INDOSTAR
HOME
FINANCE

Annual Report
2021-22

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BOARD'S REPORT

Dear Members,

Your Directors take pleasure in presenting the 7th Annual Report on the affairs of your Company together with the audited financial statements for the financial year ended March 31, 2022.

FINANCIAL HIGHLIGHTS

The key highlights of the audited financial statements of your Company for the financial year ended March 31, 2022 and comparison with previous financial year ended March 31, 2021 are summarized below:

(₹ in crore)

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
Total income	144.82	134.07
Total expenditure	98.74	95.40
Profit before taxation	46.09	38.67
Net Profit after taxes	**34.31**	**27.95**
Other comprehensive income, net of tax	0.06	0.03
Total comprehensive income	34.37	27.98
Transfer to statutory reserve fund u/s 29C of National Housing Bank Act, 1987	6.86	5.59
Balance brought forward from previous year	4.66	(17.73)
Balance carried to balance sheet	31.18	4.66
Earnings per share (Face Value ₹ 10/- each)		
Basic (₹)	0.89	1.40
Diluted (₹)	0.89	1.40

FINANCIAL PERFORMANCE & COMPANY'S STATE OF AFFAIRS

Your Company is engaged in the affordable housing finance business which is aligned with the government's mission of 'Housing for All' and strives to pass on the benefits of various schemes of the National Housing Bank ("NHB") under the said mission to its customers. Your Company commenced business operations in mid of 2017 and has built a quality and profitable portfolio of over ₹ 1,406 crore as on March 31, 2022 which is increased from ₹ 838.22 crore from previous financial year.

During the year under review, the total income of the Company was ₹ 144.82 crore (previous year: ₹ 134.06 crore). The operations of the Company during the year under review has resulted in profit after tax of ₹ 34.31 crore (previous year: ₹ 27.95 crore). The other key performance indicators of the Company are: (a) Return on Assets: 3.1%; (b) Capital to Risk Weighted Assets Ratio: 83.2%; (c) Debt-Equity Ratio: 1.48x; (d) Disbursements: ₹ 579 crore which is 101% YoY increase; (f) Gross Stage 3 assets: 1.8%; and (g) Cash & cash equivalent including undrawn lines: ₹ 207.62 crore.

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

SHARE CAPITAL

Authorised Share Capital

During the year under review, the authorised share capital of your Company was increased from ₹ 200 crore, divided into 20,00,00,000 equity shares of face value of ₹ 10 each to ₹ 1,000 crore, divided into 100,00,00,000 equity shares of face value of ₹ 10 each.

Issued, Subscribed & Paid-up Share Capital

During the year under review, the Company issued and allotted 25,00,00,000 equity shares of face value of ₹ 10 each, at par, to IndoStar Capital Finance Limited (ICFL), the holding company, pursuant to conversion of loan of ₹ 250 crore from ICFL, into equity shares of the Company.

Consequent to the abovementioned allotments, the issued, subscribed and paid-up share capital of the Company as on March 31, 2022 and as on date of this report stands increased to ₹ 450 crore divided into 45,00,00,000 equity shares of face value of ₹ 10 each.

Your Company has not issued any sweat equity shares or equity shares with differential voting rights. None of the Directors on the Board of the Company as on March 31, 2022, holds any equity shares or instruments convertible into equity shares of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

At present, the Board of Directors of your Company comprises 4 (four) Directors of which 1 (one) is an Non-Executive Independent Director, 2 (two) are Non-Executive Non-Independent Directors and 1 (one) is an Executive Director. The Chairman of the Board of Directors is Non-Executive Independent Director. The Board composition is in compliance with the requirements of the Act, RBI HFC Directions and such other direction(s), circular(s), notification(s) and guideline(s) issued by the NHB and RBI as applicable except provision of Section 149 of the Act with respect to appointment of woman director on the Board of Directors of the Company for which the Company is in process of appointment.

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

Appointments and cessations

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

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Your Company has an expanded network of branches and operates across 100 branches in 10 states in India and has an employee base of over 489 employees as on March 31, 2022.

Your Company has continued to maintain good asset quality with net non-performing assets ("NPA") of 1.14% as on March 31, 2022, in spite of a difficult macro-economic environment. Pursuant to the requirement of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the circulars, directions, notifications issued by the Reserve Bank of India ("RBI") and NHB ("RBI HFC Directions") and provisions of the Companies Act, 2013 ("the Act") read with Rules made thereunder, a provision of ₹ 11.60 crore (previous year: ₹ 11.83 crore) at the rate of 0.96% of outstanding standard assets of the Company, was made as at March 31, 2022. Further, pursuant to the requirement of Section 29C of the National Housing Bank Act, 1987, an amount of ₹ 6.86 crore was transferred to statutory reserve fund. For details of Reserves and Surplus of the Company, please refer Note 20 of the audited standalone financial statements of the Company for the financial year ended March 31, 2022.

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

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

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

DIVIDEND

In view to conserve cash in the Company, *inter-alia,* for the Company's growth, despite having sufficient distributable profits, the Board of Directors has not recommended Dividend on equity shares for financial year 2021-22.

FINANCIAL STATEMENTS

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

In terms of Section 129 of the Act read with Rules framed thereunder, audited financial statements of the Company for the financial year ended March 31, 2022 shall be laid before the ensuing Annual General Meeting of the Company.

The audited standalone financial statements together with Auditor's Report thereon forms part of the annual report and are also available on the website of the Company at https://www.indostarhfc.com/investors-corner#investor-relations.

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During the year under review, upon recommendation of the NRC, the Board of Directors on February 2, 2022, approved appointment of Mr. N. R. Narayanan as an Additional Director in the category of Non-Executive Independent Director, subject to the approval of shareholders of the Company, for a term of 5 (five) consecutive years commencing from February 2, 2022 till February 1, 2027.

In the opinion of the Board of Directors of your Company, Mr. N. R. Narayanan possesses requisite qualification, experience, expertise, proficiency and holds high standards of integrity. Further, notice in terms of Section 160 of the Act, has been received from a Member of the Company, proposing his candidature as Non-Executive Independent Director of the Company with effect from February 2, 2022, which shall be considered by the shareholders at the ensuing Annual General Meeting of the Company. Brief profile of Mr. N. R. Narayanan is included in the notice of Annual General Meeting of the Company.

During the year under review, Mr. Pankaj Thapar and Mr. Aditya Joshi, Non-Executive Non-Independent Director(s) resigned from the Board of Directors of the Company with effect from April 09, 2021 and June 14, 2021, respectively. The Board of Directors placed on record its sincere appreciation for the valuable contribution and guidance provided by Mr. Thapar and Mr. Joshi, during their association with the Company.

Subsequent to resignation of Mr. Joshi, upon nomination by BCP V Multiple Holdings Pte. Limited ("Brookfield") in terms of the shareholders' agreement executed among the ICFL, Brookfield and Indostar Capital dated January 31, 2020, the Board of Directors at its meeting held on June 14, 2021, approved appointment of Mr. Munish Dayal as an Additional Non-Executive Non-Independent Director, liable to retire by rotation, to hold office up to the date of the Annual General Meeting of the Company. The shareholders of the Company at the Annual General Meeting held on September 28, 2021 approved appointment of Mr. Dayal as Non-Executive Non-Independent Director, liable to retire by rotation.

Further, subsequent to the year under review, Ms. Benaifer Palsetia, Non-Executive Non-Independent Director resigned from the Board of Directors of the Company with effect from July 18, 2022. The Board of Directors places on record its sincere appreciation for the valuable contribution and guidance provided by Ms. Benaifer Palsetia, during her association with the Company.

Director(s) Retiring by Rotation

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, Mr. Vibhor Kumar Talreja, Non-Executive Non-Independent Director, shall retire by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting of the Company. A brief profile of Mr. Talreja has been included in the notice convening the ensuing Annual General Meeting.

Re-appointment of Independent Director

Independent Director term is not due for re-appointment.

Resignation of Independent Director

During the year under review, there was no resignation by the Independent Director before the expiry of tenure.

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Director(s) Declaration and Disclosures

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

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

Key Managerial Personnel ("KMP")

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

Mr. Shreejit Menon	-	Whole-Time Director designated as Deputy CEO
Ms. Nidhi Sadani	-	Company Secretary

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

- Mr. Prashant Shetty resigned from the office of Chief Financial Officer of the Company with effect from January 14, 2022;
- Ms. Priyal Shah resigned from the office of Company Secretary of the Company with effect from December 30, 2021; and
- Ms. Nidhi Sadani was appointed as the Company Secretary of the Company with effect from February 10, 2022.

NHB / RBI DIRECTIONS

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

DEPOSITS

Your Company has not accepted any public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the NHB / RBI. Further, your Company being non-deposit accepting housing finance company, the disclosure requirements under Chapter V of the Act

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read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014, as amended and Para 44 of the RBI HFC Directions, are not applicable to your Company.

RESOURCES AND LIQUIDITY

During the year under review, your Company has raised funds from *inter-alia*, following sources (i) ₹ 220 crore as bank borrowings (outstanding as on March 31, 2022: ₹ 248.46 crore); (ii) ₹ 375 crore through borrowings from holding company (outstanding as on March 31, 2022: NIL); (iii) ₹ 186 crore through borrowings from NHB (outstanding as on March 31, 2022: ₹ 283.83 crore); and (iv) ₹ 287.35 crore by sale / assignment / securitisation of loan assets of the Company.

Further, the Company has a revolving line of credit facility of ₹ 175 crore from ICFL, the holding company of the Company.

Credit Rating(s)

Your Company's financial discipline and prudence is reflected in the strong credit ratings ascribed by rating agencies. Credit Ratings assigned to the Company as on March 31, 2022 is summarised below:

Particulars / Rating Agencies	Rating	Remarks
Long Term Debt Programme:		
CRISIL Ratings Limited	"CRISIL AA-"	The rating indicates that the instruments have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.
Short Term Debt Programme / Commercial Paper:		
CARE Ratings Limited	"CARE A1+"	The ratings indicate that the instruments have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk. Short Term Debt Programme / Commercial Paper of your Company carry the highest rating by two major credit rating agencies.
ICRA Limited	"ICRA A1+"	

DEBT EQUITY RATIO

Your Company's Debt Equity ratio as on March 31, 2022 stood at 1.48:1.

CAPITAL ADEQUACY RATIO

Your Company is well capitalized to provide adequate capital for its continued growth. As on March 31, 2022, the Capital to Risk Assets Ratio ("CRAR") of your Company stood at 83.2% (Tier I Capital to Risk Assets

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Ratio was 83.2% and Tier II Capital to Risk Assets Ratio was 0.0%), well above the regulatory limit of 15% as prescribed in the RBI HFC Directions.

NET OWNED FUNDS

The Net Owned Funds of your Company as on March 31, 2022 stood at ₹ 496.26 crore.

AUDITORS

Statutory Auditors & their Report

In terms of provisions of the Act, Deloitte Haskins & Sells LLP, Chartered Accountants, having ICAI Firm Registration No. 117366W/W-100018, were appointed as the Statutory Auditors of the Company at the 5th Annual General Meeting of the Company held on September 28, 2020 for a term of five years to hold office till the conclusion of the 10th Annual General Meeting of the Company.

In terms of Circular No. RBI/2021-22/25 Ref. No. DoS. CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, issued by RBI which states that "One audit firm can concurrently take up statutory audit of a maximum of four Commercial Banks [including not more than one PSB or one All India Financial Institution (NABARD, SIDBI, NHB, EXIM Bank) or RBI], eight UCBs and eight NBFCs during a particular year, subject to compliance with required eligibility criteria and other conditions for each Entity and within overall ceiling prescribed by any other statutes or rules", the Statutory Auditors considering being statutory auditors for more than eight NBFCs during the financial year 2021-22, communicated its ineligibility to continue as Statutory Auditors of the Company and resigned with effect from conclusion of the 6th Annual General Meeting of the Company held on September 28, 2021.

Accordingly, in terms of Section 139 of the Act read with rules made thereunder and in compliance with RBI HFC Directions, G. D. Apte & Co., Chartered Accountants, having ICAI Firm Registration No.: 100515W, were appointed as the Statutory Auditors of the Company at the 6th Annual General Meeting of the Company held on September 28, 2021 to hold office for a period of 3 (three) years i.e. from the conclusion of the 6th Annual General Meeting till the conclusion of the 9th Annual General Meeting of the Company and delegated the powers to the Board of Directors / Committee to fix their remuneration.

G. D. Apte & Co., Chartered Accountants, Statutory Auditors in their report on the audited financial statements of your Company for the financial year ended March 31, 2022, have not submitted any qualifications, reservations, adverse remarks or disclaimers.

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

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Secretarial Auditors & their Report

In terms of Section 204 of the Act, secretarial audit report from H Choudhary & Associates, Practicing Company Secretary, in prescribed format for the financial year ended March 31, 2022, is enclosed herewith at **Annexure I** to this Board's Report.

H Choudhary & Associates, Practicing Company Secretary, in their report on the secretarial audit of your Company for the financial year ended March 31, 2022 have not submitted any qualifications, reservations, adverse remarks or disclaimers.

MAINTENANCE OF COST RECORDS AND COST AUDIT

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

REPORT ON CORPORATE GOVERNANCE

The Corporate Governance Report for the year under review, including disclosures as stipulated under the requirements of RBI HFC Directions, is annexed to and forms an integral part of this Board's Report.

Meetings

The Board and its Committees meet at regular intervals *inter-alia* to discuss, review and consider various matters including business performance, strategies, policies and regulatory updates and impact. During the year under review, the Board met 5 (five) times and several meetings of Committees including the Audit Committee were held. Details with respect to the meetings of the Board of Directors and Committee(s), including attendance by Directors / Members at such meetings have been provided in the Corporate Governance Report which is annexed to and forms an integral part of this Board's Report.

Board Committees

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

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

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

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PERFORMANCE EVALUATION

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

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

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

POLICY ON APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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

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

REMUNERATION POLICY

In terms of Section 178 of the Act, the Board of Directors adopted a Remuneration Policy *inter-alia* setting out the criteria for determining remuneration of Executive Directors, Non-Executive Directors, Non-Executive Independent Directors and Senior Management / Key Managerial Personnel and other employees of the Company.

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

REMUNERATION OF DIRECTORS

During the year under review, sitting fees of ₹75,000 was paid to Independent Director for attending the Board meeting held during the year under review.

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

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

Mr. Menon was entitled to a remuneration of ₹ 100.52 lakhs including perquisites and other allowances for FY 2022 and variable bonus of ₹ 35.00 lakh for FY 2021 was paid in FY 2022. Mr. Menon also holds 1,00,000 stock options of IndoStar Capital Finance Limited, the holding company of the Company.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

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

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

CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended ("CSR Rules"), the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee and in light of your Company's philosophy of being a responsible corporate citizen the Board of Directors adopted a CSR Policy which lays down the principles and mechanism for undertaking various projects / programs as part of Company's CSR activities. In terms of the CSR Policy, during the year under review your Company's CSR activities were focused in the fields of education and women empowerment.

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

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

RISK MANAGEMENT FRAMEWORK

Your Company has in place a mechanism to identify, assess, monitor and mitigate various risks associated with the business of the Company. Major risks identified by the business and functions, if any, are

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systematically addressed through mitigating actions on a continuing basis. The Board of Directors have adopted a Risk Management Policy covering principles of risk management, risk governance, risk identification and categorisation, reporting, assurance and internal audit.

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

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

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

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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CONTRACTS / ARRANGEMENTS WITH RELATED PARTIES AND RELATED PARTY TRANSACTION POLICY

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

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

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

Disclosure of the related party transactions as required under Ind AS-24 is reported in Note 31 of the audited financial statements of the Company for the financial year ended March 31, 2022.

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

Further, pursuant to the provisions of Section 186(4) of the Act, the details of investments made by the Company are given in the Notes to the financial statements.

