






## INDOSTAR CAPITAL FINANCE LIMITED

Our Company was incorporated as 'R V Vyapaar Private Limited', a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, West Bengal on July 21, 2009. For business and commercial reasons, the name of our Company was subsequently changed to 'IndoStar Capital Finance Private Limited' pursuant to a special resolution passed by the shareholders of our Company on November 8, 2010. A fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies, West Bengal on November 15, 2010. Thereafter, our Company was converted into a public limited company under the Companies Act, 2013 pursuant to a special resolution passed by the shareholders of our Company on April 30, 2014. Consequently, the name of our Company was changed to 'IndoStar Capital Finance Limited' and a fresh certificate of incorporation was issued by the Registrar of Companies, West Bengal on May 28, 2014. Further, the registered office of our Company was changed from West Bengal to Maharashtra pursuant to a special resolution passed by the shareholders of our Company on February 16, 2015. Subsequently, an order dated August 25, 2015 was issued by Regional Director (Eastern Region), Ministry of Corporate Affairs, Kolkata confirming the change in the registered office of the Company from the state of West Bengal to the state of Maharashtra and a certificate of registration of the order, dated September 8, 2015 was issued by the RoC. For details of changes in the name and registered office address of our Company, see 'History and Certain Corporate Matters' on page 186.

**Registered and Corporate Office:** One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai 400 013, Maharashtra, India; **Telephone:** +91 22 4315 7000; **Facsimile:** +91 22 4315 7010

**Contact Person:** Jitendra Bhati, Company Secretary and Compliance Officer; **Telephone:** +91 22 4315 7000; **Facsimile:** +91 22 4315 7010

**E-mail:** investor.relations@indostarcapital.com; **Website:** www.indostarcapital.com; **Corporate Identity Number:** U65100MH2009PLC268160

PROMOTER OF OUR COMPANY: INDOSTAR CAPITAL		
INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF INDOSTAR CAPITAL FINANCE LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE"), AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ 7,000 MILLION (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 20,000,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE SELLING SHAREHOLDERS, COMPRISING AN OFFER FOR SALE OF UP TO 18,508,407 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY INDOSTAR CAPITAL ("PROMOTER SELLING SHAREHOLDER") AND AN OFFER FOR SALE OF UP TO 1,491,593 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY THE OTHER SELLING SHAREHOLDERS (AS DEFINED HEREINAFTER, TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER, THE "SELLING SHAREHOLDERS", AND SUCH OFFER FOR SALE, THE "OFFER FOR SALE"). THE OFFER SHALL CONSTITUTE [●]% OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.		
THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY AND THE PROMOTER SELLING SHAREHOLDER IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED IN ALL EDITIONS OF FINANCIAL EXPRESS, AN ENGLISH NATIONAL DAILY NEWSPAPER, ALL EDITIONS OF JANSATTA, A HINDI NATIONAL DAILY NEWSPAPER AND THE MUMBAI EDITION OF NAVSHAKTI, A MARATHI DAILY NEWSPAPER (MARATHI BEING THE REGIONAL LANGUAGE IN THE STATE WHERE OUR REGISTERED AND CORPORATE OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/ OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE"), AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR UPLOADING ON THEIR RESPECTIVE WEBSITES.		
In case of any revision in the Price Band, the Bid/ Offer Period shall be extended for at least three Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate Members.		
The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI ICDR Regulations"), wherein 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Company and the Promoter Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. All Bidders, other than Anchor Investors, shall participate in the Offer mandatorily through the Applications Supported by Blocked Amount ("ASBA") process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the self certified syndicate banks. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, see "Offer Procedure" on page 379.		
RISKS IN RELATION TO FIRST OFFER		
This being the first public issue by the Issuer, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value of the Equity Shares. The Offer Price, as determined and justified by our Company and the Promoter Selling Shareholder in consultation with the Book Running Lead Managers in accordance with the SEBI ICDR Regulations and as stated in "Basis for Offer Price" on page 117 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.		
GENERAL RISKS		
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and this Offer, including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee accuracy or adequacy of the contents of this Red Herring Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 18.		
COMPANY AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. The Selling Shareholders, severally and not jointly, accept responsibility for and confirm only the statements specifically confirmed or undertaken by such Selling Shareholders in this Red Herring Prospectus to the extent such statements contain information pertaining to the respective Selling Shareholders and its portion of the Offered Shares (as defined hereinafter).		
LISTING		
The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated February 22, 2018 and February 28, 2018, respectively. For the purposes of this Offer, NSE shall be the Designated Stock Exchange. A signed copy of this Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of this Red Herring Prospectus up to the Bid/Offer Closing Date, see "Material Contracts and Documents for Inspection" on page 453.		
BOOK RUNNING LEAD MANAGERS		
 <p><b>JM Financial Limited</b> 7th Floor, Cnergy Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025, Maharashtra, India <b>Telephone:</b> +91 22 6630 3030 <b>Facsimile:</b> +91 22 6630 3330 <b>E-mail:</b> indostar ipo@jmf.com <b>Investor Grievance E-mail:</b> grievance.ibd@jmf.com <b>Website:</b> www.jmf.com <b>Contact Person:</b> Prachee Dhuri <b>SEBI Registration No.:</b> INM000010361</p>	 <p><b>Kotak Mahindra Capital Company Limited</b> 1st Floor, 27 BKC Plot No. 27 "G" Block Bandra Kurla Complex, Bandra (East) Mumbai 400 051, Maharashtra, India <b>Tel:</b> +91 22 4336 0000; <b>Fax:</b> +91 22 6713 2447 <b>E-mail:</b> indostar.ipo@kotak.com <b>Investor grievance email:</b> kmccredressal@kotak.com <b>Website:</b> www.investmentbank.kotak.com <b>Contact Person:</b> Ganesh Rane <b>SEBI Registration No.:</b> INM000008704</p>	 <p><b>Morgan Stanley India Company Private Limited</b> 18F, Tower 2, One Indiabulls Centre 841, Senapati Bapat Marg Mumbai 400 013, Maharashtra, India <b>Tel:</b> +91 22 6118 1000 <b>Fax:</b> +91 22 6118 1040 <b>E-mail:</b> indostar_ipo@morganstanley.com <b>Investor grievance e-mail:</b> investors_india@morganstanley.com <b>Website:</b> www.morganstanley.com/about-us/globaloffices/india <b>Contact person:</b> Rahul Jain <b>SEBI Registration No.:</b> INM000011203</p>
BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
 <p><b>Motilal Oswal Investment Advisors Limited</b> Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai 400 025, Maharashtra, India <b>Telephone:</b> +91 22 3846 4380 <b>Facsimile:</b> +91 22 3846 4315 <b>E-mail:</b> indostar.ipo@motilaloswal.com <b>Investor grievance E-mail:</b> moiapredressal@motilaloswal.com <b>Website:</b> www.motilaloswalgroup.com <b>Contact person:</b> Kristina Dias/ Subodh Mallya <b>SEBI Registration No.:</b> INM000011005</p>	 <p><b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F, Shivsagar Estate, Dr Annie Besant Road, Worli Mumbai 400 018, Maharashtra, India <b>Tel:</b> +91 22 4037 4037 <b>Fax:</b> +91 22 4037 4111 <b>E-mail:</b> indostaripo@nomura.com <b>Investor grievance E-mail:</b> investorcomplains-in@nomura.com <b>Website:</b> www.nomuraholdings.com/company/group/asia/india/index.html <b>Contact Person:</b> Sumit Sukhramani / Srishri Tyagi <b>SEBI Registration No.:</b> INM000011419</p>	 <p><b>Link Intime India Private Limited</b> C-101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083, Maharashtra, India <b>Telephone:</b> +91 22 4918 6200 <b>Facsimile:</b> +91 22 4918 6195 <b>E-mail:</b> indostar.ipo@linkintime.co.in <b>Investor grievance E-mail:</b> indostar.ipo@linkintime.co.in <b>Website:</b> www.linkintime.co.in <b>Contact Person:</b> Shanti Gopalkrishnan <b>SEBI Registration No.:</b> INR000004058</p>
BID/ OFFER PROGRAMME		
<b>BID/OFFER OPENING DATE:</b>		<b>Wednesday, May 9, 2018</b>
<b>BID/OFFER CLOSING DATE:</b>		<b>Friday, May 11, 2018</b>

