar	Investment in share capital	800	800

Note 25 Contingent liabilities and commitments

	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Capital and other commitments		
Loans sanctioned not yet disbursed	4,459,752,370	1,088,078,918

Note 26 Leases

In case of assets taken on lease

The Company has taken various office premises under operating lease. The lease payments recognized in the Statement of Profit & Loss are ₹ 17,744,034 (March 31, 2014: ₹ 17,723,630). The non-cancellable operating lease agreements are for a period of 60 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
Minimum Lease Payments:		
Not later than one year	16,541,844	11,027,896
Later than one year but not later than five years	65,615,980	-
Later than five years	-	-

Note 27 Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
The principal amount remaining unpaid to supplier as at the end of the year	-	-
The interest due thereon remaining unpaid to supplier as as the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointment day during the year	-	-

Notes forming part of the consolidated financial statements for the year ended March 31, 2015

Note 27 Dues to Micro, Small and Medium enterprises as per MSMED Act, 2006 (Contd.)

Particulars	Amount in ₹	
	As at March 31, 2015	As at March 31, 2014
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further 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 for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	-	-

Note 28 General contingency provision

The Company had reassessed the general contingency provision in the previous year and on reassessment it has been reversed in the previous year.

Note 29 Previous years comparative

Previous year / period figures have been regrouped / revamped wherever considered necessary, to confirm with current period presentation.

As per our report of even date

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

per **Shrawan Jalan**
Partner
Membership No. 102102

Place : Mumbai
Date : May 15, 2015

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

Vimal Bhandari
MD & CEO

Pankaj Thapar
Chief Financial Officer

Place : Mumbai
Date : May 15, 2015

Dhanpal Jhaveri
Director

Jitendra Bhati
Company Secretary

Form AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

1	CIN	U67100MH2013PTC240676
2	Name of the subsidiary	IndoStar Asset Advisory Private Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA
5	Share capital	Authorised Capital: ₹ 10,00,000 Paid Up Capital: ₹ 100,000
6	Reserves & surplus	₹ (4,55,298)
7	Total Assets	₹ 78,574
8	Total Liabilities	₹ 78,574
9	Investments	Nil
10	Turnover	Nil
11	Profit/ (Loss) before taxation	₹ (4,13,562)
12	Provision for taxation	Nil
13	Profit/ (Loss) after taxation	₹ (4,13,562)
14	Proposed Dividend	Nil
15	% of shareholding	100% by IndoStar Capital Finance Limited

Notes:

1. There were no subsidiaries which are yet to commence operations
2. There were no subsidiaries which have been liquidated or sold during the year.

By the Order of the Board of Directors
For IndoStar Capital Finance Limited

Vimal Bhandari
Managing Director
DIN: 00001318

Dhanpal Jhaveri
Director
DIN: 02018124

Place : Mumbai
Date : May 15, 2015

Pankaj Thapar
Chief Financial Officer

Jitendra Bhati
Company Secretary



Corporate Information

BOARD OF DIRECTORS

Managing Director & CEO

Mr. Vimal Bhandari

Whole-Time Director

Mr. Shailesh Shirali

Non-Executive Directors

Mr. Sameer Sain

Mr. Atul Kapur

(ceased to be Director with effect from April 22, 2015)

Mr. L. Brooks Entwistle

(appointed as Director with effect from April 23, 2015)

Mr. Dhanpal Jhaveri

Mr. Deepak Shahdadpuri

Mr. Alok Oberoi

Ms. Shweta Bhatia

Non-Executive Independent Directors

Mr. Ravi Narain

Mr. Eric Stuart Schwartz

Mr. Bobby Parikh

Mr. D Sivanandhan

CHIEF FINANCIAL OFFICER

Mr. Pankaj Thapar

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Jitendra Bhati

STATUTORY AUDITORS

S. R. Batliboi & Co. LLP

Chartered Accountants

INTERNAL AUDITORS

KPMG

CIN: U51909WB2009PLC136998

BANKERS

Axis Bank Limited

Bank of Baroda

Bank of India

Canara Bank

Corporation Bank

Development Credit Bank Limited

HDFC Bank Limited

ICICI Bank Limited

IDBI Bank Limited

Indian Overseas Bank

IndusInd Bank Limited

Kotak Mahindra Bank Limited

Punjab National Bank

RBL Bank Limited

State Bank of Bikaner and Jaipur

State Bank of Hyderabad

State Bank of India

State Bank of Mysore

State Bank of Patiala

The Federal Bank Limited

The South Indian Bank Limited

Yes Bank Limited

SECURITY & DEBENTURE TRUSTEE

IDBI Trusteeship Services Limited

Asian Building, Ground Floor

17, R Kamani Marg, Ballard Estate

Mumbai - 400 001

REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (West)

Mumbai - 400 078

REGISTERED OFFICE

Room No. 6, 4th Floor, Commerce House, 2A, Ganesh

Chandra Avenue, Kolkata – 700 013

CORPORATE OFFICE

One Indiabulls Center, 17th Floor, Tower 2A

Jupiter Mills Compound, Senapati Bapat Marg,

Mumbai - 400 013

Tel No. : +91 22 4315 7000

Fax No.: +91 22 4315 7010

E-mail : icf.legal@indostarcapital.com

Website : www.indostarcapital.com



CORPORATE OFFICE

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Jupiter Mills Compound
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E-mail : icf.legal@indostarcapital.com
Website : www.indostarcapital.com

BRANCH OFFICES

Mumbai, Delhi, Bangalore, Pune