ANNUAL RETURN

In terms of Section 134(3)(a) and Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the Annual Return as at financial year ended March 31, 2022 in form No. MGT-7 is available on the website of the Company at https://www.indostarhfc.com/investors-corner#investor-services

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EMPLOYEE STOCK OPTION PLANS

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

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

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

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

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

GENERAL DISCLOSURE

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

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

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

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

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

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards have been followed and no material departures have been made from the same;

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

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

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

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

APPRECIATIONS AND ACKNOWLEDGMENT

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

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

N. R. Narayanan
Chairman
DIN: 07877022

Place: Mumbai
Date: August 11, 2022

IndoStar Home Finance Private Limited

Annexure I

H Choudhary & Associates

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

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

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

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IndoStar Home Finance Private Limited** (hereinafter called the "Company") for the audit period covering the **financial year ended on March 31, 2022**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2022,** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the relevant & applicable provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder **(Not Applicable during the Audit Period);**
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

H CHOUDHARY & ASSOCIATES
CP NO.9369
MUMBAI

4. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Indirect Foreign Investment.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not Applicable during the Audit Period)**;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation, 2015 **(Not Applicable during the Audit Period)**;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not Applicable during the Audit Period);**
   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended;
   e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not Applicable during the Audit Period)**;
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable during the Audit Period)**; and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable during the Audit Period)**.

6. Based on the representations made by the Company and its officers and our verification of the relevant records on test check basis, the Company has adequate systems and process in place for compliance with the following laws applicable specifically to the Company:
   a) The National Housing Bank Act, 1987 as applicable to Housing Finance Companies;
   b) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (effective since 17 February 2021);
   c) Master Direction - Know Your Customer (KYC) Direction, 2016;
   d) The Prevention of Money Laundering Act, 2002 and the Rules made thereunder;
   e) Review of regulatory framework for Housing Finance Companies (HFCs) (effective since 22 October 2020 and repealed w.e.f 17 February 2021)
   f) The Housing Finance Companies (NHB) Directions, 2010 (repealed w.e.f 17 February 2021);
   g) Guidelines on Fair Practices Code for HFCs (repealed w.e.f 17 February 2021);
   h) Housing Finance Companies - Auditor's Report (National Housing Bank) Directions, 2016 (repealed w.e.f 17 February 2021);
   i) Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016 (repealed w.e.f 17 February 2021);
   j) Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies (repealed w.e.f 22 October 2020); and

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k) Various Circulars, Notifications, Directions, Guidelines, Master Circulars issued by the Reserve Bank of India/National Housing Bank from time to time in respect of Non-Deposit taking Housing Finance Company to the extent applicable.

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

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

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

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

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

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

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

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

(i) On September 28, 2021, the members at the Annual General Meeting *inter-alia* approved the following:

  a. Appointment of Mr. Munish Dayal, as Non-Executive Non- Independent Directors of the Company;

  b. Increase in Borrowing Limits of the Company;

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CP NO.9369
MUMBAI

c. Issue of Non - Convertible Debentures under Private Placement such that the aggregate principal amount of such NCDs does not exceed INR 500,00,00,000 (Rupees Five Hundred crore only) during a period of 1 (one) year from the date of passing Special Resolution;

d. Payment of Remuneration to Mr. Shreejit Menon, Whole-Time Director of the Company;

e. Alteration to Object clause of the Memorandum of Association of the Company.

H Choudhary & Associates
(Practicing Company Secretaries)

H CHOUDHARY & ASSOCIATES COMPANY SECRETARIES CP NO.9369 MUMBAI

CS Harnatharam Choudhary
Proprietor
Membership No: F8274
C P No.: 9369
UDIN- F008274D000779352

Place: Mumbai
Date: 11 August 2022

INDOSTAR

Annexure II

Annual Report on Corporate Social Responsibility (CSR) Activities

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

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

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

Overview of projects / programs undertaken:

During the year under review, your Company contributed in the area of Promoting Education and Women Empowerment through Punyabhushan Foundation for its project Password Campaign and Smile Foundation for its project Saksham Kishori, respectively.

Promoting Education

Punyabhushan Foundation – Password Campaign

Punyabhushan Foundation was established in the year 1989 and got formally registered as a Trust in the year 1999 to undertake social, educational and cultural activities, programs and projects to create awareness among youngsters and sensitize them on various social, educational and cultural issues of Maharashtra. It was established with a mission to promote and conserve rich traditions and heritage of Maharashtra through various social, educational, cultural & environmental activities & projects.

Your Company supported the Password Campaign of Punyabhushan Foundation which aims at creating awareness on environment, civic matters, democratic values in students of 5th to 10th grade students from underprivileged schools in Pune, Ahmednagar and Aurangabad.

The overall contents of Password help students to develop overall reading, learning and analytical skills.

During the year under review, your Company contributed an amount of ₹ 15 Lakhs to Punyabhushan Foundation for its Password Campaign. Distributed magazines to 3,000 students each identified from 4 schools of Pune, Ahmednagar and Aurangabad and conducted competition for essay writing, drawing &

IndoStar Home Finance Private Limited

reading organized for students from the schools identified in Pune, Aurangabad & Ahmednagar and felicitated the winner of each segment.

Women Empowerment

SMILE Foundation – Saksham Kishori

Smile has started an initiative called 'Saksham Kishori' with an aim at providing life skills training to its beneficiaries by focusing on imparting knowledge sessions. Smile is 18-year-old organization having over 152 projects in 25 States of India and works to empower underprivileged children, youth and women through the relevant education, innovative healthcare and market-focused livelihood programs.

During the year under review, your Company contributed an amount of ₹ 4.41 Lakhs to Smile Foundation for its program Saksham Kishori, wherein 50 identified scholars from Chennai were provided scholarship for education, increased access to digital learning, life skill training and career prospects thus enlightening in the decision making and overall improvement in well-being of identified scholars.

2. Composition of CSR Committee as on date of report:

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

**Inducted as a Member of the Company with effect from February 10, 2022.*

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

https://www.indostarhfc.com/investors-corner.php#committee-composition
https://www.indostarhfc.com/investors-corner.php#investor-services
https://www.indostarcapital.com/about-us#csr-indostar

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

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

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Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
Not Applicable			

6. **Average net profit of the Company as per section 135(5) for the last three financial years prior to financial year ended March 31, 2022 –** ₹ 9.71 crore calculated as per Section 198 of the Companies Act, 2013.

7. **(a) Two percent of average net profit of the company as per section 135(5) –** ₹ 19.41 lakhs

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

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

   (d) Total CSR obligation for the financial year (7a+7b-7c) – ₹ 19.41 lakhs

8. **(a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year	**Amount Unspent (in ₹)**				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		**Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)**		
	Amount	**Date of transfer**	**Name of the Fund**	**Amount**	**Date of Transfer**
₹ 19.41 lakhs	Nil		Nil		

(b) Details of CSR amount spent against ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in ₹)	Amount spent in the current financial Year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	Mode of Implementation Direct (Yes/ No)	Mode of Implementation - through Implementing Agency	
				State	District						Name	CSR Registration number
Not Applicable												

IndoStar Home Finance Private Limited

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ Lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - through implementing agency	
				State	District				
								Name	CSR registration number
1.	Password Campaign	Promoting Education	Yes	Maharashtra	Pune, Aurangabad, Ahmednagar	15.00	No	Punyabhushan Foundation	CSR00004022
2	Saksham Kishori	Promoting education among children and women	Yes	Tamil Nadu	Chennai	4.41	No	Smile Foundation	CSR00001634

Note: In case the Company has a branch in State where expenditure is made, it is considered as spend in local area

(d) Amount spent in Administrative Overheads – Nil

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – ₹ 19.41 Lakhs

(g) Excess amount for set off, if any – Nil

Sl. No.	Particular	Amount (in ₹ Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	19.41
(ii)	Total amount spent for the Financial Year	19.41
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Lakhs)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹)
				Name of the Fund	Amount (in ₹ Lakhs)	Date of transfer	
1	2018-19	Not Applicable					
2	2019-20						
3	2020-21						

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(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

(Amount in ₹ Lakhs)

(1) Sl. No.	(2) Project ID	(3) Name of the Project	(4) Financial Year in which the project was commenced	(5) Project duration	(6) Total amount allocated for the project (in ₹)	(7) Amount spent on the project in the reporting Financial Year (in ₹)	(8) Cumulative amount spent at the end of reporting Financial Year (in ₹)	(9) Status of the project - Completed / Ongoing
Not Applicable								

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details)**
    - Date of acquisition of the capital asset(s): Nil
    - Amount of CSR spent for creation or acquisition of capital assets: Nil
    - Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.: Nil
    - Provide details of the capital assets(s) created or acquired (including complete address and location of the capital assets): Nil

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

Shreejit Menon
(Deputy CEO)
DIN: 08089220

N. R. Narayanan
(Member CSR Committee)
DIN: 07877022

IndoStar Home Finance Private Limited

INDOSTAR

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

BOARD COMPOSITION

The Board of Directors provides direction and exercises appropriate controls over the business and operations of the Company to achieve its objectives. As on March 31, 2022, the Board of your Company comprised 5(five) Directors of which 1(one) was Non-Executive Independent Director, 3(three) were Non-Executive Non-Independent Directors, and 1(one) was Executive Director. The composition of the Board of your Company is governed by and is in compliance with the requirements of the Companies Act, 2013 read with Rules framed there under ("Act"), the circulars / directions / notifications issued by the National Housing Bank / Reserve Bank of India ("NHB / RBI Directions") and the Articles of Association of the Company. Brief profile of the Directors is available on the Company's website. None of the Directors of your Company are related to each other.

BOARD AND COMMITTEE MEETINGS

The Board of Directors / Committee members strive to ensure maximum participation at Board/Committee meetings. The agenda along with detailed notes are circulated to the Director / Members well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused discussions at meetings of the Board and Committees. Directors are given an option of attending Board / Committee meetings through video conference or other audio-visual means in order to ensure effective decision making through increased participation. With a view to leverage technology and to contribute to environment conservation, your Company uses an electronic Board / Committee Meetings application where the agenda and all supporting documents are hosted online.

BOARD

During the year under review, 5 (five) meetings of the Board of Directors were convened and held on June 14, 2021, July 01, 2021, August 10, 2021, October 22, 2021 and February 10, 2022. The intervening gap between the Board Meetings was within the period prescribed under the Act. The required quorum was present at all the above-mentioned meetings. Due to business exigencies, certain decisions were taken by the Board by way of resolutions passed through circulation, from time to time.

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Attendance of Directors at Board Meetings of the Company held during financial year ended March 31, 2022 is given below:

Name of Director(s)	No. of meetings attended (No. of meetings held during tenure of Directorship)
Mr. Shreejit Menon	5(5)
*Mr. Pankaj Thapar	0(0)
#Mr. Aditya Joshi	1(1)
Ms. Benaifer Gev Palsetia	4(5)
Mr. Vibhor Kumar Talreja	5(5)
@Mr. Munish Dayal	5(5)
^Mr. Narayanan Rajagopalan Nadadur	1(1)

**Ceased to be a Director from April 09, 2021.*
#Ceased to be a Director from June 14, 2021.
@Appointed as a Director from June 14, 2021.
^Appointed as a Director from February 02, 2022.

BOARD COMMITTEES

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

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

AUDIT COMMITTEE

Composition, Meetings and Attendance

The Audit Committee comprises Mr. Munish Dayal, Mr. Narayanan Rajagopalan Nadadur, Mr. Shreejit Menon and Mr. Vibhor Kumar Talreja.

During the year under review, 5 (five) meetings of the Audit Committee were convened and held on June 14, 2021, July 1, 2021, August 10, 2021, October 22, 2021 and February 10, 2022. The required quorum was present at all the above meetings. All the Members of the Audit Committee was present at the last Annual General Meeting of the Company held on September 28, 2021.

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

Name of the Members	Status	No. of Meetings attended (No. of meetings held during tenure)
*Mr. Pankaj Thapar	Chairman	0(0)
#Mr. Aditya Joshi	Member	1(1)
Mr. Shreejit Menon	Member	5(5)
Mr. Vibhor Kumar Talreja	Member	5(5)
@Mr. Munish Dayal	Member	4(4)
^Mr. Narayanan Rajagopalan Nadadur	Member	1(1)

**Ceased to be a Chairman from April 09, 2021.*
#Ceased to be a Member from June 14, 2021.
@Appointed as Member from June 14, 2021.
^Appointed as Member from February 10, 2022.

IndoStar Home Finance Private Limited

Terms of reference

The terms of reference of the Audit Committee *inter-alia* includes: review and ensure correctness, sufficiency and credibility of the quarterly and annual financial statements of the Company, review with the management financial condition and results of operation, scrutiny of inter-corporate loans and investments, recommend appointment / re-appointment / removal of Statutory and Internal Auditors, review, approve and monitor transactions with related parties, review and monitor any frauds perpetrated against the Company, review, approve and monitor transactions with related parties, reviewing, monitoring and evaluating the internal control system including internal financial controls and risk management system, review and monitor with the management, the functioning and compliance of relevant policies adopted by the Company and ensure that Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

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

NOMINATION & REMUNERATION COMMITTEE

Composition, Meetings and Attendance

The Nomination & Remuneration Committee comprises Ms. Benaifer Palsetia, Mr. Munish Dayal, Mr. Narayanan Rajagopalan Nadadur and Mr. Vibhor Kumar Talreja.

During the year under review, 3 (three) meetings of the Nomination and Remuneration Committee were convened and held on June 14, 2021, August 10, 2021 and February 10, 2022. The required quorum was present at all the above meetings.

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

Name of the Members	Status	No. of Meetings attended (No. of meetings held during tenure)
*Mr. Pankaj Thapar	Member	0(0)
#Mr. Aditya Joshi	Member	1(1)
Mr. Vibhor Kumar Talreja	Member	3(3)
@Mr. Munish Dayal	Member	2(2)
^Ms. Benaifer Palsetia	Member	0(0)
^Mr. Narayanan Rajagopalan Nadadur	Member	0(0)

**Ceased to be a Member from April 09, 2021.*
#Ceased to be a Member from June 14, 2021.
@Appointed as a Member from June 14, 2021.
^Appointed as Members from February 10, 2022.

INDOSTAR

Terms of reference

The terms of reference of the Nomination & Remuneration Committee *inter-alia* includes: identifying personnel qualified to be appointed as Directors or in the Senior Management of the Company, formulating criteria for determining qualification, positive attributes, 'fit and proper' person status of Directors, deciding on specific remuneration packages and recommending policy on remuneration of the Executive Directors, the Non-Executive Directors (including the Independent Directors) and senior level employees, formulate criteria for evaluation of Directors, the Board and its Committee(s) and ensure that there is no conflict of interest in appointment of Directors and their independence is not subject to potential threats.

RISK MANAGEMENT COMMITTEE

Composition, Meetings and Attendance

The Risk Management Committee comprises Mr. Shreejit Menon, Mr. Munish Dayal, Mr. Vibhor Kumar Talreja and Mr. Shripad Desai.

During the year under review, 2 (two) meetings of the Risk Management Committee were convened and held, on June 14, 2021 and October 22, 2021. The required quorum was present at the above meetings.

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

Name of the Members	Status	No. of Meetings attended (No. of meetings held during tenure)
*Mr. Pankaj Thapar	Member	0(0)
#Mr. Aditya Joshi	Member	1(1)
Mr. Shreejit Menon	Member	2(2)
Mr. Vibhor Kumar Talreja	Member	2(2)
@Mr. Munish Dayal	Member	1(1)
^Mr. Amol Joshi	Member	2(2)
$Mr. Shripad Desai	Member	0(0)

**Ceased to be a Member from April 09, 2021.*
#Ceased to be a Member from June 14, 2021.
@Appointed as a Member from June 14, 2021.
^Ceased to be a Member from December 27, 2021.
$Appointed as a Member from February 10, 2022.