Our Company and the Promoter Selling Shareholder may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors. The Anchor Investors shall Bid during the Anchor Investor Bidding Date, i.e., one Working Day prior to the Bid/Offer Opening Date.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act or regulation, as amended or re-enacted from time to time. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.*

*Unless the context otherwise indicates or implies, all references to “the Issuer”, “the Company”, “our Company” are references to IndoStar Capital Finance Limited and references to “we”, “our” or “us” are references to our Company, together with its Subsidiaries.*

#### Company Related Terms

Term	Description
“Articles” or “Articles of Association or AoA”	The articles of association of our Company, as amended.
Audit Committee	The audit committee of our Board, as described in “ <i>Our Management</i> ” on page 193.
“Auditors” or “Statutory Auditors”	Statutory auditors of our Company, namely, S. R. Batliboi & Co. LLP.
“Board” or “Board of Directors”	The board of directors of our Company, including a duly constituted committee thereof.
Company Secretary and Compliance Officer	Jitendra Bhati, appointed as our company secretary and compliance officer pursuant to board resolutions dated August 1, 2011 and February 5, 2018.
CSR Committee	The corporate social responsibility committee of our Board, as described in “ <i>Our Management</i> ” on page 193.
Director(s)	Director(s) on our Board.
Equity Shares	Equity shares of our Company of face value of ₹ 10 each.
ESOP Scheme(s)	IndoStar ESOP Plan 2012, IndoStar ESOP Plan 2016, IndoStar ESOP Plan 2016-II, IndoStar ESOP Plan 2017 and IndoStar ESOP Plan 2018.
Group Company(ies)	Companies which are covered under the applicable accounting standards and other companies considered material by our Board, as disclosed in “ <i>Our Group Companies</i> ” on page 218.
IAAPL	IndoStar Asset Advisory Private Limited.
IHFPL	IndoStar Home Finance Private Limited.
IPO Committee	The committee constituted by our Board for the Offer, as described in “ <i>Our Management</i> ” on page 193.
IndoStar Agreement	Share subscription and shareholders agreement dated March 25, 2011, together with amendment letter dated April 1, 2011, and amendment letter dated February 4, 2013.
ICM Agreement	Amended shareholders’ agreement dated January 30, 2018 among Indostar Capital, Indostar Everstone, Private Opportunities (Mauritius) I Limited, Global Long Short Partners Mauritius I Limited, ACP Libra Limited, Beacon India Private Equity Fund, CDIB Capital Investment II Limited, Everstar Holdings Pte. Ltd. (which became a party to the agreement pursuant to execution of deeds of adherence) and Beacon Light Group Limited (which became a party to the agreement pursuant to execution of a deed of adherence).
“Key Management Personnel” or “KMP” or “KMPs”	Key management personnel of our Company in terms of the SEBI ICDR Regulations and the Companies Act, 2013, as disclosed in “ <i>Our Management</i> ” on page 193.
“Memorandum” or “Memorandum of Association” or “MoA”	The memorandum of association of our Company, as amended.
NCDs	Non-convertible debentures issued by our Company from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board, as described in “ <i>Our Management</i> ” on page 193.
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1) (zb) of the SEBI ICDR Regulations, as disclosed in “ <i>Our Promoter and Promoter Group</i> ” on page 213.

Term	Description
“Promoter” or “Promoter Selling Shareholder” or “Indostar Capital”	The promoter of our Company, being Indostar Capital, a company limited by shares incorporated under the laws of the Republic of Mauritius.
Registered and Corporate Office	The registered office and corporate office of our Company located at One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai 400 013, Maharashtra, India.
“Registrar of Companies” or “RoC”	Registrar of Companies, Maharashtra situated at Mumbai.
Restated Consolidated Financial Statements	The consolidated financial statements of our Company and our Subsidiaries as of and for the fiscal years ended March 31, 2014, March 31, 2015, March 31, 2016, March 31, 2017, and for the nine month period ended December 31, 2017, and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations.
Restated Financial Statements	Collectively, the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements.
Restated Standalone Financial Statements	The standalone financial statements of our Company as of and for the fiscal years ended March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016 and March 31, 2017, and for the nine month period ended December 31, 2017, and the related notes, schedules and annexures thereto, prepared in accordance with applicable provisions of the Companies Act and Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.
Shareholders	Shareholders of our Company who hold Equity Shares from time to time.
Stakeholders’ Relationship Committee	The stakeholders’ relationship committee of our Board as described in “ <i>Our Management</i> ” on page 193.
Subsidiaries	The subsidiaries of our Company as on the date of the RHP, being IAAPL and IHFPL.

### Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary (ies) to the Bidder as proof of registration of the Bid cum Application Form.
“Allot” or “Allotment” or “Allotted”	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of the respective proportion of the Offered Shares by each of the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders.
Allotment Advice	Advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom an Allotment is made.
Anchor Investor(s)	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with SEBI ICDR Regulations and who has Bid for an amount of at least ₹ 100 million.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors according to the terms of this Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Promoter Selling Shareholder in consultation with the BRLMs.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and the Prospectus.
Anchor Investor Bidding Date	The date, one Working Day prior to the Bid/ Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.
Anchor Investor Offer Price	The price at which the Equity Shares will be Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price.  The Anchor Investor Offer Price will be decided by our Company and the Promoter Selling Shareholder in consultation with the BRLMs.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Promoter Selling Shareholder in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations.  One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor

Term	Description
	Investor Allocation Price.
Anchor Investor Pay-in Date	The Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date.
“ASBA” or “Application Supported by Blocked Amount”	The application (whether physical or electronic) used by an ASBA Bidder to make a Bid authorising the relevant SCSB to block the Bid Amount in the relevant ASBA Account.
ASBA Account	An account maintained with an SCSB and specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the ASBA Form.
ASBA Bid	A Bid made by an ASBA Bidder.
ASBA Bidder(s)	Any Bidder in the Offer except Anchor Investors.
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus.
“Banker(s) to the Offer” or “Escrow Collection Bank(s)”	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account(s) will be opened, in this case being HDFC Bank Limited.
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, as described in “Offer Procedure” on page 379.
Bid(s)	An indication by an ASBA Bidder to make an offer during the Bid/ Offer Period pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of the Anchor Investor Application Form, to subscribe to/ purchase Equity Shares at a price within the Price Band, including all revisions and modifications thereto, as permissible under the SEBI ICDR Regulations and in terms of this Red Herring Prospectus and the Bid cum Application Form.  The term “Bidding” shall be construed accordingly.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form. However, in case of Retail Individual Bidders Bidding at Cut-Off Price, the Bid Amount is the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches of SCSBs, Specified Locations for members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Bid Lot	[●] Equity Shares.
Bid/ Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language in the state where our Registered and Corporate Office is located), each with wide circulation and in case of any revision, the extended Bid/ Offer Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language in the state where our Registered and Corporate Office is located), each with wide circulation, and in case of any revision, the extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Syndicate Members.
Bid/ Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made.
“Book Running Lead Managers”	The book running lead managers to the Offer, being JM Financial Limited, Kotak