Terms of reference

The terms of reference of the Risk Management Committee *inter-alia* includes: identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company, from time to time, overseeing execution/implementation of risk management practices, reviewing the minutes or document referred to it by Asset Liability Management Committee for opinion/directions for risk management on an integrated basis.

IndoStar Home Finance Private Limited

INDOSTAR

ASSET-LIABILITY MANAGEMENT COMMITTEE

Composition, Meetings and Attendance

The Asset Liability Management Committee comprises Mr. Munish Dayal, Mr. Shreejit Menon, Mr. Vibhor Kumar Talreja and Mr. Jayant Gunjal.

During the year under review, 3 (three) meetings of the Asset-Liability Management Committee were convened and held, on June 14, 2021, July 01, 2021 and October 22, 2021. The required quorum was present at all the above meetings. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

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

Name of the Members	Status	No. of Meetings attended (No. of meetings held during tenure)
*Mr. Pankaj Thapar	Member	0(0)
#Mr. Aditya Joshi	Member	1(1)
Mr. Shreejit Menon	Member	3(3)
Mr. Vibhor Kumar Talreja	Member	3(3)
@Mr. Munish Dayal	Member	2(2)
^Mr. Amol Joshi	Member	3(3)
$Mr. Prashant Shetty	Member	3(3)
Mr. Jayant Gunjal	Member	2(3)

**Ceased to be a Member from April 09, 2021.*
#Ceased to be a Member from June 14, 2021.
@Appointed as a Member from June 14, 2021.
^Ceased to be a Member from December 27, 2021.
$Ceased to be a Member from January 14, 2022.

Terms of reference

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

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CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

Composition

The Corporate Social Responsibility Committee comprises Ms. Benaifer Palsetia, Mr. Munish Dayal, Mr. Vibhor Kumar Talreja and Mr. Narayanan Rajagopalan Nadadur.

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

During the year under review, the CSR Committee was re-constituted by appointment of Mr. Munish Dayal and Mr. Narayanan Rajagopalan Nadadur as Member of the Committee with effect from June 14, 2021 and February 10, 2022, respectively and cessation of Mr. Aditya Joshi as Member of the Committee with effect from June 14, 2021.

Terms of reference

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

GRIEVANCE REDRESSAL COMMITTEE

Composition and Meetings

The Grievances Redressal Committee comprises Mr. Rakesh Kumar (Grievance Redressal Officer) and Mr. Shreejit Menon.

During the year under review, the Grievances Redressal Committee was re-constituted by appointment of Mr. Rakesh Kumar as Member of the Committee and cessation of Ms. Jaya Janardanan as Member of the Committee.

During the year under review, the Committee met on June 14, 2021 and Ms. Jaya Janardanan and Mr. Shreejit Menon were present at the meeting.

Terms of reference

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

The status of customer complaints pending at the beginning of the year, received during the year, redressed during the year and pending at the end of the year, forms part of notes to the audited financial statements of the Company for the financial year ended March 31, 2022.

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

INTERNAL COMPLAINTS COMMITTEE

Composition and Meetings

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

The Internal Complaint Committee comprises Ms. Benaifer Palsetia (Presiding Officer), Mr. Shreejit Menon, Mr. Jitendra Bhati, Ms. Chaitali Desai and Ms. Srividya Sriram (External Member from an association committed to the cause of women).

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

Terms of Reference

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

INDENTIFICATION AND REVIEW COMMITTEE

Composition

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

Terms of reference

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

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MANAGEMENT COMMITTEE

Composition:

The Management Committee comprises Mr. Shreejit Menon, Mr. Shripad Desai and Mr. Amit Ashwin Kothari.

During the year under review, the Management Committee was reconstituted by cessation of Mr. Amol Joshi and Mr. Pankaj Thapar as Member(s) of the Committee and appointment of Mr. Shripad Desai and Mr. Amit Ashwin Kothari as Member(s) of the Committee.

Meetings: The Committee meets on multiple occasions as and when required.

Terms of Reference:

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

CODES AND POLICIES

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

Internal Guidelines on Corporate Governance

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

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

Fair Practices Code

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

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In terms of the Fair Practices Code, to provide best customer services and to ensure speedy redressal of customer grievances, the Grievances Redressal Committee adopted a 'Customer Grievance Redressal Mechanism' which includes the manner in which complaints can be registered by a customer and the manner of resolution of complaints by the Company. The Fair Practices Code and the Grievance Redressal Mechanism are available on the website of the Company at https://www.indostarhfc.com/investors-corner#investor-services.

Investment and Loan Policy

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

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

Policy on Single / Group Exposure Norms

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

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

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

In terms of the RBI Directions, the Prevention of Money Laundering Act, 2002 and rules made thereunder, the Board of Directors adopted a 'KYC & AML Policy' which *inter-alia* incorporates your Company's approach towards KYC norms, AML measures and combating of financing of terrorism ("CFT").

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

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Policy on Valuation of Property and Collateral

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

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

Interest Rate Policy

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

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

Asset Liability Management Policy ("ALCO Policy")

In terms of requirements of the RBI Directions, the Board of Directors adopted an Asset Liability Management Policy.

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

Fraud Risk Policy

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

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

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Model Code of Conduct for Direct Selling Agents

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

Information Technology related Policies and Processes

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

Mechanism for Identification of Wilful Defaulters

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

Risk Management Policy

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

COVID - 19 Moratorium Policy

In recognition of the fact that it was important to mitigate the burden of debt servicing brought by disruptions on account of the fall-out of the COVID-19 pandemic, in line with NHB / RBI Directions issued in this regard, the Board of Directors of the Company adopted a COVID-19 Moratorium Policy – I & II, to provide moratorium to eligible borrowers in payment of Principal and Interest *inter-alia* outlining the eligibility of borrowers, loan products covered, key features, asset classification guidelines and implementation plan for moratorium to be granted to eligible borrowers.

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Policy for resolution framework for customers facing COVID-19 related stress

The RBI provided a window under its Prudential Framework for Resolution of Stressed Assets, to enable lenders to implement a resolution plan for borrowers who are undergoing stress on account of COVID-19. In line with aforesaid the Board of Directors of the Company adopted a 'Policy for resolution framework for customers facing COVID-19 related stress' *inter-alia* detailing the manner in which evaluation of eligible borrowers and viability of the resolution plan and the objective criteria that should be applied while considering the resolution plan in each case.

Expected Credit Loss Policy

In order to promote high quality and consistent implementation of Accounting Standards as well as to facilitate comparison and better supervision of the financial parameters of the Company and in line with the NHB / RBI Direction, the Board of Directors adopted the Expected Credit Loss Policy to outline sound methodologies that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures commensurate with the size, complexity and risk profile specific to the Company for computation of Expected Credit Losses, the Board of Directors adopted the 'ECL Policy'.

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

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

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

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

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

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

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

Whistle Blower Policy / Vigil Mechanism

In terms of requirements of the provisions of the Act, the Board of Directors adopted a codified 'Whistle Blower Policy / Vigil Mechanism' *inter-alia* to provide a mechanism for Directors and employees of the Company to approach the Audit Committee and to report genuine concerns related to the Company and to provide for adequate safeguards against

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victimization of Director(s) or employee(s) who report genuine concerns under the mechanism.

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

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

Related Party Transaction Policy

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

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

Code of Conduct for Directors & Employees

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

Board Performance Evaluation Policy

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

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Committees and Directors', which forms an integral part of the Board Performance Evaluation Policy.

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

- A structured questionnaire prepared in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process, *inter-alia* setting out criteria for evaluation of performance of the Executive and Non-Executive Directors, the Board as a collectively entity and of Committees, is circulated to each member of the Board. Evaluation by Independent Director and separate evaluation of the Non-Executive Independent Chairman was not conducted since the appointment was made only on February 2, 2022;
- Based on feedback of each member of the Board and in light of the criteria prescribed in the Performance Evaluation Process, the Board analyses its own performance, that of its Committees and each Director.

Loan policy for Non-Housing loans to Corporates

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

Anti-Corruption Policy

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

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

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

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Care and Dignity Policy

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

Record Retention Policy

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

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

Resource Planning Policy

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

Policy on Appointment of Auditors

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

Code for Independent Directors

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

The Code for Independent Directors aims to promote confidence of the investment community, particularly minority shareholders and regulators 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. The Code for Independent Directors is available on the website of the Company.

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

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Remuneration Policy

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

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

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IndoStar Home Finance Private Limited

MDA for AR 2021-22

Overview of Business Segments

Housing Finance

The 12-month period, April 2021 – March 2022, was a very good year for IndoStar Home Finance Private Limited.

The company improved its geographical footprint by adding 35 branches to the existing 65 branches on a pan-India basis and increased its disbursal by 101%.

The resurgence in the Home Finance sector after the Second Unlock has been good for business and the Indian economy overall. The consequent work-from-home trend that emerged changed housing demand dynamics and made people rethink their home buying and investment plans. It was observed that more potential home owners would construct rather than purchase a ready-made property. This just reiterates the IndoStar stance to its customers of owning rather than renting houses. State governments and the RBI also encouraged home buying during the year.

In order to make homebuying more lucrative, many banks reduced their interest on home loans, as this category of loans is the safest among all. Amid a general slowdown in retail credit growth, banks are targeting growth in home loans. Competition is intensifying in the sector and this too would put pressure on pricing.

RBI rationalized the risk weights and linked them to loan-to-value (LTV) ratios for all new home loans sanctioned up to March 31, 2022. This makes home loans even more attractive for borrowers as well as lenders.

The growth spurt was attributed to pent-up and festive demand. The demand for housing also benefited immensely from the moderation in interest rates and correction in property prices. The relaxation of stamp duty in states like Maharashtra also triggered latent demand in the third and fourth quarters of FY 2021-22. As India completes more than a 100 crore doses on its COVID vaccination drive, recoveries in the sector will get strengthened further.

BUSINESS REVIEW

Housing Finance

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

IndoStar Home Finance Private Limited

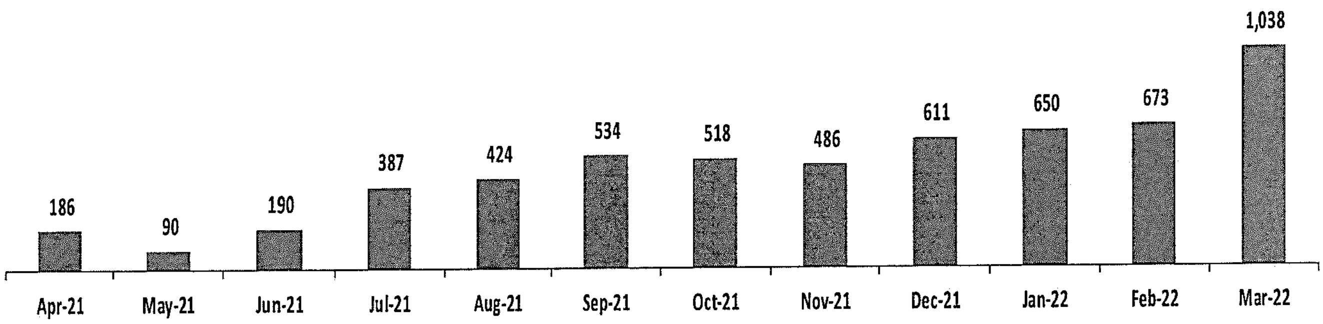
construction of residential properties. IndoStar's key USP in this segment is its excellent asset quality and one of the lowest interest rates.

The Company aims to leverage the Pradhan Mantri Awas Yojana (PMAY) with the aim of building 50 million houses in urban and rural India by 2023. It aims to boost affordable housing and achieve the Government's vision of 'Housing for All'.

At the end of FY 2021-22, the AUM of the Housing Finance arm stood at Rs 1,405.80 Crores, including Securitized /Assigned loans. Fresh loans assigned/securitized during the year amounted to Rs 294.40 Crores.

The company's employee Headcount has almost doubled, from 274 to 490. The total Live Customers has increased by 56%, from 10,431 to 16,200.

Housing Finance – Monthly Disbursement Trend (₹ mn)



IndoStar Home Finance Private Limited

INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS

To

The Members of
IndoStar Home Finance Private Limited
Report on the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **IndoStar Home Finance Private Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit/loss including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on standalone financial statements.

Emphasis of Matter

Attention is drawn to Note no. 30(G) of the Statement which describes the impacts of Covid-19 Pandemic on the standalone financial results as also on the business operations of the Company, assessment thereof by the management of the Company based on its internal, external, and macro factors, involving certain estimation uncertainties.

Our opinion is not modified in respect of above.

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Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity and cash flows of the Company in accordance with IND AS and the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

G. D. APTE & CO.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The audit of standalone financial results for the year ended March 31,2021 was carried out and reported by predecessor auditor Deloitte Haskins & Sells LLP, Chartered Accountants vide their unmodified audit report dated June 14, 2021, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the statement.

Report on Other Legal and Regulatory Requirements

I) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

II) As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i) The Company 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.

   iv) The management has represented that, to the best of its knowledge and belief, as disclosed in the note no. 5(iii) to the IndAs financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   v) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note no. 5(iii) to the IndAs financial statements, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

vi) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

vii) No dividend has been declared or paid during the year by the Company.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Chetan R. Sapre
Partner
Membership No: 116952
UDIN : 22116952AJAXXF6191
Place : Mumbai
Date : May 16, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS OF INDOSTAR HOME FINANCE PRIVATE LIMITED

(Referred to in paragraph I under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date)

i.

a)

A) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment for the year.

B) The Company has maintained proper records showing full particulars including quantitative details and situation of intangible assets.

b) The Company has physically verified its fixed assets during the year and no material discrepancies were noticed on such verification.

c) The Company does not have any immovable properties and hence reporting under clause 3(i)(c) of the order is not applicable.

d) The company has neither revalued its PPE (including Right of Use assets) nor intangible assets or both during the year.

e) As per the information and explanation provided to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii.

a) The Company business does not involve inventories and, accordingly, the requirements under paragraph 3(ii)(a) of the order are not applicable to the Company.

b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of five crores rupees, in aggregate, from banks on the basis of security of current assets. The quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

iii.

a) As per the information and explanations given to us, the principal business of the Company is to give loans and hence clause 3(iii)(a) of the order is not applicable.

b) As per the information and explanations given to us, loans provided by the Company, are not prejudicial to the Company's interest. Company has not made investments or given any guarantees, security, and advances in the nature of loans.

c) In respect of the loans/ advances in nature of loan, granted by the company as part of its business, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date of repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for the reporting under this clause) in this report, in respect of loans and advances which were not repaid/paid when they are due or were repaid/paid with a delay, in the normal course of lending business.

Further , except for those instances where there are delays or defaults in repayment of principal and/or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification/staging of loans in note 30 (F) to the standalone financial statements in accordance with Indian Accounting (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

d) In respect of the loans/ advances in nature of loans, the total amount overdue for more than ninety days (including cases classified as non-performing asset (NPA) as per 'Non – Banking Financial Company –Housing Finance Company (Reserve Bank) Directions, 2021' ("NHB Master Directions") as at March 31, 2022 is Rs. 2,224.31 Lakhs, the details of the same are disclosed in note 30 (F) to the standalone financial statements. In such instances, in our opinion, reasonable steps have been by the Company for recovery of the overdue amount of principal and interest.

e) In our opinion and based on the information and explanation given to us, the Company is in the business of giving loans, hence this clause 3(iii)(e) of the order is not applicable.

f) According to the information and explanation given to us, the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

iv. According to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits or the amounts deemed to be deposit as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act and the rules framed. Accordingly, paragraph 3(v) of the order is not applicable to the company.

vi. The maintenance of cost record has not been specified for business activities carried out by Company. Thus, reporting under Clause 3(vi) of the order is not applicable to the Company.

vii.

a) According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Cess and any other statutory dues, wherever applicable. The provisions relating to duty of excise, duty of custom, sales tax, value added tax, and service tax are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2022 for a period of more than 6 months from the date they became payable.

b) According to the information and explanations given to us, there were no dues in respect of statutory dues referred to in sub-clause(a) above which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us, no transactions or income, not recorded in the books of account, have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix.

a. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayments of dues from any lender during the year.

b. According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

c. According to the information and explanation given to us, the term loans were applied for the purpose for which the loans were obtained by the Company.

d. According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

e. The Company does not have any subsidiaries, associates or joint ventures and hence clause 3(ix)(e) of the order is not applicable.

f. The Company does not have any subsidiaries, associates or joint ventures and hence clause 3(ix)(f) of the order is not applicable.

x.

a. According to the information and explanations given to us and on the basis of examination of records of the Company, the company has not raised any money by way of initial public offer or further public offer during the year. Hence the reporting requirement under clause 3(x)(a) is not applicable to the company.

b. According to the information and explanations given to us and on the basis of examination of records of the Company, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence the reporting requirement under clause 3(x)(b) is not applicable to the company.

xi.

a. According to the information and explanation given to us, no fraud on or by the company, by its officers and employees has been noticed or reported during the course of our audit.

b. According to the information and explanations given to us, during the year, no report U/s 143(12) of the Companies Act, 2013 has been filed by secretarial auditor, predecessor auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c. According to the information and explanation given to us, no whistle-blower complaints have been received during the year by the company.

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

xiii. According to the information and explanations given to us and based on our examination of records of the Company, the transactions entered with related parties are in compliance with provisions of section 177 and 188 of the Act, where applicable and the details of such transactions are disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

xiv.

a. According to the information and explanation given to us, the company has an internal audit system commensurate with the size and nature of its business.

b. The reports of the Internal Auditors of the company issued till date for the period under audit were considered by us.

xv. In our opinion and according to the information and explanations given to us and based on our examination of records of the Company, the Company during the year has not entered into any non-cash transactions with directors or persons connected with the directors covered under the provisions of sec 192 of the Act and accordingly the provisions of clause 3(xv) of the order are not applicable to the Company.

xvi.

a. The Company is not required to be registered under section 45-IA of the RBI Act, 1934 (2 of 1934).

b. According to the information and explanation given to us, the company has not conducted Non-Banking Financial or Home Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;

c. According to the information and explanation given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Hence the clause 3(xvi)(c) of the order is not applicable.

d. According to the information and explanation given to us, the group has no Core Investment Company (CIC). Hence the clause 3(xvi)(d) of the order is not applicable.

xvii. According to the information and explanation given to us, the company has not incurred cash losses in the financial year and in the immediately preceding financial year.

xviii. According to the information and explanations given to us and on the basis of our examination of the records, the previous statutory auditors of the Company have resigned during the year to comply with the instruction as specified in Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by Reserve Bank of India (the "RBI Guidelines") and there were no issues, objections or concerns raised by the outgoing auditors.

xix. According to the information and explanation given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, and our knowledge of the BOD and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report and that company is capable of meeting its liabilities existing as at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

xx.

a. According to the information and explanation given to us, there are no unspent amount in respect of other than ongoing projects which are required to be transferred to a Fund specified in Schedule VII to the Companies Act, within a period of 6 months of the expiry of the financial year in compliance with second proviso to Sec 135 (5) of the said Act.

b. According to the information and explanation given to us, there are no unspent amount in respect of ongoing project which are required to be transferred to special account in compliance with the provision under section 135(6) of the said Act.

xxi. The Company is not required to prepare consolidated financial statements and hence the provisions of Clause of 3(xxi) of the order is not applicable.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Chetan R. Sapre
Partner
Membership No: 116952
UDIN : 22116952AJAXXF6191
Place : Mumbai.
Date : May 16, 2022

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE IND AS FINANCIAL STATEMENTS OF INDOSTAR HOME FINANCE PRIVATE LIMITED

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of **INDOSTAR HOME FINANACE PRIVATE LIMITED** ("the Company") as of March 31, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For G. D. Apte & Co.
Chartered Accountants
Firm Registration Number: 100515W

Chetan R. Sapre
Partner
Membership No: 116952
UDIN : 22116952AJAXXF6191
Place : Mumbai.
Date : May 16, 2022

IndoStar Home Finance Private Limited
CIN: U65990MH2016PTC271587
Balance Sheet as at 31 March 2022
(Currency : Indian Rupees Lakhs)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
Financial assets			
Cash and cash equivalents	3	391.87	565.29
Bank balances other than cash and cash equivalents	4	2,070.48	260.28
Loans	5	1,21,597.18	83,822.39
Investments	6	2,300.12	500.02
Other financial assets	7	2,338.36	2,684.48
		1,28,698.01	**87,832.46**
Non-financial assets			
Current tax assets (net)	8	258.96	223.50
Property, plant and equipment	10	333.48	171.77
Assets held for sale	11	-	477.49
Intangible assets	12	207.95	103.99
Other non-financial assets	13	209.80	225.33
		1,010.19	**1,202.08**
TOTAL ASSETS		**1,29,708.20**	**89,034.54**
II. LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade payables	14		
(i) total outstanding to micro enterprises and small enterprises		0.05	0.32
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1,199.65	495.58
Debt securities		-	-
Borrowings	15	74,045.20	63,984.46
Other financial liabilities	16	4,257.00	2,649.56
		79,501.90	**67,129.92**
Non-financial liabilities			
Provisions	17	89.86	60.12
Deferred tax liabilities (net)	9	80.75	225.72
Other non-financial liabilities	18	134.22	89.48
		304.83	**375.32**
TOTAL LIABILITIES		**79,806.73**	**67,505.24**
Equity			
Equity share capital	19	45,000.00	20,000.00
Other equity	20	4,901.47	1,529.30
TOTAL EQUITY		**49,901.47**	**21,529.30**
TOTAL LIABILITIES AND EQUITY		**1,29,708.20**	**89,034.54**

See accompanying notes forming part of the financial statements 1 to 46

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

CA Chetan R. Sapre
Partner
M. No. 116952

Place: Mumbai
Date: 16 May 2022

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

Shreejit Menon
Deputy CEO
DIN: 08089220

Vibhor Kumar Talreja
Non-Executive Director
DIN: 08768297

Nidhi Sadani
Company Secretary

Place: Mumbai
Date: 16 May 2022

IndoStar Home Finance Private Limited
CIN: U65990MH2016PTC271587
Statement of profit and loss for the year ended 31 March 2022
(Currency : Indian Rupees Lakhs)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	21		
Interest income		13,551.74	10,731.62
Fees and commission income		592.41	237.83
Net gain on fair value changes		92.89	92.09
Gain on derecognition of financial instruments measured at amortised cost category		223.96	2,156.28
Total revenue from operations		**14,461.00**	**13,217.82**
Other income	22	21.30	188.93
Total income		**14,482.30**	**13,406.75**
Expenses			
Finance costs	23	4,933.35	5,658.05
Impairment on financial instruments	24	612.11	955.10
Employee benefit expenses	25	2,876.59	1,808.40
Depreciation and amortisation expenses	26	156.55	200.82
Other expenses	27	1,295.01	917.15
Total expenses		**9,873.61**	**9,539.52**
Profit before tax		**4,608.69**	**3,867.23**
Tax expense:			
1. Current tax	28	1,325.00	380.50
2. Deferred tax expense	9	(147.14)	691.60
Total tax expenses		**1,177.86**	**1,072.10**
Profit after tax		**3,430.83**	**2,795.13**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
- Remeasurements of the defined benefit plans		8.60	3.07
- Income tax relating to items that will not be reclassified to profit or loss		(2.17)	(0.19)
		6.43	2.88
Other comprehensive income for the year, net of tax		**6.43**	**2.88**
Total comprehensive income for the year		**3,437.26**	**2,798.01**
Earnings per equity share	29		
Basic earnings per share (Rs.)		0.89	1.40
Diluted earnings per share (Rs.)		0.89	1.40
(Equity Share of face value of Rs. 10 each)			

See accompanying notes forming part of the financial statements 1 to 46

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

CA Chetan R. Sapre
Partner
M. No. 116952

Place: Mumbai
Date: 16 May 2022

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

Shreejit Menon
Deputy CEO
DIN: 08089220

Vibhor Kumar Talreja
Non-Executive Director
DIN: 08768297

Sadani

Nidhi Sadani
Company Secretary

Place: Mumbai
Date: 16 May 2022

IndoStar Home Finance Private Limited
CIN: U65990MH2016PTC271587
Statement of Cash flows for the year ended 31 March 2022
(Currency : Indian Rupees Lakhs)

	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A	**Cash Flow from Operating Activities**		
	Profit before tax	4,608.69	3,867.23
	Adjustments for :		
	Interest income on financial assets	(13,551.74)	(10,846.17)
	Finance costs	4,933.35	5,658.05
	Depreciation and amortisation expense	156.55	200.82
	Impairment on financial instruments	612.11	955.10
	Provision for gratuity and compensated absences	35.03	(0.88)
	Share based payment expense	33.60	84.96
	Loss on sale of property plant and equipment	0.05	8.98
	Impairment allowance on assets held for sale	(117.79)	-
	Net gain on financial instruments at FVPL	(92.89)	(92.09)
	Operating Loss before working capital changes	**(3,383.04)**	**(164.00)**
	Interest income realised on financial assets	13,146.35	10,713.95
	Finance costs paid	(6,290.04)	(6,313.00)
	Cash generated from operating activities before working capital changes	**3,473.27**	**4,236.95**
	Adjustments:		
	(Increase)/Decrease in loans and advances	(37,942.53)	(9,932.36)
	(Increase)/Decrease in other financial assets	314.04	(1,216.19)
	(Increase)/Decrease in other non-financial assets	15.53	(140.33)
	Increase/(Decrease) in trade payable	703.80	(113.03)
	Increase/(Decrease) in other financial liabilities	1,419.67	962.71
	Increase/(Decrease) in other non-financial liabilities	32.55	1.56
		(31,983.67)	**(6,200.69)**
	Cash (used in)/generated from operating activities	**(31,983.67)**	**(6,200.69)**
	Taxes paid (net)	(1,360.46)	(384.21)
	Net cash (used in)/generated from operating activities (A)	**(33,344.13)**	**(6,584.90)**
B	Cash flows from investing activities		
	Purchase of property, plant and equipment	(52.51)	(0.65)
	Purchase of intangible assets	(179.08)	(102.68)
	Sale of property, plant and equipment	5.69	0.30
	Sale / (Purchase) of assets held for sale	595.28	-
	Proceeds/(Investment) in bank deposits of maturity greater than 3 months (net)	(1,810.20)	(260.28)
	(Acquisition)/Redemption of FVTPL investments (net)	(1,707.21)	(407.93)
	Net cash (used in)/generated from investing activities (B)	**(3,148.03)**	**(771.24)**
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity share capital	(98.69)	40,660.00
	Proceeds from borrowings	62,970.23	(34,374.92)
	Repayments towards borrowings	(26,552.80)	(23.60)
	Net cash (used in)/generated from financing activities (C)	**36,318.74**	**6,261.48**
	Net increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	**(173.42)**	**(1,094.66)**
	Cash and Cash Equivalents at the beginning of the year	565.29	1,659.95
	Cash and Cash Equivalents at the end of the year	**391.87**	**565.29**
	Reconciliation of cash and cash equivalents with the balance sheet		
	Cash on hand	4.42	1.01
	Balances with banks		
	- in current accounts	387.45	564.28
	Deposits with original maturity of less than 3 months	-	-
	Total	**391.87**	**565.29**

See accompanying notes forming part of the financial statements 1 to 46

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

CA Chetan R. Sapre
Partner
M. No. 116952

Place: Mumbai
Date: 16 May 2022

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

Shreejit Menon
Deputy CEO
DIN: 08089220

Vibhor Kumar Talreja
Non-Executive Director
DIN: 08768297

Nidhi Sadani
Company Secretary

Place: Mumbai
Date: 16 May 2022

IndoStar Home Finance Private Limited
CIN: U65990MH2016PTC271587
Statement of Changes in Equity (SOCIE) for the year ended 31 March 2022
(Currency : Indian Rupees Lakhs)

(a) Equity share capital of face value of Rs. 10/- each
As at 31st March 2022

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
20,000.00	-	20,000.00	25,000.00	45,000.00

As at 31st March 2021

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in Equity Share Capital during the current year	Balance at the end of the current reporting period
20,000.00	-	20,000.00	-	20,000.00

(b) Other equity

Particulars	Reserves and surplus		Capital contribution from Holding Company	Total
	Statutory Reserves u/s 29C	Retained earnings		
(i) Balance at 1 April 2021	851.51	465.88	211.91	1,529.30
Profit for the year	-	3,430.83	-	3,430.83
Transfer from Retained Earnings	686.17	(686.17)	-	-
Gain/loss on re-measurement of defined benefit plans	-	6.43	-	6.43
Share issue expenses	-	(98.69)		(98.69)
Share based payment expense	-	-	33.60	33.60
Balance at 31 March 2022	**1,537.68**	**3,118.28**	**245.51**	**4,901.47**
(ii) Balance at 1 April 2020	292.48	(1,773.10)	126.95	(1,353.67)
Profit for the year	-	2,795.13	-	2,795.13
Transfer from Retained Earnings	559.03	(559.03)	-	-
Gain/loss on re-measurement of defined benefit plans	-	2.88	-	2.88
Share based payment expense	-	-	84.96	84.96
Balance at 31 March 2021	**851.51**	**465.88**	**211.91**	**1,529.30**

See accompanying notes forming part of the financial statements 1 to 46

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

CA Chetan R. Sapre
Partner
M. No. 116952

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

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Place: Mumbai
Date: 16 May 2022

1 Corporate Information

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

2 Basis of Preparation and Significant accounting policies

2.1 Statement of compliance and basis of preparation

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

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

2.2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- the normal course of business
- the event of default
- the event of insolvency of bankruptcy of the Company/ or its counterparties

2.3 Significant Accounting Policies

a) Financial Instruments

Financial assets and financial liabilities can be termed as financial instruments.
Financial instruments are recognised when the Company becomes a party to the contractual terms of the instruments.

(i) Classification of Financial Instruments

The Company classifies its financial assets into the following measurement categories:

1. Financial assets to be measured at amortised cost
2. Financial assets to be measured at fair value through other comprehensive income
3. Financial assets to be measured at fair value through profit or loss account

The classification depends on the contractual terms of the financial assets' cash flows and the Company's business model for managing financial assets.

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through the profit and loss account or is required to measure liabilities at fair value through profit or loss (FVTPL) such as derivative liabilities. Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

Transaction costs directly pertaining to the acquisition or issue of financial instruments are added to or deducted from the initial measurement amount of the instrument except where the instrument is initially measured as fair value through profit or loss.

(ii) Assessment of business model and contractual cash flow characteristics for financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model determines whether the cash flows will be generated by collecting contractual cash flows, selling financial assets or by both.

The Company's business model is assessed at portfolio level and not at instrument level, and is based on observable factors such as:

(i) How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

(ii) The risks that affect the performance of the business model and, in particular, the way those risks are managed;

(iii) The expected frequency, value and timing of sales are also important aspects of the Company's assessment. The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Solely payment of principal and interest (SPPI) test

Subsequent to the assessment to the relevant business model of the financial assets, the Company assesses the contractual terms of 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk.

(iii) Initial measurement of financial instruments

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

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

(a) Loans and Debt instruments at amortised cost

A 'loan or debt instrument' is measured at the amortized cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the profit or loss. The losses arising from impairment are recognized in the profit or loss.

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

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

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

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

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

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

(d) Debt securities and other borrowed funds

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

(e) Financial guarantees

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

(f) Undrawn loan commitments

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

(v) Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line.