Term	Description
or “BRLMs”	Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited.
Broker Centres	<p>Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker.</p> <p>The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a>.</p>
“CAN” or “Confirmation of Allocation Note”	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, above which the Offer Price and Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted.
Client ID	Client identification number maintained with one of the Depositories in relation to demat account.
“CDP” or “Collecting Depository Participant”	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
CRISIL Reports	Report titled “ <i>NBFC Overview</i> ” and “ <i>NBFC Report</i> ” dated November 2017 and data dated January 18, 2018 titled “ <i>Market Segmentation of Vehicle Finance, Loan Against Property and Housing Finance</i> ”, “ <i>Indian Economic Scenario and Credit Growth</i> ” and “ <i>Interest Rate Scenario</i> ” prepared by CRISIL Research, a division of CRISIL Limited.
Cut-Off Price	<p>Offer Price, which shall be any price within the Price Band finalised by our Company and the Promoter Selling Shareholder, in consultation with the BRLMs.</p> <p>Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.</p>
Demographic Details	Details of the Bidders including the Bidder’s address, name of the Bidder’s father/husband, investor status, occupation and bank account details.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated CDP Locations	<p>Such locations of the CDPs where Bidders can submit the ASBA Forms.</p> <p>The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a>, respectively) as updated from time to time.</p>
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of this Red Herring Prospectus following which our Board of Directors (or a duly constituted committee thereof) shall Allot Equity Shares to successful Bidders in the Fresh Issue and the Selling Shareholders may give delivery instructions for the transfer of the respective Offered Shares.
Designated Intermediary(ies)	Collectively, the Syndicate, Sub-Syndicate Members/ agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the ASBA Bidders in the Offer.
Designated RTA Locations	<p>Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.</p> <p>The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges at <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a>, respectively.</p>
Designated Stock Exchange	National Stock Exchange of India Limited.
“Draft Red Herring Prospectus” or “DRHP”	The draft red herring prospectus dated February 9, 2018, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer.
Eligible NRI	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or

Term	Description
	invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus will constitute an invitation to subscribe to or purchase the Equity Shares.
Escrow Account	An account opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors will transfer the Bid Amount through direct credit/NEFT/RTGS/NACH/NECS.
Escrow Agreement	The agreement dated April 19, 2018 amongst our Company, the Selling Shareholders, the Registrar to the Offer, Syndicate Members, the BRLMs, the Public Offer Account Bank, the Escrow Collection Bank and the Refund Bank for collection of the Bid Amounts and where applicable, refunds of the amounts collected from Anchor Investors, on the terms and conditions thereof.
First or sole Bidder	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
Fresh Issue	The issue of up to [●] Equity Shares aggregating up to ₹ 7,000 million by our Company for subscription pursuant to the terms of this Red Herring Prospectus.
“General Information Document” or “GID”	The General Information Document for investing in public issues, prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, suitably modified and updated pursuant to, <i>inter alia</i> , the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, and the circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018, notified by SEBI and included in “Offer Procedure” on page 379.
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
Monitoring Agency	HDFC Bank Limited.
Monitoring Agency Agreement	Agreement dated April 19, 2018 entered into between our Company and the Monitoring Agency.
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Proceeds	Proceeds of the Fresh Issue less our Company’s share of the Offer expenses.
Net QIB Portion	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors.
Non-Institutional Bidders	Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹200,000.
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer consisting of not less than [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
“Non-Resident” or “NR”	A person resident outside India, as defined under FEMA and includes FPIs, FVCIs and NRIs.
Offer	The initial public offer of up to [●] Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] each, consisting of the Fresh Issue and the Offer for Sale.
Offer Agreement	The agreement dated February 9, 2018 amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer for Sale	The offer for sale of up to 20,000,000 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders, comprising an offer for sale of up to 18,508,407 Equity Shares aggregating up to ₹ [●] million by the Promoter Selling Shareholder and an offer for sale of up to 1,491,593 Equity Shares aggregating up to ₹ [●] million by the Other Selling Shareholders.
Offer Price	The final price at which Equity Shares will be Allotted to successful Bidders in terms of this Red Herring Prospectus.  The Offer Price will be decided by our Company and the Promoter Selling Shareholder in

Term	Description
	consultation with the BRLMs on the Pricing Date, in accordance with the Book-Building Process and in terms of this Red Herring Prospectus.
Offered Shares	Equity Shares being offered for sale by the Selling Shareholders in the Offer.
Offer Proceeds	The proceeds of this Offer that is available to our Company and the Selling Shareholders.
Other Selling Shareholders	Vimal Bhandari, Shailesh Shirali, Jayant S. Gunjal, Vivek Agarwall and Sandeep Baid.
Price Band	The price band ranging from the Floor Price of ₹ [●] per Equity Share to the Cap Price of ₹ [●] per Equity Share, including any revisions thereof. The Price Band and the minimum Bid lot size will be decided by our Company and the Promoter Selling Shareholder, in consultation with the BRLMs and will be advertised in all editions of the English national daily newspaper Financial Express, all editions of the Hindi national daily newspaper Jansatta, and the Mumbai edition of the Marathi daily newspaper Navshakti (Marathi being the regional language of Maharashtra wherein our Registered and Corporate Office is located), each with wide circulation, at least five Working Days prior to the Bid/ Offer Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.
Pricing Date	The date on which our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, will finalise the Offer Price.
Prospectus	The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account	The bank account opened with the Public Offer Account Bank under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.
Public Offer Account Bank	The Banker to the Offer with whom the Public Offer Account is opened, in this case being HDFC Bank Limited.
“QIBs” or “Qualified Institutional Buyers”	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations.
QIB Bidders	QIBs who Bid in the Offer.
QIB Portion	The portion of the Offer, being 50% of the Offer consisting of [●] Equity Shares, which shall be allocated to QIBs (including Anchor Investors) on a proportionate basis.  Our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis.
Qualified Purchaser / QP	As defined in section 2(a)(51) and the related rules of the U.S. Investment Company Act.
“Red Herring Prospectus” or “RHP”	This Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto.  This Red Herring Prospectus will be registered with the RoC at least three days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date.
Refund Account	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.
Refund Bank	The Bankers to the Offer with whom the Refund Account is opened, in this case being HDFC Bank Limited.
Registrar Agreement	The agreement dated February 8, 2018, entered amongst our Company, the Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registered Brokers	Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and having terminals at any of the Broker Centres and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
“RTAs” or “Registrar and Share Transfer Agents”	The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
“Registrar to the Offer” or	Link Intime India Private Limited.



Term	Description
“Registrar”	
Resident Indian	A person resident in India, as defined under FEMA.
“Retail Individual Bidder(s)” or “Retail Individual Investor(s)” or “RII(s)” or “RIB(s)”	Individual Bidders who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs).
Retail Portion	The portion of the Offer being not less than 35% of the Offer, consisting of not less than [●] Equity Shares, available for allocation to Retail Individual Bidders as per the SEBI ICDR Regulations.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Forms or any previous Revision Form(s).  QIB Bidders and Non-Institutional Bidders are not allowed to lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage, but can make upward revisions. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date.
“Self Certified Syndicate Bank(s)” or “SCSB(s)”	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and updated from time to time.
Selling Shareholders	Promoter Selling Shareholder and Other Selling Shareholders.
Share Escrow Agent	The escrow agent appointed pursuant to the Share Escrow Agreement, namely Link Intime India Private Limited.
Share Escrow Agreements	The agreements dated (i) April 19, 2018 amongst our Company, the Promoter Selling Shareholder and the Share Escrow Agent, and (ii) February 8, 2018 amongst our Company, the Other Selling Shareholders and the Share Escrow Agent, in connection with the transfer of the Offered Shares by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees in accordance with the Basis of Allotment.
Specified Locations	Bidding centres where the Syndicate shall accept ASBA Forms from Bidders.
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Syndicate Agreement	The agreement dated April 19, 2018 amongst our Company, the Selling Shareholders, the BRLMs and the Syndicate Members in relation to the procurement of Bid cum Application Forms by the Syndicate.
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, JM Financial Services Limited, Kotak Securities Limited and Motilal Oswal Securities Limited.
“Syndicate” or “Members of the Syndicate”	The BRLMs and the Syndicate Members.
Underwriters	[●].
Underwriting Agreement	The agreement dated [●] amongst the Underwriters, our Company and the Selling Shareholders, entered into on or after the Pricing Date but prior to filing of Prospectus.
Working Day	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) announcement of Price Band and the Bid/Offer Closing Date, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and (b) the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

#### Technical/ Industry Related Terms/ Abbreviations

Term	Description
Average Assets	Average Assets represents the simple average of our total assets as of the last day of the relevant period and last day of the previous period.
Average Equity	Average equity represents the simple average of our shareholders' funds as of the last day of the relevant period and last day of the previous period.
Average Cost of Borrowings	Average Cost of Borrowings is calculated on average monthly outstanding borrowing as at the end of the relevant period.

Term			Description
AUM			Assets under management.
CAR			Capital Adequacy Ratio.
CARE			CARE Ratings Limited.
Cost to Income			Cost to Income is calculated by dividing sum of employee benefit expenses, depreciation and amortisation expense and other expenses by total income.
CIBIL			Credit Information Bureau (India) Limited.
Corporate Lending Credit Exposure			Corporate Lending Credit Exposure represents loans and advances to corporate lending customers as debentures, hypothecation loans and short term loans and investments in quoted debentures as of the end of the relevant year/period.
CRAR			Capital to Risk Assets Ratio.
CRISIL			CRISIL Research, a division of CRISIL Limited.
DSA			Direct sales agent.
Employee's Compensation Act			Employee's Compensation Act, 1923.
Employees State Insurance Act			Employees State Insurance Act, 1948.
Employees Provident Fund Act			Employees Provident Funds and Miscellaneous Provisions Act, 1952.
Fee Income			Fee income represents origination fees, syndication fees, other fee and charges.
Gross Advances			Gross Advances represents loans and advances to customers as debentures, hypothecation loans and short term loans as of the end of the relevant year/period.
HFC			Housing finance company.
Housing Finance Credit Exposure			Housing Finance Credit Exposure represents loans and advances to customers as hypothecation loans outstanding as of the relevant year/period.
ICRA			ICRA Limited.
India Ratings			India Ratings & Research Private Limited.
IT Infrastructure			IT Infrastructure includes computers and software.
LTV			Loan-to-value.
Minimum Wages Act			The Minimum Wages Act, 1948.
NBFC			Non-banking financial company as defined under section 45I of the RBI Act.
Negotiable Instruments Act			Negotiable Instruments Act, 1881.
Net Advances			Net Advances represents gross advances as reduced by provision for non-performing assets as of the end of the relevant year/period.
Net Interest Income			Net Interest Income represents interest income on loan portfolio, deposits with banks, investments in PTC, debt instruments as reduced by finance costs.
Net Interest Margin			Net Interest margin represents net interest income divided by average interest earning assets for the relevant period.
NHB			National Housing Bank.
NPA			Non-performing asset.
PAR			Portfolio at risk.
PDC			Post dated cheque(s).
Return on Average Assets			Return on Average Assets is calculated as the profit after tax for the relevant period as a percentage of Average Assets in such period.
Return on Average Equity			Return on Average Equity is calculated as the profit after tax for the relevant period as a percentage of Average Equity in such period.
SME			Small and medium enterprises.
SME Lending Credit Exposure			SME Lending Credit Exposure represents loans and advances to SME customers as hypothecation loans and investments in pass-through certificates as of the end of the relevant year/period.
SUV			Small utility vehicle.
Tier I Capital			As defined under the Master Directions 2016, Tier I capital means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund; and perpetual debt instruments issued by a non-deposit taking non-banking financial company in each year to the extent it does not exceed 15% of the aggregate Tier I capital of such company as on March 31 of the previous accounting.
Tier II Capital			As defined under the Master Directions 2016, Tier II capital includes the following: (a) preference shares other than those which are compulsorily convertible into equity; (b)

Term	Description
	revaluation reserves at discounted rate of fifty five percent; (c) General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets; (d) hybrid debt capital instruments; (e) subordinated debt; and (f) perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital.
Total Borrowings	Total Borrowings represents aggregate long-term borrowings, short-term borrowings and current maturities of long term debts as of the end of the relevant year/period.
Total Credit Exposure	Total Credit Exposure represents investments in quoted debentures, pass-through certificates and loans and advances to customers as debentures, hypothecation loans and short term loans, as of the end of the relevant year/period.

### Conventional and General Terms or Abbreviations

Term	Description
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupees, the official currency of the Republic of India.
AGM	Annual general meeting.
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012.
“AS” or “Accounting Standards”	Accounting standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
BSE	BSE Limited.
CAGR	Compounded Annual Growth Rate. CAGR is calculated by dividing the value of a component at the end of the period in question by its value at the beginning of that period and raising the result to the power of one divided by the length of the period and subtracting one from the subsequent result. Since we started preparing consolidated financial statements from fiscal 2014 onwards, for CAGR calculation we have used standalone financial statements for Fiscal 2013 and consolidated financial statements for Fiscals 2014 to 2017.
Category II FPI	FPIs registered as “Category II foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Category III FPI	FPIs registered as “Category III foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
CDSL	Central Depository Services (India) Limited.
CENVAT	Central Value Added Tax.
CEO	Chief Executive Officer.
CESTAT	Customs, Excise and Service Tax Appellate Tribunal.
CIN	Corporate Identity Number.
CIT	Commissioner of Income Tax.
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable.
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections by the Ministry of Corporate Affairs, Government of India as of the date of this RHP, along with the relevant rules made thereunder.
CSR	Corporate social responsibility.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996, read with regulations thereunder.
DIN	Director Identification Number.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.
DP ID	Depository Participant’s Identification.
“DP” or “Depository Participant”	A depository participant as defined under the Depositories Act.
DRP	Disaster recovery planning.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.

Term	Description
EGM	Extraordinary general meeting.
EMI	Equated monthly instalments.
EPS	Earnings per share (as calculated in accordance with AS-20).
ERP	Enterprise Resource Planning.
FAQ	Frequently asked question.
FCNR	Foreign currency non-resident account.
FDI	Foreign Direct Investment.
FDI Policy	Consolidated Foreign Direct Investment policy circular of 2017, effective from August 28, 2017 issued by the DIPP.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
“Financial Year” or “Fiscal” or “Fiscal Year” or “FY”	Unless stated otherwise, the period of 12 months ending March 31 of that particular year.
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations.
GDP	Gross Domestic Product.
GIR	General Index Register.
“GoI” or “Government” or “Central Government”	Government of India.
GST	Goods and Services Tax.
HUF	Hindu Undivided Family.
ICAI	The Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
Income Tax Act	The Income Tax Act, 1961, read with rules thereunder.
Ind-AS	Indian Accounting Standards.
India	Republic of India.
Indian Accounting Standard Rules	The Companies (Indian Accounting Standards) Rules of 2015.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial public offering.
IRDAI	Insurance Regulatory and Development Authority of India.
IRR	Internal rate of return.
IST	Indian Standard Time.
IT	Information technology.
ITAT	Income Tax Appellate Tribunal.
KYC	Know Your Customer.
MAT	Minimum Alternate Tax.
Master Directions 2016	Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016, and updated as of February 23, 2018.
MCA	Ministry of Corporate Affairs, Government of India.
MICR	Magnetic ink character recognition.
MoU	Memorandum of Understanding.
Mn or mn	Million.
“N.A.” or “NA”	Not Applicable.
NAV	Net Asset Value.
NACH	National Automated Clearing House, a consolidated system of ECS.
NCT	National Capital Territory
NEFT	National Electronic Fund Transfer.
NRE Account	Non-Resident External account.
NRI	An individual resident outside India who is citizen of India.
NRO Account	Non-resident ordinary account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not