(vi) Derecognition of financial assets in the following circumstances

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

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

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

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

Financial assets

A financial asset or a part of financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:
- The Company has transferred its contractual rights to receive cash flows from the financial asset; or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows.

A transfer only qualifies for derecognition if either:
- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

(vii) Derecognition of Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Write off

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

b) Fair Value Measurement

On initial recognition, all the financial instruments are measured at fair value. For subsequent measurement, the Company measures certain categories of financial instruments at fair value on each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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

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

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

c) Property plant and equipment

Recognition and measurement

Property, Plant and Equipment (PPE) is recognised when it is probable that the future economic benefits associated with it will flow to the company and the cost can be measured reliably

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

Gains or losses arising from derecognition of such assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

Subsequent expenditure

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repair and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation

Depreciation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the respective assets. The estimated useful life used to provide depreciation are as follows:

Particulars	Estimated useful life by the Company	Useful life as prescribed by Schedule II of the Companies Act 2013
Computers	3 years	3 years
Office Equipment	5 years	5 years
Furniture and fixtures	5 years	10 years
Servers and networks	5 years	6 years

Property, plant and equipment items individually costing less than Rs. 5,000 are depreciated fully in the year of purchase.

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

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

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

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

d) Intangible assets

Recognition and measurement

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

Amortisation

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

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

e) Impairment

(i) Financial Assets

(a) Expected Credit Loss (ECL) principles

The Company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, together with undrawn loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

For the computation of ECL on the financial instruments, the Company categories its financial instruments as mentioned below:

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

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

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

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company undertakes the classification of exposures within the aforesaid stages at borrower level.

(b) Definition of Default:

A default on a financial asset is when the counterparty fails to make the contractual payments within 90 days of when they fall due. Accordingly, the financial assets shall be classified as Stage 3, if on the reporting date, it has been 90 days past due. Non-payment on another obligation of the same customer is also considered as a stage 3.

(c) Calculation of ECL:

ECL is a probability weighted credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial instruments. Cash shortfalls are the difference between the cash flows that the entity is entitled to receive on account of contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are as follows:

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

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

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

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

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

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

Significant increase in Credit Risk

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD.

As a back-stop when loan asset not being a loans becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL in respect of all retail assets.

For the purpose of counting of day past due for the assessment of significant increase in credit risk, the special dispensations to any class of assets in accordance with COVID19 Regulatory Package notified by the Reserve Bank of India (RBI) has been applied by the company.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction of a new covenants or adjustment of existing covenants of an existing loan may constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

The Company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants

When a financial asset is modified the Company assesses whether this modification results in derecognition. In accordance with the Company's policy a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

- Qualitative factors, such as contractual cash flows after modification are no longer SPPI,
- Change in currency or change of counterparty,
- The extent of change in interest rates, maturity, covenants.

If this do not clearly indicate a substantial modification, then:

(a) In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. This applies only in the case where the fair value of the new loan is recognised at a significant discount to its revised par amount because there remains a high risk of default which has not been reduced by the modification. The Company monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms.

(b) When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original
contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

For financial assets modified, where modification did not result in derecognition, the estimate of PD reflects the Company's ability to collect the modified cash flows taking into account the Company's previous experience of similar forbearance action, as well as various behavioural indicators, including the borrower's payment performance against the modified contractual terms. If the credit risk remains significantly higher than what was expected at initial recognition the loss allowance will continue to be measured at an amount equal to lifetime ECL. The loss allowance on forborne loans will generally only be measured based on 12-month ECL when there is evidence of the borrower's improved repayment behaviour following modification leading to a reversal of the previous significant increase in credit risk.

Where a modification does not lead to derecognition the Company calculates the modification gain/loss comparing the gross carrying amount before and after the modification (excluding the ECL allowance). Then the Company measures ECL for the modified asset, where the expected cash flows arising from the modified financial asset are included in calculating the expected cash shortfalls from the original asset.

Presentation of ECL allowance in the Balance Sheet

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

(ii) Non-financial assets

Intangible assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the higher of fair value of the asset less cost of its disposal and value in use.

f) Recognition of income

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

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

Step 1: Identify contract(s) with a customer

Step 2: Identify performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

(a) Recognition of interest income

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

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

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

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

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

(b) Origination fees

Origination fees, which the Company has received/recovered at time of granting of a loan, is considered as a component for computation of the effective rate of interest (EIR) for the purpose of computing interest income.

(c) Assignment income

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognised from the Balance Sheet immediately upon execution of such transactions. Further the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognised on the date of derecognition itself as excess interest spread and correspondingly recognised as profit on derecognition of financial asset.

(d) Securitisation transactions :

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

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

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

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

g) Finance Costs

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

h) Retirement and other employee benefits

(i) Defined Contribution Plan

Provident Fund

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

(ii) Defined Benefit schemes

(a) Gratuity

The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Net interest recognized in profit or loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other comprehensive income ('OCI') in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

(b) Compensated Absences

Compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on estimates. Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date. Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred.

i) Share based employee payments

Equity settled share based payments

The stock options granted to employees are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to the general reserve within equity.

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

j) Leases

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

Company as a lessee

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

Critical accounting estimate and judgement

1. Determination of lease term

Ind AS 116 Leases requires lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate
the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

2. Discount Rate

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

k) Foreign currency translation

Functional and presentational currency

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

l) Provisions

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

m) Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

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

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

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

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

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

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

n) Earnings Per Share

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

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

o) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p) Segment reporting

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

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates include useful lives of property, plant and equipment & intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 3		
Cash and cash equivalents		
Cash on hand	4.42	1.01
Balances with banks		-
- in current accounts	387.45	564.28
Deposits with original maturity of less than three months	-	-
	391.87	**565.29**
Note 4		
Bank balances other than cash and cash equivalents		
Deposits with original maturity of more than three months	2,070.48	260.28
	2,070.48	**260.28**
Note 5		
Loans		
At amortized cost		
Term Loans	1,23,577.53	85,355.75
Total - Gross	1,23,577.53	85,355.75
Less: Impairment allowance	(1,980.35)	(1,533.36)
Total - Net	**1,21,597.18**	**83,822.39**
Secured by tangible assets	1,23,577.53	85,355.75
Total - Gross	**1,23,577.53**	**85,355.75**
Less: Impairment allowance	(1,980.35)	(1,533.36)
Total - Net	**1,21,597.18**	**83,822.39**
Loans in India		
(a) Public sector	-	
(b) Others	1,23,577.53	85,355.75
Total - Gross	**1,23,577.53**	**85,355.75**
Less: Impairment allowance	(1,980.35)	(1,533.36)
Total - Net	**1,21,597.18**	**83,822.39**
Loans outside India (b)	-	-
Less: Impairment allowance	-	-
Total - Net (b)	-	-
Total - Net (a)+(b)	**1,21,597.18**	**83,822.39**

Notes :

(i) The Company does not have any financing activities against collateral of gold jewellery. Hence percentage of outstanding loans granted against collateral of gold jewellery to total assets at 31 March 2022 is NIL (31 March 2021: NIL).

(ii) Detailed analysis on year end stage classification of loans and impairment allowance is disclosed in Note 30.

(iii) The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
The Company has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 6		
Investments (at fair value through profit or loss)		
Investments in Mutual Fund	2,300.12	500.02
	2,300.12	**500.02**
Note 7		
Other financial assets		
Security deposit	31.03	18.90
Assignment receivables	2,410.72	2,699.77
Other receivables	-	37.12
	2,441.75	2,755.79
Less: ECL on assignment receivable	(103.39)	(71.31)
	2,338.36	**2,684.48**
Note 8		
Current tax assets (net)		
Advance tax (net of provision)	258.96	223.50
	258.96	**223.50**
Note 9		
Deferred tax assets		
Provision for gratuity	14.23	10.48
Provision for leave encashment	5.43	3.43
Provision on assets held for sale	-	32.80
Provision for expected credit loss	488.31	366.00
Income amortisation	44.12	53.51
Depreciation on PPE and intangible assets	22.75	24.33
Lease liabilities	4.58	1.05
Deferred tax liabilities		
Assignment income amortisation	(606.74)	(679.48)
Borrowing cost amortisation	(53.42)	(37.84)
Deferred tax asset/(liabilities) (net)	**(80.75)**	**(225.72)**

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Note 9
Income Taxes

(a) Movement in deferred tax balances

	31 March 2022			
	Net balance 1 April 2021	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/(liability)
Deferred Tax Assets				
Provision for gratuity	10.48	5.92	(2.17)	14.23
Impairment allowance on assets held for sale	32.80	(32.80)	-	-
Provision for compensated absences	3.43	2.00	-	5.43
Impairment allowance on loans	366.00	122.31	-	488.31
Income amortisation	53.51	(9.39)	-	44.12
Deferred tax liability				
Depreciation on PPE and intangible assets	24.33	(1.58)	-	22.75
Assignment income amortisation	(679.48)	72.74	-	(606.74)
Borrowing cost amortisation	(37.84)	(15.58)	-	(53.42)
Lease liabilities	1.05	3.53	-	4.58
Deferred tax assets / (liabilities)	**(225.72)**	**147.14**	**(2.17)**	**(80.75)**
Net tax assets	**(225.72)**	**147.14**	**(2.17)**	**(80.75)**

(b) Movement in deferred tax balances

	31 March 2021			
	Net balance 1 April 2020	Recognised in profit or loss	Recognised in OCI	Net deferred tax asset/(liability)
Deferred Tax Assets				
Carried forward losses	454.62	(454.62)	-	-
Provision for gratuity	6.59	4.08	(0.19)	10.48
Impairment allowance on assets held for sale	32.89	(0.09)	-	32.80
Provision for compensated absences	3.33	0.10	-	3.43
Impairment allowance on loans	79.31	286.69	-	366.00
Income amortisation	38.79	14.72	-	53.51
Deferred tax liability				
Depreciation on PPE and intangible assets	19.38	4.95	-	24.33
Assignment income amortisation	(130.64)	(548.84)	-	(679.48)
Borrowing cost amortisation	(32.43)	(5.41)	-	(37.84)
Lease liabilities	(5.77)	6.82	-	1.05
Deferred tax assets / (liabilities)	**466.07**	**(691.60)**	**(0.19)**	**(225.72)**
Net tax assets	**466.07**	**(691.60)**	**(0.19)**	**(225.72)**

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Note 10
Property, plant and equipment

DESCRIPTION	Leasehold Improvement	Office equipment	Computers	Furniture and fixtures	Right-of-Use Assets	Total
Cost as at 1 April 2020	**108.23**	**19.94**	**254.42**	**0.39**	**42.94**	**425.92**
Additions	-		0.04	0.62	116.67	117.33
Disposals	-	(0.30)	-	-	(34.72)	(35.02)
Cost as at 31 March 2021	**108.23**	**19.64**	**254.46**	**1.01**	**124.89**	**508.23**
Additions	21.89	7.71	18.43	4.48	196.36	248.87
Disposals	(24.68)	(1.01)	(3.64)	-	(8.22)	(37.55)
Cost as at 31 March 2022 (A)	**105.44**	**26.34**	**269.25**	**5.49**	**313.03**	**719.55**
Accumulated depreciation as at 1 April 2020	**44.86**	**7.09**	**171.31**	**0.14**	**24.60**	**248.00**
Depreciation for the year	22.30	4.49	69.50	0.87	26.13	123.29
Disposals	-	(0.11)	-	-	(34.72)	(34.83)
Accumulated depreciation as at 31 March 2021	**67.16**	**11.47**	**240.81**	**1.01**	**16.01**	**336.46**
Depreciation for the year	20.89	4.82	11.16	3.84	40.72	81.43
Disposals	(19.22)	(0.79)	(3.59)	-	(8.22)	(31.82)
Accumulated depreciation as at 31 March 2022 (B)	**68.83**	**15.50**	**248.38**	**4.85**	**48.51**	**386.07**
Net carrying amount as at 31 March 2022 (A) - (B)	**36.61**	**10.84**	**20.87**	**0.64**	**264.52**	**333.48**
Net carrying amount as at 31 March 2021	**41.07**	**8.17**	**13.65**	**-**	**108.88**	**171.77**

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Note 11

Particulars	As at 31 March 2022	As at 31 March 2021
Assets held for sale	-	607.80
Provision on Assets held for sale	-	(130.31)
	-	477.49

Note 12
Intangible assets

Particulars	Computer Software	Total
Cost as at 1 April 2020	**190.64**	**190.64**
Additions	102.68	102.68
Disposals	-	-
Cost as at 31 March 2021	**293.32**	**293.32**
Additions	179.08	179.08
Disposals	(0.28)	(0.28)
Cost as at 31 March 2022 (A)	**472.12**	**472.12**
Accumulated amortisation as at 1 April 2020	**111.80**	**111.80**
Amortisation for the year	77.53	77.53
Disposals	-	-
Accumulated amortisation as at 31 March 2021	**189.33**	**189.33**
Amortisation for the year	75.12	75.12
Disposals	(0.28)	(0.28)
Accumulated amortisation as at 31 March 2022 (B)	264.17	264.17
Net carrying amount as at 31 March 2022 (A)- (B)	**207.95**	**207.95**
Net carrying amount as at 31 March 2021	**103.99**	**103.99**

Particulars	As at 31 March 2022	As at 31 March 2021
Note 13		
Other non-financial assets		
Prepaid expenses	67.85	8.93
Advances recoverable in cash or in kind or for value to be received (refer footnote below)	141.95	216.40
	209.80	**225.33**

Footnote: Advances recoverable in cash or in kind or for value to be received includes Rs. NIL (previous year Rs. 161.30 lakhs) as claim receivable towards ex-gratia under GOI scheme.

Particulars	As at 31 March 2022	As at 31 March 2021
Note 14		
Trade payables		
Dues to Micro, small and medium enterprises	0.05	0.32
Dues to Others	1,199.65	495.58
	1,199.70	**495.90**

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	0.05	-	-	-	0.05
(ii) Others	1,199.65	-	-	-	1,199.65
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
(i) MSME	0.32	-	-	-	0.32
(ii) Others	495.58	-	-	-	495.58
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Particulars	As at 31 March 2022	As at 31 March 2021
Note 15		
Borrowings		
At amortised cost		
Term loans		
Term loans from banks (Refer note (a) below)	24,718.61	6,129.35
Term loans from NHB (Refer note (b) below)	28,313.20	18,563.47
Loan from related parties		
Loan from holding company (Refer note (c) below)	-	39,291.64
Other borrowings	21,013.39	-
Total	**74,045.20**	**63,984.46**
Borrowings in India	74,045.20	63,984.46
Borrowings outside India	-	-
Total	**74,045.20**	**63,984.46**
Secured borrowings	74,045.20	24,692.82
Unsecured borrowings	-	39,291.64
Total	**74,045.20**	**63,984.46**

IndoStar Home Finance Private Limited

(a) Term loan from banks (TL):

Redeemable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest	Rate of interest
	>= 7.90% <= 8.85%	>= 8.30% <= 9.10%
	Amount	Amount
Above 60 Months	2,915.72	-
48-60 Months	2,104.57	124.17
36-48 Months	3,173.05	869.22
24-36 Months	4,879.46	1,324.53
12-24 Months	6,448.55	2,069.58
0-12 Months	5,197.27	1,741.85
Total	**24,718.62**	**6,129.35**

(b) Term loan from NHB (TL):

Redeemable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest	Rate of interest
	>= 5.25% <= 6.65%	>= 5.25% <= 8.10%
	Amount	Amount
Above 60 Months	8,224.86	3,016.17
48-60 Months	3,387.59	2,047.09
36-48 Months	3,590.28	2,894.89
24-36 Months	4,440.98	2,894.89
12-24 Months	4,440.98	2,894.89
0-12 Months	4,228.51	4,815.54
Total	**28,313.20**	**18,563.47**

Foot Notes:

(i) Term loan from banks and financial institutions have been used for the purpose for which they were borrowed.

(ii) Quarterly returns/statements filed by the Company with Banks or Financial Institutions are in agreement with the books of accounts.

(c) Term loan from holding company :

Redeemable within	As at 31 March 2022	As at 31 March 2021
	Rate of interest	Rate of interest
	NA	10%
	Amount	Amount
Above 60 Months	-	-
48-60 Months	-	18,000.00
36-48 Months	-	20,000.00
24-36 Months	-	-
12-24 Months	-	-
0-12 Months	-	1,291.64
Total	-	**39,291.64**

Note :

The term loan from holding company includes a optionally convertible loan into equity share of the company of Rs. Nil as on 31st March 2022 (Previous year Rs 10,000.00 lakhs). IndoStar Capital Finance Limited has the right to convert whole or part of the outstanding of the said loan amount into fully paid equity shares of the Company at a price which is higher of (i) the fair market value of the equity shares of the company as determined by an independent Category II Merchant Banker registered with the Securities and Exchange Board of India or by an independent Chartered Accountant, as on a date not preceding 6 months from the date on which the right to convert loan amount is exercised by IndoStar Capital Finance Limited; or (ii) face value of equity shares of the Company. The portion of the loan so converted shall cease to carry interest and the outstanding loan amount shall stand correspondingly reduced.

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 16		
Other financial liabilities		
Book overdraft	1,524.95	207.21
Employee benefits payable	227.29	86.69
Unamortised lease liabilities	282.56	113.07
Others	2,222.20	2,242.59
	4,257.00	**2,649.56**
Note 17		
Provisions		
Provision for employee benefits:		
- Gratuity	56.52	41.65
- Compensated absences	21.58	13.61
Others :		
- Expected credit loss on undrawn loan commitments	11.76	4.86
	89.86	**60.12**
Note 18		
Non-financial liabilities		
Statutory dues payable	134.22	89.48
	134.22	**89.48**

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Note 19
Equity share capital

a. **Details of authorised, issued and subscribed share capital**

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Authorised capital				
Equity shares of Rs.10/- each	1,00,00,00,000	1,00,000.00	20,00,00,000	20,000.00
Issued, subscribed and fully paid up				
Equity shares of Rs.10/- each fully paid up	45,00,00,000	45,000.00	20,00,00,000	20,000.00
Total	**45,00,00,000**	**45,000.00**	**20,00,00,000**	**20,000.00**

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

	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	20,00,00,000	20,000.00	20,00,00,000	20,000.00
Add: Issued during the year (fully paid Rs. 10 each)	25,00,00,000	25,000.00	-	-
Shares outstanding at the end of the year	**45,00,00,000**	**45,000.00**	**20,00,00,000**	**20,000.00**

c. **Particulars of shares held by holding Company**

		As at 31 March 2022		As at 31 March 2021	
Name of shareholder	**Relationship**	**No of equity shares held**	**Percentage**	**No of equity shares held**	**Percentage**
Indostar Capital Finance Limited	Holding Company	45,00,00,000	100%	20,00,00,000	100%

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

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

		As at 31 March 2022		As at 31 March 2021	
Name of shareholder	**Relationship**	**No of equity shares held**	**Percentage**	**No of equity shares held**	**Percentage**
IndoStar Capital Finance Limited*	Holding Company	45,00,00,000	100%	20,00,00,000	100%

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

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

e. **Terms/rights attached to equity shares**

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

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

f. **Objective for managing capital**

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

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

Promoter Name	No. of Shares	% of Total Shares	% Change during the year
As at 31 March 2022			
Indostar Capital Finance Limited	45,00,00,000	100%	0%
As at 31 March 2021			
Indostar Capital Finance Limited	20,00,00,000	100%	0%

(Currency : Indian Rupees Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Note 20		
Other equity		
Statutory reserves u/s 29C of the National Housing Bank Act, 1987	1,537.68	851.51
Capital contribution from Holding Company	245.51	211.91
Retained earnings	3,118.28	465.88
	4,901.47	**1,529.30**
20.1 Other equity movement		
Statutory reserves u/s 29C of the National Housing Bank Act, 1987		
Opening Balance	851.51	292.48
Add : Transferred from surplus	686.17	559.03
Closing Balance	**1,537.68**	**851.51**
Capital contribution from holding Company		
Opening Balance	211.91	126.95
Movement during the year	33.60	84.96
Closing Balance	**245.51**	**211.91**
Retained earnings		
Opening Balance	465.88	(1,773.10)
Add: Transferred from the statement of profit and loss	3,430.83	2,795.13
Less: 'Transfer to statutory reserve as per Section 29C of the	(686.17)	(559.03)
Less : Share issue expenses	(98.69)	-
Add: Re-measurement of defined benefit obligations	6.43	2.88
Closing Balance	**3,118.28**	**465.88**

20.2 Nature and purpose of reserves

Statutory reserves u/s 29C of the National Housing Bank Act, 1987

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

As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. Special reserve u/s 29C of the NHB Act includes amount transferred for Special Reserve in terms of Section 36(1)(viii) of the Income-tax Act, 1961.

Capital contribution from holding company

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

Retained earnings

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

(Currency : Indian Rupees Lakhs)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Note 21		
Revenue from operations		
Interest income on financial assets measured at amortised cost:		
Interest on loans		
- Loan portfolio	13,524.97	10,721.33
Interest on deposits		
- Deposits with banks	26.77	10.29
	13,551.74	**10,731.62**
Fees and commission income		
- Fees	592.41	237.83
	592.41	**237.83**
Net gain on fair value changes		
Net gain/(loss) on financial instruments at fair value through profit or loss		
- Investments	92.89	92.09
Total fair value changes	**92.89**	**92.09**
Fair value changes:		
- Realised	92.65	92.05
- Unrealised	0.24	0.04
Total fair value changes	**92.89**	**92.09**
Gain on derecognition of financial instruments measured at amortised cost category		
- Assignment Income	223.96	2,156.28
	223.96	**2,156.28**
Total	**14,461.00**	**13,217.82**
Note 22		
Other Income		
Miscellaneous income	2.78	187.74
Interest on income tax refund	18.52	1.19
	21.30	**188.93**
Note 23		
Finance cost		
Interest expense on financial liabilities measured at amortised cost:		
Interest expense on borrowings		
Loans from banks	2,205.09	1,443.47
Other borrowings (including Inter Corporate Deposits)	2,684.42	4,021.26
Interest expense on debt securities		
Commercial paper	-	165.14
Other interest expense		
Bank charges & other related costs	43.84	28.18
	4,933.35	**5,658.05**
Note 24		
Impairment on financial instruments		
Impairment on loans measured at amortised cost		
Provision for expected credit loss	446.99	884.68
Financial assets written off (net of recovery)	126.14	-
Impairment on others		
Undrawn loan commitments	6.90	4.86
Others	32.08	65.56
	612.11	**955.10**

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Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Note 25		
Employee Benefits Expenses		
Salaries, other allowances and bonus	2,288.77	1,581.58
Gratuity expenses	23.47	17.51
Compensated absences	11.56	(12.01)
Contribution to provident and other funds	93.81	71.28
Staff welfare expenses	19.35	7.00
Share based payment expense	33.60	84.96
Employee shared service costs	406.03	58.08
	2,876.59	**1,808.40**
Note 26		
Depreciation and amortisation expenses		
Depreciation of property, plant and equipment (PPE)	81.43	123.29
Amortisation of intangible assets	75.12	77.53
	156.55	**200.82**
Note 27		
Other Expenses		
Rent	32.77	29.68
Rates & taxes	90.49	10.18
Printing and stationery	16.76	8.77
Travelling & conveyance	154.99	68.01
Advertisement	7.15	-
Commission & brokerage	36.21	0.57
Office expenses	191.80	116.04
Directors' fees & commission	0.82	-
Communication expenses	27.97	17.54
Payment to auditors (note below)	21.22	20.67
CSR expenses (note below)	19.41	-
Legal & professional charges	87.70	230.53
Loss on sale of property plant and equipment	0.05	8.98
Other shared service costs	725.46	399.85
Provision on employee advance	-	6.33
Impairment allowance on assets held for sale	(117.79)	-
	1,295.01	**917.15**
Payment to auditor includes:		
a) Statutory Audit (refer footnote)	12.00	10.71
b) Tax Audit	1.50	1.50
c) Certifications	7.72	6.75
d) Other Services	-	1.71
Total	**21.22**	**20.67**

Footnote:
Including payment to erstwhile auditors current year 6.82 lakhs (previous year Rs. 2.21 lakhs.)

Details for expenditure on Corporate Social Responsibility:

a) Gross amount required to be spent during the year	19.41
b) Amount of expenditure incurred	19.41
c) Shortfall at the end of the year	-
d) Total of previous years shortfall	NA
e) Reason for short fall	NA
f) Nature of CSR activities	For Children Education & Women Empowerment
g) Details of related party transactions	-

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Note 28
Income taxes

Tax expense
(a) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current year	1,325.00	380.50
	1,325.00	380.50
Deferred tax expense		
Origination and reversal of temporary differences	(147.14)	691.60
	(147.14)	691.60
Tax expense for the year	**1,177.86**	**1,072.10**

(b) Amounts recognised in other comprehensive income

	For the year ended 31 March 2022			For the year ended 31 March 2021		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit liability (asset)	8.60	(2.17)	6.43	3.07	(0.19)	2.88
	8.60	**(2.17)**	**6.43**	**3.07**	**(0.19)**	**2.88**

(c) Reconciliation of effective tax rate

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax	**4,608.69**	**3,867.23**
Statutory income tax rate	25.17%	25.17%
Expected income tax expense	1,159.92	973.30
Tax effect of:		
Others items not deductible	17.94	98.80
Total tax expense	**1,177.86**	**1,072.10**
Current tax	1,325.00	380.50
Deferred tax	(147.14)	691.60
	1,177.86	**1,072.10**

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Note 29
Earnings per share (EPS)

Basic EPS calculated by dividing the net profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders (after adjusting profit impact of dilutive potential equity shares, if any) by the aggregate of weighted average number of equity shares outstanding during the year and the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	For the Yesr ended 31 March 2022	For the year ended 31 March 2021
i. Profit attributable to equity holders (A)		
Profit attributable to equity holders for basic and diluted EPS (Rs. Lakh)	3,430.83	2,795.13
ii. Weighted average number of equity shares for calculating Basic EPS (B)	38,69,86,301	20,00,00,000
iii. Weighted average number of equity shares for calculating Diluted EPS (C)	38,69,86,301	20,00,00,000
iv. Basic earnings per share (Rs.)	0.89	1.40
v. Diluted earnings per share (Rs.)	0.89	1.40

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Note 30
Financial instruments – Fair values and Risk management

A. Accounting classification and fair values

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

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

B. Risk Management Framework:

Company's risk management framework is based on

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

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

C. Risk governance structure:

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

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

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

D. Fair value hierarchy
Ind AS 107, 'Financial Instrument - Disclosure' requires classification of the valuation method of financial instruments measured at fair value in the Balance Sheet, using a three level fair-value-hierarchy (which reflects the significance of inputs used in the measurements). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to un-observable inputs (Level 3 measurements). The three levels of the fair-value-hierarchy under Ind AS 107 are described below:
Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and place limited reliance on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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

	As at 31 March 2022							
	Carrying amount				Fair value			
Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments	2,300.12	-	-	2,300.12	2,300.12	-	-	2,300.12
(b) Loans	-	-	1,21,597.18	1,21,597.18	-	-	1,21,597.18	1,21,597.18
Total	2,300.12	-	1,21,597.18	1,23,897.30	2,300.12	-	1,21,597.18	1,23,897.30

	As at 31 March 2021							
	Carrying amount				Fair value			
Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised Cost	Total	Level 1 - Quoted price in active markets	Level 2 - Significant observable inputs	Level 3 - Significant unobservable inputs	Total
Investments covered under Ind AS 109								
(a) Investments	500.02	-	-	500.02	500.02	-	-	500.02
(b) Loans	-	-	83,822.39	83,822.39	-	-	83,822.39	83,822.39
Total	500.02	-	83,822.39	84,322.41	500.02	-	83,822.39	84,322.41

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E. Liquidity risk

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

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

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

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

As on 31 March 2022

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

As on 31 March 2021

Particulars	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Trade payables	495.90	-	-	-	495.90
Borrowings (other than debt securities)	3,878.78	3,970.32	53,119.74	3,015.62	63,984.46
Other financial liabilities	2,649.56	-	-	-	2,649.56
Total	7,024.24	3,970.32	53,119.74	3,015.62	67,129.92

IndoStar Home Finance Private Limited

Note 30
Financial instruments – Fair values and Risk management (continued)

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

Significant increase in credit risk
The credit risk on a financial asset of the Company are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Additionally, accounts identified and reviewed by the Executive committee for labelling as breaching pre-defined critical credit risk parameters will also be classified as Stage 2. Accordingly, the financial assets shall be classified as Stage 2, based on the quantitative as well as qualitative factors.

Write off policy
Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. Any subsequent recoveries are credited to impairment on financial instrument in statement of profit and loss.

Restructured financial assets
A loan where repayment terms are renegotiated on substantially different terms as compared to the original contracted terms due to significant credit risk of the borrower are classified as Stage 2. Such loans continue to be in stage 2 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period typically 12 months-post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done.

Overview of the Expected Credit Loss principles
The company records allowance for expected credit losses for all loans, debt financial assets not held at FVTPL, together with undrawn loan commitments (referred to as 'financial instrument').

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

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

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

The company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, considering the change in the risk of default occuring over the remaining life of the financial instrument. The company undertaked the classification of exposures within the aforesaid stages at borrower level

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

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

Exposure-At-Default (EAD) : The Exposure at Default is the amount the Company is entitled to receive as on reporting date including repayments due for principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities.

Probability of Default (PD) : The Probability of Default is an estimate of the likelihood of default of the exposure over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

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

The ECL allowance is applied on the financial instruments depending upon the classification of the financial instruments as per the credit risk involved. ECL allowance is computed on the below mentioned basis:
12-month ECL: 12-month ECL is the portion of Lifetime ECL that represents the ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL is applied on stage 1 assets.
Lifetime ECL: Lifetime ECL for credit losses expected to arise over the life of the asset in cases of credit impaired loans and in case of financial instruments where there has been significant increase in credit risk since origination. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. Lifetime ECL is applied on stage 2 and stage 3 assets.
The Company computes the ECL allowance either on individual basis or on collective basis, depending on the nature of the underlying portfolio of financial instruments.

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Note 30
Financial instruments – Fair values and Risk management (continued)

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

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

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

Particulars	31 March 2022			
	Stage	Stage	Stage	Total
Financial assets measured at amortised cost				
Loans	1,15,274.30	6,078.93	2,224.31	1,23,577.54
Total	1,15,274.30	6,078.93	2,224.31	1,23,577.54

*number of borrowers as at 31 Mar 2022 are 296.