Term	Description
	allowed to invest in the Offer.
p.a.	Per annum.
P/E Ratio	Price/Earnings Ratio.
PLR	Prime lending rate.
PAN	Permanent Account Number.
PAT	Profit after tax.
RBI	Reserve Bank of India.
RBI Act	Reserve Bank of India Act, 1934.
RONW	Return on net worth.
RTGS	Real Time Gross Settlement.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
SEBI Act	Securities and Exchange Board of India Act 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012.
SEBI Depository Regulations	Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI Mutual Fund Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
SEBI Portfolio Manager Regulations	Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993.
SEBI Stock Broker Regulations	Securities and Exchange Board of India (Stock Brokers and Sub-Brokers) Regulations, 1992.
SEBI VCF Regulations	The erstwhile Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
State Government	The government of a state in India.
Stock Exchanges	The BSE and the NSE.
STT	Securities Transaction Tax.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
TAN	Tax deduction account number.
TDS	Tax deducted at source.
“U.S.” or “USA” or “United States”	United States of America.
U.S. Investment Company Act	U.S. Investment Company Act of 1940.
“USD” or “US\$”	United States Dollars.
U.S. Securities Act	U.S. Securities Act of 1933.
VAT	Value Added Tax.
VCFs	Venture capital funds as defined in and registered with SEBI under the SEBI VCF Regulations.
Year/ Calendar Year	Unless context otherwise requires, shall refer to the twelve month period ending December 31.

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, capitalised terms in “*Statement of Tax Benefits*”, “*Objects of the Offer*”, “*Financial Statements*”, “*Basis for Offer Price*”, “*Regulations and Policies*”, “*History and Certain Corporate Matters*”, “*Financial Indebtedness*”, “*Selected Statistical Information*”, “*Outstanding Litigation and Material Developments*”

and “*Offer Procedure*” on pages 121, 114, 230, 117, 178, 186, 326, 223, 333 and 379 respectively, shall have the meanings given to such terms in such sections.

#### **Notice to Investors**

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act except for these purposes, U.S. Persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon section 3(c)(7) thereof. Accordingly, the Equity Shares are only being offered and sold (i) within the United States or to U.S. Persons that are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”) and referred to in the Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as “QIBs”) in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act, that are also “qualified purchasers” (as defined under the U.S. Investment Company Act) in reliance upon section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not reasonably known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the Stock Exchanges). See “*Terms of the Offer – Eligibility and Transfer Restrictions*” beginning on page 365.

As we are relying on an analysis that our Company does not come within the definition of an “investment company” under the U.S. Investment Company Act because of the exception provided under section 3(c)(7) thereunder, our Company may be considered a “covered fund” as defined in the Volcker Rule. See “*Risk Factors - U.S. regulation of investment activities may negatively affect the ability of banking entities to purchase our Equity Shares*” beginning on page 18.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

All references in this Red Herring Prospectus to “India” are to the Republic of India. All references in this Red Herring Prospectus to the “U.S.”, “USA” or “United States” are to the United States of America.

### Currency and Units of Presentation

All references to “Rupee(s)”, “Rs.” or “₹” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “U.S. Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

This Red Herring Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of SEBI ICDR Regulations. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of foreign currency amounts into Rupee amounts, are as follows:

Currency	Exchange rate as on					
	December 31, 2017 <sup>(3)</sup>	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014 <sup>(2)</sup>	March 31, 2013 <sup>(1)</sup>
USD <sup>#</sup>	63.93	64.84	66.33	62.59	60.10 <sup>(2)</sup>	54.39 <sup>(1)</sup>

<sup>#</sup>Source: RBI reference rate

(1) Exchange rate as on March 28, 2013, as RBI reference rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013 being a Sunday, a Saturday and a public holiday, respectively.

(2) Exchange rate as on March 28, 2014, as RBI reference rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.

(3) Exchange rate as on December 29, 2017, as RBI reference rate is not available for December 31, 2017, being a Sunday.

Such conversions should not be considered as a representation that such currency amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

### Financial and Other Data

Our Company’s fiscal year commences on April 1 of each year and ends on March 31 of the next year. Accordingly, all references to a particular Fiscal are to the 12-month period ended March 31 of that year, unless otherwise specified.

Unless stated or the context requires otherwise, our financial information in this Red Herring Prospectus is derived from our Restated Standalone Financial Statements or our Restated Consolidated Financial Statements. Unless the context otherwise requires, in this Red Herring Prospectus, reference to “we”, “us” or “our” refers to IndoStar Capital Finance Limited together with its Subsidiaries, IndoStar Asset Advisory Private Limited and IndoStar Home Finance Private Limited, on a consolidated basis and reference to “Company” or “our Company” refers to IndoStar Capital Finance Limited on a standalone basis. Any reference to and disclosure of the financial information/financial indicators/ratios with respect to Fiscal Year 2013 reflects the financial position of our Company on standalone basis since the consolidated financial statements were required to be prepared from Fiscal Year 2014 onwards. In accordance with the Companies Act, 1956, as applicable then, IAAPL prepared its first financial statements for the period commencing from the date of its incorporation, i.e., February 21, 2013 till March 31, 2014, and adopted the same at its first annual general meeting held on August 16, 2014. Further, IAAPL did not have any operations for the period commencing from the date of its incorporation until March 31, 2013. In light of this, no financial statements were prepared for IAAPL for the Fiscal Year 2013, and accordingly, the consolidated restated financial statements for our Company were prepared from Fiscal Year 2014 onwards.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to one or two decimal for all amounts in ₹ billion and one or two decimal in case of ₹ million (as appropriate). All percentage figures have been rounded off to one or two decimal (as appropriate) place. Further, percentage figures are computed on basis of figures denominated in ₹ million.

We prepare our financial statements in accordance with Indian GAAP. There are significant differences between Indian GAAP, Ind-AS, U.S. GAAP and IFRS. The reconciliation of the financial information to Ind-AS, IFRS or U.S. GAAP has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Red Herring Prospectus and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. See *“Risk Factors – Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the investors’ assessments of our financial condition”* on page 44 for risks involving differences between Indian GAAP and IFRS or U.S. GAAP and *“Risk Factors - We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for fiscal 2019 may not be comparable to our historical financial statements”* on page 43 for risks in relation to IND AS.

On February 16, 2015, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Rules, 2015 (**“IND AS Rules”**) for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The IND AS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with IND AS. NBFCs having a net worth of more than ₹ 5,000 million are required to mandatorily adopt IND AS for the accounting period beginning from April 1, 2018 with comparatives for the period ending on March 31, 2017. For a summary of qualitative differences between Indian GAAP and IND AS, please see section titled *“Significant Differences between Indian GAAP and IND AS”* on page 328.

The degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies, Indian GAAP, the Companies Act, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. We urge you to consult your own advisors regarding such differences and their impact on our financial data.

We use a variety of financial indicators and ratios to measure and analyze our financial performance and financial condition from period to period and to manage our business. These financial indicators and ratios are defined by our management and are presented, along with a brief explanation, in *“Selected Statistical Information”* on page 223. While these financial indicators and ratios are widely used in our industry, they may not be comparable to similar financial indicators and ratios used by other companies engaged in the financial services industry in India. Other companies may use different financial indicators and ratios or calculate these ratios differently, and similarly titled measures published by them may therefore not be comparable to ours. Several of these financial indicators and ratios are not defined under the Indian GAAP and therefore should not be viewed as substitutes for measures derived to calculate operational performance or profitability under Indian GAAP. Further, these financial measures and ratios have limitations as analytical tools, and should not be considered in isolation from, or as a substitute for, analysis of our historical performance, as reported and presented in the Restated Financial Statements included in this Red Herring Prospectus. For further details, see *“Risk Factors – We have in this Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.”* on page 41.