Particulars	31 March 2021			
	Stage	Stage	Stage	Total
Financial assets measured at amortised cost				
Loans	80,587.29	3,217.55	1,550.91	85,355.75
Total	**80,587.29**	**3,217.55**	**1,550.91**	**85,355.75**

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

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	**80,587.29**	**3,217.55**	**1,550.91**	**85,355.74**	**74,325.74**	**331.46**	**633.99**	**75,291.19**
New assets originated or purchased	58,317.15	181.41	289.28	58,787.84	26,718.71	75.49	127.13	26,921.33
Assets derecognised or repaid (excluding write offs)	(19,030.38)	(591.66)	(817.87)	(20,439.91)	(16,616.82)	(156.89)	(83.06)	(16,856.77)
Transfers to stage 1	2,327.03	(2,098.90)	(228.13)	-	34.12	(34.12)	-	-
Transfers to stage 2	(6,681.10)	7,822.58	(1,141.48)	-	(3,084.34)	3,124.90	(40.56)	-
Transfers to stage 3	(241.85)	(2,443.51)	2,685.36	-	(790.12)	(123.29)	913.41	-
Amounts written off	(3.84)	(8.54)	(113.76)	(126.14)	-	-	-	-
Gross carrying amount closing balance	**1,15,274.30**	**6,078.93**	**2,224.31**	**1,23,577.53**	**80,587.29**	**3,217.55**	**1,550.91**	**85,355.75**

Reconciliation of ECL balance is given below:

Particulars	2021-22				2020-21			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**595.31**	**587.36**	**350.69**	**1,533.36**	**517.81**	**1.36**	**129.51**	**648.68**
New assets originated or purchased	460.63	9.22	74.74	544.59	379.79	415.27	-	795.06
Assets derecognised or repaid (excluding write offs)	(134.50)	(41.65)	(210.96)	(387.11)	(48.17)	(0.65)	(9.21)	(58.03)
Transfers to stage 1	123.56	(68.04)	(55.52)	-	0.09	(0.09)	-	-
Transfers to stage 2	(47.73)	314.01	(266.28)	-	(18.67)	26.78	(8.11)	-
Transfers to stage 3	(1.73)	(112.40)	114.13	-	(8.63)	(1.88)	10.51	-
Impact on year end ECL on exposures transferred between stages during the year	(101.10)	(422.47)	845.60	322.03	(226.91)	146.57	227.99	147.65
Amounts written back (net of recovery)	(0.02)	(0.24)	(32.26)	(32.52)	-	-	-	-
ECL allowance - closing balance	**894.42**	**265.79**	**820.14**	**1,980.35**	**595.31**	**587.36**	**350.69**	**1,533.36**

G. Risk Management amidst COVID-19 :
Estimation uncertainty relating to COVID-19 global health pandemic:
In assessing the recoverability of loans, receivables and investments, the Company has considered internal and external sources of information, economic forecasts and industry reports upto the date of approval of these financial results. The Company has performed stress testing on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The Company has developed estimates and applied management overlays for the purpose of determination of the provision for impairment of financial assets.
The full extent of impact of the pandemic (Wave 2) on the Company's operations and financial performance (including impairment allowances for financial asset) will depend on future developments including governmental and regulatory measures and the Company's responses thereto, which are highly uncertain at this time.
Further, in view of the matters mentioned above, the Company is regularly assessing and monitoring the impact of the Novel Coronavirus (COVID-19) pandemic on its liquidity and ability to repay its obligations as and when they are due. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

Note 30
Financial instruments – Fair values and risk management (continued)

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

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

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

(Currency : Indian Rupees Lakhs)

Note 30
Financial instruments – Fair values and risk management (continued)

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

Company has complied in full with all its externally imposed capital requirements over the reported period.

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company maintains its capital structure in line with economic conditions and the risk characteristics of its activities.

Particulars	As at 31 March 2022	As at 31 March 2021
Tier I capital ratio	83.2%	48.0%
Tier II capital ratio	0.0%	1.2%
Total capital adequacy ratio	**83.2%**	**49.2%**

(Currency : Indian Rupees Lakhs)

Note 31

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

a) Relationships

Ultimate Controlling Party

Brookfield Asset Management Inc. (from 9 July 2020)

Holding Company

BCP V Multiple Holdings Pte. Ltd. (from 9 July 2020)
IndoStar Capital Finance Limited

Fellow Subsidiary

IndoStar Asset Advisory Private Limited

Names of other related parties with whom the Company had transactions during the year:

Key Managerial Personnel

Narayanan Nadadur Rajagopalan - Non-Executive Independent Director (from 2 Feb 2022)
Shreejit Menon -Whole Time Director and Deputy CEO
Munish Dayal - Non-Executive Non-Independent Director (from 14 Jun 2021)
Vibhor Kumar Talreja - Non-Executive Non-Independent Director
Benaifer Palsetia - Non-Executive Non-Independent Director

b) Transactions with Key Management Personnel :

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
1) Short-term employee benefits	114.28	74.17
2) Reimbursement of expenses	6.59	6.19
3) Directors sitting fees	0.82	-

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

c) Transactions other than those with key management personnel :

Particulars		Holding Company
1) Reimbursement of expenses	2022	1,139.76
	2021	463.65
2) Interest on loan from holding company	2022	2,410.16
	2021	4,021.26
3) Loan taken/(repaid) from holding company (net)	2022	(38,000.00)
(repayments includes coversion to equity)	2021	13,000.00
4) Issue of equity shares	2022	25,000.00
	2021	-

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

Particulars		Holding Company	Key Management Personnel
1) Reimbursement of expenses	2022	1,196.36	-
	2021	493.17	-
2) Loan from holding company	2022	-	-
(including accrued interest)	2021	39,291.64	-

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Note 32
Set out below is the disaggregation of the revenue from contracts with customers

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Type of Services or service		
Fees	592.41	237.83
Total revenue from contracts with customers	**592.41**	**237.83**
Geographical markets		
India	592	237.83
Outside India	-	-
Total revenue from contracts with customers	**592**	**237.83**
Timing of revenue recognition		
Services transferred at a point in time	592	237.83
Services transferred over time	-	-
Total revenue from contracts with customers	**592**	**237.83**

Note 33
Contingent liabilities and Commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account	-	-
Loans sanctioned not yet disbursed	6,744.05	3,870.16

Note 34
Disclosures as required by Ind AS 116 'Leases'

(A) Lease liability movement

Particulars	As at 31 March 2022	As at 31 March 2021
Opening Balance/Transition Adjustment	113.07	20.00
Add : Additions during the year	196.36	116.67
Add : Interest on lease liability	19.32	4.66
Less : Lease rental payments	(46.19)	(28.26)
	282.56	**113.07**

(B) Future lease cashflow for all leased assets

Particulars	As at 31 March 2022	As at 31 March 2021
Not later than one year	70.50	24.89
Later than one year but not later than five years	262.66	96.43
Later than five years	23.09	33.64
	356.25	**154.96**

(C) Maturity analysis of lease liability

Particulars	As at 31 March 2022	As at 31 March 2021
Lease liability		
Less than 12 months	46.39	14.56
More than 12 months	236.17	98.51
	282.56	**113.07**

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Note 35

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

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

Particulars	As at 31 March 2022	As at 31 March 2021
a. Principal and interest amount remaining unpaid	0.05	0.32
b. Interest due thereon remaining unpaid	-	-
c. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day	-	-
d. Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act,2006)	-	-
e. Interest accrued and remaining unpaid	-	-
f. Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-

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

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

Note 36

Gratuity and other post-employment benefit plans:

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

Based on Ind AS 19 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

	As at 31 March 2022	As at 31 March 2021
A. Amount recognised in the balance sheet		
Present value of the obligation as at the end of the year	56.52	41.65
Fair value of plan assets as at the end of the year	-	-
Net asset / (liability) to be recognized in the balance sheet	**56.52**	**41.65**

B. Change in projected benefit obligation

	As at 31 March 2022	As at 31 March 2021
Projected benefit of obligation at the beginning of the year	41.65	27.21
Current service cost	20.83	15.65
Interest cost	2.64	1.86
Actuarial (gain) / loss on obligation	(8.60)	(3.07)
Projected benefit obligation at the end of the year	**56.52**	**41.65**

C. Bifurcation of Projected benefit Obligation

	As at 31 March 2022	As at 31 March 2021
Current Liability	1.22	0.08
Non Current Liability	55.30	41.57
Total	**56.52**	**41.65**

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D. Change in plan assets

	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain/(loss)	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	-	-

E. Amount recognised in the statement of profit and loss

	As at 31 March 2022	As at 31 March 2021
Current service cost	20.83	15.65
Net interest cost	2.64	1.86
Expenses recognised in the statement of profit and loss	**23.47**	**17.51**

F. Amount recognised in other comprehensive income

	As at 31 March 2022	As at 31 March 2021
Actuarial (gains) / loss		
- change in financial assumption	(3.47)	2.16
- change in demographic assumption	-	-
- experience variation	(5.13)	(5.23)
Expenses recognised in other comprehensive income	**(8.60)**	**(3.07)**

G. Assumptions used	As at 31 March 2022	As at 31 March 2021
Discount rate	6.95%	6.35%
Salary growth rate	6.00%	6.00%
Withdrawal rates	10% at younger ages reducing to 6% at older ages	10% at younger ages reducing to 6% at older ages

H. Sensitivity analysis

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	53.87	59.39	39.49	44.00
Salary growth rate (0.5% movement)	59.24	53.81	43.99	39.58
Withdrawal rate (10% movement)	56.17	56.85	41.03	42.27

I. Expected Future Cash Flows

Particulars	As at 31 March 2022	As at 31 March 2021
Year 1 Cashflow	1.22	0.09
Year 2 Cashflow	4.05	0.87
Year 3 Cashflow	4.33	3.44
Year 4 Cashflow	4.50	3.71
Year 5 Cashflow	4.90	3.80
Year 6 to Year 10 Cashflow	23.76	17.46

J. Other information :

1. The expected contribution for the next year is Rs. NIL
2. The average outstanding term of the obligations as at valuation date is 10.03 years.

(Currency : Indian Rupees Lakhs)

Note 37 - Maturity pattern of Assets and Liabilities

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

Particulars	Note	As on 31 March 2022			As on 31 March 2021		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
ASSETS							
Financial assets							
Cash and cash equivalents	3	391.87	-	**391.87**	565.29	-	**565.29**
Bank balances other than cash and cash equivalents	4	1,798.96	271.52	**2,070.48**	260.28	-	**260.28**
Loans	5	4,917.03	1,16,680.15	**1,21,597.18**	10,340.95	73,481.44	**83,822.39**
Investments	6	2,300.12	-	**2,300.12**	500.02	-	**500.02**
Other financial assets	7	-	2,338.36	**2,338.36**	37.11	2,647.37	**2,684.48**
Non-financial assets							
Current tax assets (net)	8	-	258.96	**258.96**	-	223.50	**223.50**
Property, plant and equipment	10	-	333.48	**333.48**	-	171.77	**171.77**
Intangible assets	12	-	207.95	**207.95**	-	103.99	**103.99**
Other non-financial assets	13	209.80	-	**209.80**	225.33	-	**225.33**
TOTAL ASSETS		**9,617.78**	**1,20,090.42**	**1,29,708.20**	**12,406.47**	**76,628.07**	**89,034.54**

Particulars	Note	As on 31 March 2022			As on 31 March 2021		
		Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
LIABILITIES							
Financial liabilities							
Trade payables	14	1,199.70	-	**1,199.70**	495.90	-	**495.90**
Borrowings (other than debt securities)	15	10,036.07	64,009.13	**74,045.20**	7,849.10	56,135.36	**63,984.46**
Other financial liabilities	16	4,020.83	236.17	**4,257.00**	2,551.05	98.51	**2,649.56**
Non-financial liabilities							
Provisions	17	-	89.86	**89.86**	18.55	41.57	**60.12**
Deferred Tax Liability	9		80.75	**80.75**		225.72	**225.72**
Other non-financial liabilities	18	134.22	-	**134.22**	89.48	-	**89.48**
TOTAL LIABILITIES		**15,390.82**	**64,415.91**	**79,806.73**	**11,004.08**	**56,501.16**	**67,505.24**

Note 38 - Disclosure persuant to Ind AS 108 - 'Operating Segments'

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

Note 39

The disclosure on the following matters required under Schedule III as amended not being relevant or applicable in case of the Company, same are not covered:

a) The Company has not traded or invested in crypto currency or virtual currency during the financial year.

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

c) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

d) The Company has not entered into any scheme of arrangement.

e) Charges or satisfaction to be registered with Registrar of Companies (ROC) have been registered within the stipulated statutory timelines.

f) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

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

Particulars	As at 31 March 2022	As at 31 March 2021
I. Capital		
(i) CRAR (%)	83.2%	49.2%
(ii) CRAR – Tier I Capital (%)	83.2%	48.0%
(iii) CRAR – Tier II Capital (%)	0.0%	1.2%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-
II. Reserve Fund u/s 29C of NHB Act, 1987		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	851.51	292.48
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	-	-
c) Total	851.51	292.48
Addition / Appropriation / Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of the NHB Act, 1987	686.17	559.03
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 (refer footnote below)	-	-
Less:		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1,537.68	851.51
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987 (refer footnote below)	-	-
c) Total	1,537.68	851.51

Footnote :As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. Special reserve u/s 29C of the NHB Act includes amount transferred for Special Reserve in terms of Section 36(1)(viii) of the Income-tax Act, 1961.

III. Investments		
1. Value of Investments		
(i) Gross value of Investments		
(a) In India	2,299.88	500.02
(b) Outside India	-	-
(ii) Provisions for Depreciation/Appreciation*		
(a) In India	0.24	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	2,300.12	500.02
(b) Outside India	-	-
2. Movement of provisions held towards depreciation/appreciation on investments		
(i) Opening balance	0.05	-
(ii) Add: Provisions made during the year	0.24	0.05
(iii) Less: Write-off / Written-bank of excess provisions during the year	(0.05)	-
(iv) Closing balance	0.24	0.05

*Represents Unrealised gain due to Fair value Change

IV. Derivatives		
1. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)		
(i) The notional principal of swap agreements	-	-
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the HFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	-	-

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(Currency : Indian Rupees Lakhs)

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

2. Exchange Traded Interest Rate (IR) Derivative

Particulars	As at 31 March 2022	As at 31 March 2021
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2022	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

3. Disclosures on Risk Exposure in Derivatives

Particulars	As at 31 March 2022	As at 31 March 2021
A. Qualitative Disclosure		
HFCs shall describe their risk management policies pertaining to derivatives with particular reference to the extent to which derivatives are used, the associated risks and business purposes served. The discussion shall also include:		
a) the structure and organization for management of risk in derivatives trading,	-	-
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	-	-
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigants, and	-	-
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	-	-

Quantitative Disclosure

Particulars	As on 31 March 2022		As on 31 March 2021	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	-	-	-	-
(ii) Marked to Market Positions				
(a) Assets (+)	-	-	-	-
(b) Liability (-)	-	-	-	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	-	-	-	-

V. Securitisation

1. Details of Securitisation pertaining to STC Transactions

Particulars	As at 31 March 2022	As at 31 March 2021
1. No of SPVs sponsored by the HFC for securitisation transactions	2	-
2. Total amount of securitised assets as per books of the SPVs sponsored	21,013.39	-
3. Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet		
(I) Off-balance sheet exposures towards Credit Enhancements	1,790.00	-
(II) On-balance sheet exposures towards Credit Enhancements	-	-
Amount of exposures to securitisation transactions	-	-
4. other than MRR		
(I) Off-balance sheet exposures towards Credit Enhancements		
a) Exposure to own securitizations	-	-
b) Exposure to third party securitisations	-	-
(II) On-balance sheet exposures towards Credit Enhancements		
a) Exposure to own securitisations	-	-
b) Exposure to third party securitisations	-	-
5. Sale Consideration received for the securitised assets and gain/loss on sale on account of securitisation*		
a) Sale Consideration received	22,370.23	-
b) gain/loss on sale on account of securitisation	-	-
6. Form & quantum of Services Provided:		
a) Collection Agent Fees	1.30	-

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

Particulars	As at 31 March 2022	As at 31 March 2021
7. Performance of facility provided		
I) Credit Enhancement		
(a) Amount Paid	1,790.00	
(b) Repayment Received	-	
(c) Outstanding Amount	1,790.00	-
II) Collection Agent fees		
(a) Amount Paid	1.30	-
(b) Repayment Received	1.30	-
(c) Outstanding Amount	-	-
8. Amount and number of additional/top up loan given on the same underlying asset	-	-
9. Investor Compaints		
(a) Directly/Indirectly received	-	-
(b)Complaints Outstanding	-	-

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

Particulars	As at 31 March 2022	As at 31 March 2021
(i) No. of accounts	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

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

Particulars	As at 31 March 2022	As at 31 March 2021
(i) No. of accounts	1,041	1,134
(ii) Aggregate value (net of provisions) of accounts assigned	6,364.96	9,192.61
(iii) Aggregate consideration	6,364.96	9,192.61
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value*	-	-
(vi) Weighted average maturity (No. of Years)**	12.22	NA
(vi) Weighted average holding period (months)	19.00	NA
(vii) Retention of beneficial economic interest	10.00%	NA

* During the year, the company has booked gain on derecognised (assigned) loans of Rs.1242.98 Lakhs on account of excess interest spread and servicing assets which does not frm part of aggregate consideration , consequently aggregate gain over net book value is NIL

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

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

Particulars	As at 31 March 2022	As at 31 March 2021
A. Details of non-performing financial assets purchased:		
(a) Number of accounts purchased during the year	-	-
(b) Aggregate outstanding	-	-
(a) Of these, number of accounts restructured during the year	-	-
(b) Aggregate outstanding	-	-
B. Details of Non-performing Financial Assets sold:		
1. No. of accounts sold	-	-
2. Aggregate outstanding	-	-
3. Aggregate consideration received	-	-

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

Particulars	1 day to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from bank	-	-	193.90	138.34	1,533.42	2,327.35	5,249.46	20,216.21	12,254.09	11,119.04	53,031.81
Market borrowing	-	-	-	48.50	56.62	157.83	330.65	1,595.11	1,978.95	16,845.73	21,013.39
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	1,359.47	102.11	-	298.20	260.90	837.72	2,105.23	8,599.75	13,059.91	96,954.24	1,23,577.53
Investments	2,300.12			-	-	-	-	-	-		2,300.12
Foreign currency assets	-			-	-	-	-	-	-		-

In addition to the investments shown in the table above, the Company also has cash and cash equivalents as mentioned below and undrawn funding lines amounting to Rs. 33500.00 lakhs

Cash & Cash Equivalents (refer note 3)	391.87
Total	**391.87**

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VII. Exposure

1. Exposure to Real Estate Sector

Category	As at 31 March 2022	As at 31 March 2021
a) Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual housing loans up to 15 lakhs Rs. 84,567.68 lakhs. (Previous year Rs.54,535.35 lakhs)	1,23,469.48	85,198.54
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	108.05	157.21
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total	**1,23,577.53**	**85,355.75**

2. Exposure to Capital Market

Particulars	As at 31 March 2022	As at 31 March 2021
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	-	-

3. Details of financing of parent Company products: None

4. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC:
The Company has not exceeded the Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the financials year/period.

5. Unsecured Advances : None

6. Exposure to group companies engaged in real estate business

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

VIII. Miscellaneous

1. Registration obtained from other financial sector regulators : None

2. Disclosure of Penalties imposed by NHB and other regulators : Current year - Nil (Previous year - Rs. 25,000 plus indirect taxes).

3. Related Party Transactions : Refer Note 31

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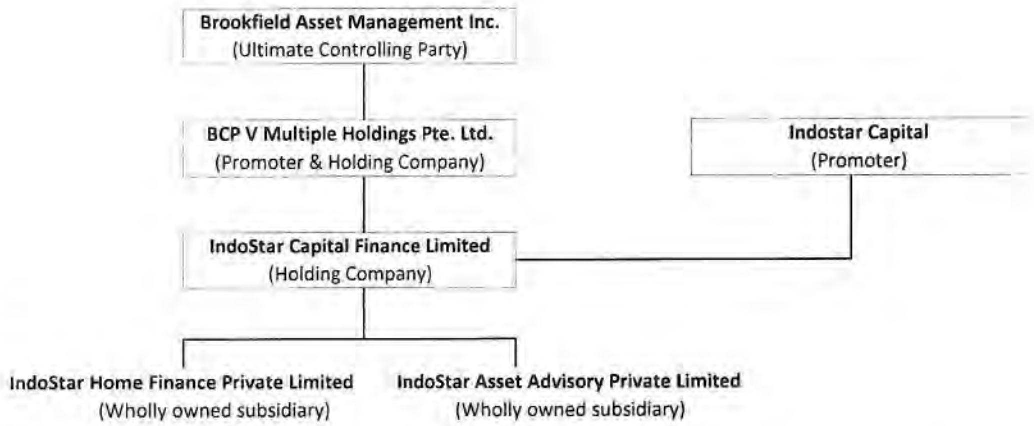
4. Group structure:



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

Instrument	Credit Rating Agency	As at 31 March 2022	As at 31 March 2021
Commercial Paper	CARE	A1+	A1+
	ICRA	A1+	A1+
	CRISIL	A1+	A1+
Term Loans/NCD's	CRISIL	AA-	AA-
	India Ratings and Research Private Limited		AA-

5. Remuneration of Directors (non executive) : Refer Note 31(b)

IX. Additional Disclosures

1. Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss	As at 31 March 2022	As at 31 March 2021
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax	1,325.00	380.50
3. Provision towards NPA	469.45	221.18
4. Provision for Standard Assets (including provision on Teaser Loan Rs. NIL, CRE-RH for Rs. NIL & CRE for Rs.NIL (Previous Year Teaser Loan Rs. NIL, CRE-RH for Rs. NIL & CRE for Rs. NIL)	(22.46)	663.50
5. Other Provision and Contingencies	38.98	70.42

	Housing		Non-Housing	
Break up of Loan & Advances and Provisions thereon	**As at 31 March 2022**	**As at 31 March 2021**	**As at 31 March 2022**	**As at 31 March 2021**
Standard Assets				
a) Total Outstanding Amount	99,112.69	72,578.22	22,240.53	11,226.63
b) Provisions made	932.58	1,092.14	227.63	90.54
Sub-Standard Assets				
a) Total Outstanding Amount	1,017.92	684.68	285.71	227.78
b) Provisions made	222.34	106.24	61.12	48.82
Doubtful Assets – Category-I				
a) Total Outstanding Amount	351.07	538.31	143.79	54.27
b) Provisions made	79.46	160.61	31.40	16.56
Doubtful Assets – Category-II				
a) Total Outstanding Amount	326.01	42.41	57.89	-
b) Provisions made	326.01	15.01	57.89	-
Doubtful Assets – Category-III				
a) Total Outstanding Amount	38.59	-	0.30	-
b) Provisions made	38.59	-	0.30	-
Loss Assets				
a) Total Outstanding Amount	-	-	3.03	3.45
b) Provisions made	-	-	3.03	3.45
TOTAL				
a) Total Outstanding Amount	1,00,846.28	73,843.62	22,731.25	11,512.13
b) Provisions made	1,598.98	1,374.00	381.37	159.37

2. Draw Down from Reserves : None

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

Particulars	As at 31 March 2022	As at 31 March 2021
3a. Concentration of Public Deposits (for Public Deposit taking/holding HFCs)		
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	-	-
3b. Concentration of Loans & Advances		
Total Loans & Advances to twenty largest borrowers	1,662.38	2,277.35
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	1.35%	2.67%
3c. Concentration of all Exposure (including off-balance sheet exposure)		
Total Exposure to twenty largest borrowers / customers	1,822.84	2,290.46
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	1.40%	2.68%
3d. Concentration of NPAs		
Total Exposure to top ten NPA accounts	453.74	530.08
3e. Sector-wise NPAs		
Percentage of NPAs to Total Advances in that sector		
A. Housing Loans:		
1. Individuals	1.72%	1.71%
2. Builders/Project Loans	-	-
3. Corporates	-	-
4. Others	-	-
B. Non-Housing Loans:		
1. Individuals	2.16%	2.48%
2. Builders/Project Loans	-	-
3. Corporates	-	-
4. Others	-	-

4. Movement of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
(I) Net NPAs to Net Advances (%)	1.14%	1.41%
(II) Movement of NPAs (Gross)		
a) Opening balance	1,550.91	633.99
b) Additions during the year	2,974.64	1,040.54
c) Reductions during the year	(2,301.24)	(123.62)
d) Closing balance	2,224.31	1,550.91
(III) Movement of Net NPAs		
a) Opening balance	1,200.22	504.47
b) Additions during the year	1,940.17	802.04
c) Reductions during the year	(1,736.22)	(106.29)
d) Closing balance	1,404.17	1,200.22
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	350.69	129.51
b) Provisions made during the year	1,034.47	238.50
c) Write-off/write-back of excess provisions	(565.02)	(17.32)
d) Closing balance	820.14	350.69

5. Overseas Assets : None

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

X. Customers Complaints

Particulars	As at 31 March 2022	As at 31 March 2021
a) No. of complaints pending at the beginning of the year	13	6
b) No. of complaints received during the year	156	146
c) No. of complaints redressed during the year	166	139
d) No. of complaints pending at the end of the year	3	13

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Note 41 - Disclosure as required by Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

	Particulars	As at March 31, 2022	
	Liabilities side :		
(1)	**Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:**	**Amount outstanding**	**Amount overdue**
	(a) Debenture : Secured	-	-
	: Unsecured	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	53,031.81	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits (Refer Note 1 below)	-	-
	(g) Other Loans	21,013.39	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**	**Amount outstanding**	**Amount overdue**
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-
		-	-
	Assets side :		
(3)	**Break-up of Loans and Advances including bills receivables (other than those included in (4) below):**		**Amount outstanding**
	(a) Secured		1,23,577.53
	(b) Unsecured		-
(4)	**Break up of Leased Assets and stock on hire counting towards AFC activities**		**Amount outstanding**
	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease		-
	(b) Operating lease		-
	(ii) Stock on Hire including hire charges under sundry debtors :		
	(a) Assets on hire		-
	(b) Repossessed Assets		-
	(iii) Other loans counting towards AFC Activities :		-
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-
(5)	**Break-up of Investments :**		**Amount outstanding**
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debenture and Bonds		-
	(iii) Units of mutual funds		
	(iv) Government Securities		-
	(v) Others (Please specify)		-
	2. Unquoted :		
	(i) Shares: (a) Equity		-
	(b) Preference		-
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		2,300.12

Note 41 - Disclosure as required by Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

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

	Amount outstanding
2. Unquoted :	
(I) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others: Pass through certificates	-

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

Category	**Amount (Net of provisions)**		
	Secured	**Unsecured**	**Total**
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	1,23,577.53	-	1,23,577.53

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

Category	**Market Value / Break up or fair value or NAV***	**Book Value (Net of Provisions)**
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	2,300.12	2,300.12

(8) Other information

Particulars	**Amount**
(i) Gross Non-Performing Assets	
(a) Related parties**	-
(b) Other than related parties	2,224.31
(ii) Net Non-Performing Assets	
(a) Related parties**	-
(b) Other than related parties	1,404.17
(iii) Assets acquired in satisfaction of debt	-

(Currency : Indian Rupees Lakhs)

Note 41 - Disclosure as required by Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

(9) Principal business criteria:

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

Paericulars	%	Limit
Criteria-I		
Financial Assets / Total Assets (net of Intangible Assets)	97.53%	> 50%
Income from Financial Assets / Gross Income	99.67%	> 50%
Criteria-II		
Housing Finance / Total Assets (net of Intangible Assets)	78.04%	≥ 60%
Housing Finance for Individual / Total Assets (net of Intangible Assets)	78.04%	≥ 50%

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

(10) Disclosure on liquidity risk management framework:

(i) Funding Concentration based on significant counterparty (both deposits and borrowing)

Particulars	As at March 31, 2022
Number of significant counter parties	10
Amount	53,031.81
Percentage of funding concentration to total deposits	NA
Percentage of funding concentration to total liabiities excluding networth	66.45%

(ii) Top 20 large deposits

Particulars	As at March 31, 2022
Total amount of top 20 deposits	NA
Percentage of amount of top 20 deposits to total deposits	NA

(iii) Top 10 borrowings

Particulars	As at March 31, 2022
Total Amount	53,031.81
% of Total Borrowings	100%

(iv) Funding Concentration based on significant instrument/product

Particulars	As at March 31, 2022	%age of total liability (excluding Networth)
Term loans from banks	24,718.61	30.97%
Term loans from NHB	28,313.20	35.48%

(v) Stock ratio

Particulars	As at March 31, 2022
Commercial paper as a percentage of total public funds	NA
Commercial paper as a percentage of total liabilities	NA
Commercial paper as a percentage of total assets	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total public funds	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total assets	NA
Other short term liabilities as a percentage of total public funds	10.10%
Other short term liabilities as a percentage of total liabilities	6.71%
Other short term liabilities as a percentage of total assets	4.13%

(vi) Institutional set-up for liquidity risk Management — Refer Note 30

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

(11) Percentage of outstanding loans against collateral of gold jewellery — Nil

(12) Fraud reported during the year - Nil (previous year Nil)

9

(Currency : Indian Rupees Lakhs)

Note 42- Disclosures Pursuant to the Resolution Framework for COVID-19

(a) COVID Framework 1.0

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous year (A) #	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year #
Personal Loans	1,262.77	421.50	2.83	67.55	790.20
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**1,262.77**	**421.50**	**2.83**	**67.55**	**790.20**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Includes interest accrued but not due and overdue interest

(a) COVID Framework 2.0

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous year (A) #	Of (A), aggregate debt that slipped into NPA during the year	Of (A) amount written off during the year	Of (A) amount paid by the borrowers during the year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this year #
Personal Loans	646.16	75.91	-	14.93	562.20
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**646.16**	**75.91**	-	**14.93**	**562.20**

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Includes interest accrued but not due and overdue interest

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Note 43 - DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR NO. RBI/2019-20/170 DOR (NBFC).CC.PD. NO.109/22.10.106/2019-20:

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3) - (4)	(6)	(7) = (4) - (6)
Performing Assets						
Standard	Stage 1	1,15,274.30	894.42	1,14,379.88	318.33	576.09
	Stage 2	6,078.93	265.79	5,813.14	174.05	91.74
Subtotal		**1,21,353.23**	**1,160.21**	**1,20,193.02**	**492.38**	**667.83**
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,303.63	283.46	1,020.17	195.55	87.91
Doubtful - up to 1 year	Stage 3	494.86	110.86	384.00	123.71	(12.85)
1 to 3 years	Stage 3	383.90	383.90	-	153.56	230.34
More than 3 years	Stage 3	38.89	38.89	-	38.89	-
Subtotal for doubtful		**917.65**	**533.65**	**384.00**	**316.16**	**217.49**
Loss	Stage 3	3.03	3.03	-	3.03	-
Subtotal for NPA		**2,224.31**	**820.14**	**1,404.17**	**514.74**	**305.40**
Total		**1,23,577.54**	**1,980.35**	**1,21,597.19**	**1,007.12**	**973.23**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning	Stage 1	-	11.76	(11.76)	-	11.76
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		**-**	**11.76**	**(11.76)**	**-**	**11.76**
Total	Stage 1	1,15,274.30	906.18	1,14,368.12	318.33	587.85
	Stage 2	6,078.93	265.79	5,813.14	174.05	91.74
	Stage 3	2,224.31	820.14	1,404.17	514.74	305.40
	Total	**1,23,577.54**	**1,992.11**	**1,21,585.43**	**1,007.12**	**984.99**

Note 44 - The Company does not have any unhedged foreign currency exposure for the year ended 31 March 2022.

Note 45 - The comparative financial information for the previous year prepared in accordance with Ind AS included have been audited by the predecessor auditors. The report of the predecessor auditor expressed an unmodified opinion.

Note 46 - Figures for the previous years have been regrouped and / or reclassified wherever considered necessary to conform to current year presentation.

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

Shreejit Menon
Deputy CEO
DIN: 08089220

Vibhor Kumar Talreja
Non-Executive Director
DIN: 08768297

Nidhi Sadani
Company Secretary

Place: Mumbai
Date: 16 May 2022