Unless stated otherwise, all the figures in this Red Herring Prospectus have been presented in millions or in whole numbers where the numbers have been too small to present in million. One million represents 1,000,000 and one billion represents 1,000,000,000. Certain figures contained in this Red Herring Prospectus, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources,



and such figures have been expressed in this Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

## **Market and Industry Data**

Unless stated otherwise, industry and market data used in this Red Herring Prospectus have been obtained or derived from publicly available information as well as industry publications and sources, including the CRISIL Reports. Industry publications generally state that the information contained in those publications has been obtained from sources considered to be reliable but their accuracy, adequacy or completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified and neither we, nor the BRLMs, jointly or severally, make any representation as to its accuracy or completeness. The extent to which the market and industry data used in this Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "Risk Factors" on page 18.

Additionally, certain industry related information in the sections titled "Summary of Industry", "Summary of Business", "Industry Overview", "Our Business", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operation" on pages 49, 54, 124, 156, 18 and 301, respectively, has been derived from the CRISIL Reports.

The CRISIL Reports are subject to the following disclaimer:

*"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Indostar Capital Finance Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Indostar Capital Finance Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval."*

For further details, see "Risk Factors – We have relied on third party industry reports which have been used for industry related data in this Red Herring Prospectus and such data has not been independently verified by us, the BRLMs or the Selling Shareholders." on page 35.

## FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “goal”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “should”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our growth and expansion strategies, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally and changes in competition in our industry. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to vary;
- our inability to successfully run the new businesses profitably;
- our inability to sustain our growth or manage it effectively;
- any disruption in our sources of funding;
- our inability to compete effectively;
- changes in laws and regulations;
- our inability to retain existing members of our management team and recruit new members for our management team; and
- any failure or significant weakness of our internal controls system.

For further discussion on factors that could cause our actual results to differ from the expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 18, 156 and 301, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, Promoter, Directors, the Selling Shareholders, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with regulatory requirements, our Company and the BRLMs will ensure that investors are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges. The Selling Shareholders will, severally and not jointly, ensure that investors are informed of material developments in relation to statements and undertakings made by them in relation to themselves and their respective portion of the Offered Shares in this Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges.

## SECTION II - RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Red Herring Prospectus, including in “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, “Selected Statistical Information” and “Financial Statements” before making an investment in Equity Shares. The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows.*

*If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition, results of operations and cash flows could suffer, the trading price of, and the value of your investment in, Equity Shares could decline and you may lose all or part of your investment. In making an investment decision with respect to this Offer, you must rely on your own examination of our Company and the terms of this Offer, including the merits and risks involved.*

*Prospective investors should pay particular attention to the fact that our Company and Subsidiaries are incorporated under the laws of India and are subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. For details please see section “Forward-Looking Statements” on page 16.*

*Unless otherwise indicated or context requires otherwise, the financial information included herein is based on our Restated Consolidated Financial Statements for Fiscal 2014, 2015, 2016 and 2017 and as of and for the nine month period ended December 31, 2017 included in this Red Herring Prospectus. For further information, see “Financial Statements” on page 230.*

*Unless the context otherwise requires, in this section, reference to “we”, “us” or “our” refers to IndoStar Capital Finance Limited together with its Subsidiaries, IndoStar Asset Advisory Private Limited and IndoStar Home Finance Private Limited, on a consolidated basis and reference to “Company” or “our Company” refers to IndoStar Capital Finance Limited on a standalone basis. Any reference to and disclosure of the financial information/financial indicators/ratios with respect to Fiscal Year 2013 reflects the financial position of the Company on standalone basis since the consolidated financial statements were required to be prepared from Fiscal Year 2014 onwards.*

### INTERNAL RISKS

**1. *We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our net interest income to vary and consequently affect our profitability.***

Our results of operations depend substantially on the level of our net interest income, which is the difference between our interest and other income charges, and interest expense and other borrowing costs. Any change in interest rates would affect our interest expense on our floating interest-bearing liabilities as well as our net interest income and net interest margins. Any increase in our cost of funds may lead to a reduction in our net interest margin, or require us to increase interest rates on loans disbursed to customers in the future to maintain our net interest margin. Our net interest income for fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017 was ₹2,074.32 million, ₹2,747.54 million, ₹3,317.31 million and ₹2,857.95 million, respectively.

Our interest income is affected by any volatility in interest rates in our lending operations. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. Moreover, if there is an increase in the interest rates we pay on our borrowings that we are unable to

pass to our customers, we may find it difficult to compete with our competitors, who may have access to low-cost funds or lower cost deposits. Further, to the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than lenders that borrow only at fixed interest rates. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, it could lead to a reduction in our net interest income and net interest margin.

Fluctuations in interest rates may also adversely affect our treasury operations. In a rising interest rate environment, especially if the rise is sudden or sharp, we could be adversely affected by the decline in the market value of our securities portfolio and other fixed income securities. In addition, we currently do not enter into any interest rate hedging instruments to protect against interest rate volatility. Our inability to effectively and efficiently manage interest rate variations and our failure to pass on increased interest rates on our borrowings may cause our net interest income to decline, which would decrease our return on assets and could adversely affect our business, future financial performance and result of operations.

**2. *We have expanded into new lines of business and if we are unable to successfully run the new businesses profitably, our results of operations and financial condition may be affected.***

As part of our growth strategy, we have also added additional products to our portfolio such as vehicle finance and housing finance products. We have limited or no experience in some of the recently launched products and business verticals which are partly targeted at a slightly different borrower segment. Our current strategy is to gain market share in strategically-selected target businesses, customer segments and geographies, however, there can be no assurance that we will be able to continue to successfully implement our strategy. If we grow our Total Credit Exposure too rapidly or fail to make proper assessments of credit risks associated with new borrowers, a higher percentage of our loans may become non-performing, which would have an adverse effect on the quality of our assets and our financial condition.

Factors such as competition, customer requirements, regulatory regimes, business practices and customs in these new markets may differ from those in our existing markets, and our experience in our existing markets may not be applicable to these new markets. In addition, as we enter new markets and geographical regions, we are likely to compete with not only other banks and financial institutions but also the local unorganized or semi-organized private financiers, who are more familiar with local regulations, business practices and customs, and may have stronger relationships with target customers. For instance, a number of states in India have enacted laws to regulate money lending transactions. These laws establish a maximum rate of interest that can be charged. There is ambiguity on whether NBFCs are required to comply with provisions of these state money lending laws. There are severe civil and criminal penalties for non-compliance with the relevant money lending statutes. If it is judicially determined or clarified by relevant authorities that such statutes apply to NBFCs, our expansion in such states could be hindered.

As we expand our geographic footprint, our business may be exposed to additional challenges, including obtaining necessary governmental approvals, identifying and collaborating with local business partners with whom we may have no existing relationship; successfully marketing our products in markets in which we have no familiarity; attracting customers in a market in which we do not have significant experience or visibility; being subject to additional local taxes; attracting and retaining new employees; expanding our technological infrastructure; maintaining standardized systems and procedures; and adapting our marketing strategy and operations to new markets in India in which different languages are spoken. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. Our inability to expand our current operations may adversely affect our business, financial condition and results of operations.

**3. *We have experienced significant growth in recent years and we may not be able to sustain our growth or manage it effectively.***

We have experienced significant growth in recent years. For instance, our total revenue has grown to ₹7,199.17 million for fiscal 2017 from ₹2,415.77 million for fiscal 2013 at a CAGR of 31.4%. Sustained growth puts pressure on our ability to effectively manage and control historical and emerging risks. Our

inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our businesses, prospects, financial condition and results of operations.

We also intend to continue to increase and diversify our customer base and delivery channels. With the launch of new businesses, particularly vehicle finance businesses, we have significantly increased the scope of our branch network and we intend to continue to add new branches over the next few years. While historically most of our operations were focused in Western India, we intend to further increase our penetration in the western and northern states of India as well as certain regions in India where we historically had limited operations, such as the central part of India. Our recently launched vehicle finance business will focus on southern India as its primary target market.

Such further expansion will increase the size of our business and the scope and complexity of our operations and will involve significant start-up costs to establish such branches. We may not be able to effectively manage this growth or achieve the desired profitability in the expected timeframe or at all and may not be able to reflect improvement in other indicators of financial performance from the expansion. In addition, the growth and contribution to our revenue from new branches may be slower or smaller compared to the rest of our business. We may not be able to identify real estate to lease for new branches in a cost effective manner or without delays or relocate branches that do not meet our standards of success, including profitability, to desirable locations. We cannot assure you that we will be successful in achieving our target benchmark level of efficiency and productivity in our new branches and our success will depend on various internal and external factors, some of which are not under our control.

As a consequence of a larger branch network, we may also be exposed to certain additional risks, including:

- difficulties arising from operating a larger and more complex organization;
- the failure to manage a geographically-diverse branch presence and to efficiently and optimally allocate management, technology and other resources across our branch network;
- the failure to manage third-party service providers in relation to any outsourced services;
- difficulties in the integration of new branches with our existing branch network;
- difficulties in supervising local operations from our centralized locations;
- difficulties in hiring skilled personnel in sufficient numbers to operate the new branches locally and management to supervise such operations from centralized locations;
- the failure to compete effectively with competitors in new locations;
- the failure to maintain the level of customer service in the new branches, which may adversely affect our brand and reputation;
- higher technology support services cost and operational risks;
- difficulties arising from coordinating and consolidating corporate and administrative functions, including integration of internal controls and procedures; and
- unforeseen legal, regulatory, property, labour or other issues.

**4. *Any disruption in our sources of funding could adversely affect our liquidity and financial condition.***

The liquidity and profitability of our business depend, in large part, on our timely access to, and the costs associated with, raising funds. Our funding requirements historically have been met from various sources, including bank loans and working capital facilities, non-convertible debentures, commercial paper and equity. For further details, see “*Management’s Discussion and Analysis of Financial Condition and Results*

*of Operation – Liquidity and Capital Resources*”. Our business thus depends and will continue to depend on our ability to access a variety of funding sources. Our ability to raise funds at competitive rates depends on various factors including our current and future results of operations and financial condition, our risk management policies, our credit ratings, our brand equity, the regulatory environment and policy initiatives in India and developments in the international markets affecting the Indian economy.

Presently, we depend on banks as a primary source of our borrowings. There are restrictions imposed by the RBI through a Master Circular – Bank Finance to Non- Banking Financial Companies dated July 1, 2015, as amended (the “**Master Circular**”), which may restrict our ability to obtain bank financing for specific activities. Pursuant to the Master Circular, the RBI has imposed certain restrictions on banks providing financing to NBFCs. Under this Master Circular, certain activities by NBFCs are ineligible for financing by banks, including certain types of discounting and rediscounting of bills; current and long term investments in shares, debentures, loans and advances by NBFCs to their subsidiaries and group companies; lending by NBFCs to individuals for subscribing to initial public offerings and purchasing shares from the secondary market; unsecured loans and inter-corporate deposits provided by NBFCs. In addition, the Master Circular prohibits:

- banks from granting bridge loans of any nature, provide interim finance against capital or debenture issues or in the form of loans of a temporary nature pending the raising of long term funds from the market by way of capital, deposits, or other means to any NBFCs;
- banks from accepting shares and debentures as collateral for secured loans granted to NBFCs; and
- banks from executing guarantees covering inter-company deposits or loans thereby guaranteeing refund of deposits or loans accepted by NBFCs. The restriction covers all types of deposits and loans irrespective of their source, including deposits and loans received by NBFCs from trusts and other institutions. The Master Circular also requires that guarantees should not be issued by banks for the purpose of indirectly enabling the placement of deposits with NBFCs. The Master Circular also provides that the exposure (both lending and investment, including off balance sheet exposures) of a bank to a single NBFC, which is not predominantly engaged in lending against collateral of gold jewelry, should not exceed 10.0%, of the bank’s capital funds as per its last audited balance sheet. Banks may, however, assume exposures on such a single NBFC up to 15.0%, of their capital funds, provided that the exposure in excess of 10.0% is on account of funds on-lent by the NBFC to the infrastructure sector.

Changes in economic, regulatory and financial condition or any lack of liquidity in the market could adversely affect our ability to access funds at competitive rates, which could adversely affect our liquidity and financial condition.

**5. *The quality of our portfolio may be impacted due to higher levels of NPAs and our business may be adversely affected if we are unable to provide for such higher levels of NPAs.***

Our Company adheres to provisioning requirements related to Gross Advances pursuant to the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended (“**Master Directions**”). Further, our Subsidiary, IndoStar Home Finance, makes provisions for standard assets as well as NPAs in accordance with the prudential norms prescribed by the NHB.

Our Company’s Gross NPAs were ₹ 890.00 million, or 1.7% of Gross Advances as of December 31, 2017, as compared to ₹ 727.34 million, or 1.4% of Gross Advances as of March 31, 2017 and ₹ 100.00 million, or 0.2% of Gross Advances as of March 31, 2016. Our Company’s provision for NPAs was ₹ 182.86 million as of December 31, 2017, as compared to ₹ 107.82 million as of March 31, 2017 and ₹ 20.00 million as of March 31, 2016. Our Gross NPAs and provisions have increased in recent periods and may continue to increase in future.

If future regulation requires us to increase our provisions for any reason our profits are adversely affected. Also, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected.

**6. *We operate in a highly competitive industry and our inability to compete effectively may adversely affect our business.***

We operate in a highly competitive industry. Given the diversity of our businesses, and the products and services which each of those offer, we face competition from the full spectrum of public sector banks, private sector banks (including foreign banks), financial institutions, captive finance affiliates of players in various industries, small finance banks and other NBFCs who are active in corporate lending, SME finance, vehicle finance and housing finance. Many of our competitors have greater resources than we do, may be larger in terms of business volume and may have significantly lower cost of funds compared to us. Many of them may also have greater geographical reach, long-standing partnerships and may offer their customers other forms of financing that we may not be able to provide. In addition to NBFCs, we believe that the competition we face from banks is increasing as more banks are targeting products and services similar to ours. Competition in our industry depends on, among other things, the ongoing evolution of government policies, the entry of new participants and the extent to which there is consolidation among banks and financial institutions in India.

We have recently commenced our housing finance business and as a provider of housing finance in India, we face increasing competition from other HFCs, other NBFCs and commercial banks. Competition in this market segment has also increased as a result of interest rate deregulation and other liberalization measures affecting the housing finance industry in India. In addition, there has been increased demand for housing finance as a result of the increased affordability of interest rates, higher incomes, increased financial incentives for customers and Government policies to encourage affordable housing. Customers also have increased accessibility to housing finance products and services due to technological advances and heightened e-commerce activities, which has also facilitated increases in demand for housing loans and competition to meet that demand. Further, certain commercial banks may have access to a much wider branch and distribution network than us, enabling them to market their products and services to more customers.

Our ability to compete effectively will depend, in part, on our ability to maintain or increase our margins. We cannot assure you that we will be able to react effectively to market developments or compete effectively with new and existing players in the industries in which we operate. Increasing competition may adversely affect our net interest margins, income and market share.

**7. *We are subject to laws and regulations governing the banking and financial services industry in India and changes in laws and regulations governing us could adversely affect our business, results of operations and prospects.***

As an NBFC, we are subject to regulation by Government authorities, including the RBI. For example, we are subject to the RBI's guidelines on financial regulation of NBFCs, including capital adequacy, exposure provisioning and other master directions. The RBI also regulates the credit flow by banks to NBFCs and provides guidelines to commercial banks with respect to their investment and credit exposure norms for lending to NBFCs. Additionally, we are required to make various filings with the RBI, the Registrar of Companies and other relevant authorities pursuant to the provisions of RBI regulations, the Companies Act and other regulations.

The RBI, from time to time, amends the regulatory framework governing NBFCs to address concerns arising from certain divergent regulatory requirements for banks and NBFCs. The laws and regulations governing the banking and financial services industry in India have become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance.



Further, our subsidiary, IndoStar Home Finance Private Limited is registered as a non-public deposit-accepting HFC with the NHB under the National Housing Banking Act, 1987, as amended (the “**NHB Act**”). Pursuant to the NHB Act and various regulations, circulars and guidelines issued by the NHB, non-deposit taking HFCs are currently required to comply with, among others, limits on borrowings, investments, interest rates, prudential norms for income recognition, asset classification and provisioning for standard and non-standard assets, norms for creation of special reserves and provision for deferred tax liabilities as well as minimum capital adequacy and liquidity requirements. The regulations applicable to us also address issues such as our conduct with customers and recovery practices, market conduct and foreign investment. If we fail to comply with these requirements, or a regulator claims we have not complied with these requirements, we may be subject to penalties and legal proceedings.

Our Subsidiary, IAAPL, acts as an investment manager to an alternative investment fund registered with SEBI and is subject to regulation by SEBI. Failure by IAAPL to comply with any regulations which may be applicable to it may subject it to penalties and legal proceedings in the future.

**8. *We depend on the services of our management team and employees. Our inability to retain existing members of our management team and recruit new members for our management team may adversely affect our business.***

As of February 28, 2018, we employed 908 permanent employees. There can be no assurance that we will not experience any disruptions to our operations due to disputes or other problems with our employees, which may adversely affect our business and results of operations.

Our future success depends substantially on the continued service and performance of members of our management team and employees and also upon our ability to manage key issues relating to human resource such as selecting and retaining key managerial personnel, developing managerial experience, addressing emerging challenges and ensuring a high standard of customer service. There is intense competition for experienced senior management and other qualified personnel, particularly office managers, field executives and employees with local knowledge in customer procurement, loan disbursement and installment collections in vehicle finance and housing finance businesses which we have recently launched and expect to scale up significantly. If we cannot hire additional or retain existing management personnel and employees, our ability to expand our business will be impacted and our revenue could be adversely affected. Failure to train and motivate our employees properly may result in an increase in employee attrition rates affect our origination and collection rates, increase our exposure to high-risk credit and impose significant costs on us. While we have an incentive based remuneration structure, employee stock option schemes and training and development programs designed to encourage employee retention, our inability to attract and retain talented professionals, or the resignation or loss of key management personnel, may have an adverse impact on our business and future financial performance. For details in relation to changes in our Board and Key Management Personnel, see “*Our Management-Changes in our Board during the last three years*” and “*Our Management - Changes in Key Management Personnel during the last three years*” on pages 199 and 211, respectively.

**9. *We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.***

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. For ascertaining the creditworthiness and encumbrances on collateral we may depend on the respective registrars and sub-registrars of assurances, credit information companies or credit bureaus, and on independent valuers in relation to the value of the collateral, and our reliance on any misleading information given may affect our judgement of credit worthiness of potential borrowers, and the value of

and title to the collateral, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

Further, we are increasing our focus on self-employed and middle income individuals and businesses that have limited or no access to formal banking and finance channels. A significant number of such customers maybe first time buyers of financial products and often may not have credit histories supported by tax returns and other documents that would enable us to accurately assess their creditworthiness. We may also not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers and small businesses in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Although as part of our credit policy, we are required to conduct credit checks of all our customers, including with credit bureaus, conduct site-visits (wherever relevant) and personal discussions, there can be no assurance that such credit information will be accurate or comprehensive. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our non-performing and restructured assets, which could adversely affect our business prospects, financial condition and results of operations.

**10. *Any failure or significant weakness of our internal controls system could cause operational errors or incidents of fraud, which would adversely affect our profitability and reputation.***

We are responsible for establishing and maintaining adequate internal measures commensurate with the size and complexity of operations. Our internal or concurrent audit functions make an evaluation of the adequacy and effectiveness of internal controls on an ongoing basis so that business units adhere to our policies, compliance requirements and internal circular guidelines. While we periodically test and update, as necessary, our internal controls systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances. Given the size of our operations, it is possible that errors may repeat or compound before they are discovered and rectified.

Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to correct such internal control weakness. Failures or material errors in our internal controls systems may lead to deal errors, pricing errors, inaccurate financial reporting, fraud and failure of critical systems and infrastructure. Such instances may also adversely affect our reputation, business and results of operations. There can also be no assurance that we would be able to prevent frauds in the future or that our existing internal mechanisms to detect or prevent fraud will be sufficient. Any fraud discovered in the future may have an adverse effect on our reputation, business, results of operations and financial condition. For further details, please see section “*Outstanding Litigation and Material Developments*” on page 333.

**11. *We have significant exposure to certain sectors and to certain borrowers and if these exposures become non-performing, such exposures could increase the level of non-performing assets in our portfolio and affect our business, future financial performance and results of operations and the quality of our asset portfolio.***

As at December 31, 2017, we have significant exposure in real estate, financial services, poultry products, infrastructure and digital cable sectors in India and may continue to have significant concentration of loans in these sectors. As at December 31, 2017, 41.6%, of our Total Credit Exposure comprised of loans towards real estate, and 10.8%, 6.9%, 3.5% and 2.3% of our Total Credit Exposure comprised of loans towards financial services, poultry products, digital cable and energy sectors, respectively. Further, as we execute our current growth strategy, we will have increased exposure to the transportation and housing sectors. Any significant negative trends or financial difficulties in these sectors could increase the level of

non-performing assets in our portfolio and may adversely affect our business, financial performance and results of operations. ,

We calculate customer exposure as required under the RBI regulations and the Housing Finance Companies (NHB) Directions, 2010, as amended (“**NHB Directions**”), as applicable, and monitor the concentration of our exposure levels to customers. As of December 31, 2017, our 10 largest performing loans accounted for ₹22,291.29 million, representing 43.1% of our Total Credit Exposure as of that date. Several of these loans had been provided to real estate developers primarily to finance residential housing projects or for on-going projects or business needs. If the loans to any of our ten largest customers becomes non-performing, it could result in deterioration of the credit quality of our loan portfolio, which could in turn have an adverse effect on our business, financial condition, results of operations and cash flows.

Our real estate finance loans typically have higher average loan sizes in comparison to our other loan products. Furthermore, real estate finance loans may be exposed to risks related to time and cost overruns and related increases. Factors such as third party performance risks, delays in obtaining the requisite approvals, environmental risks, changes in market conditions, changes in government or regulatory policies, permits, licenses or certifications from the relevant authorities as well as shortages of, or material increases in prices of, construction materials, equipment, technical skills and labor, or other unforeseeable problems and circumstances may lead to delays in, or prevent the completion of, real estate development projects and result in costs substantially exceeding those originally budgeted, which may affect real estate developers’ ability to repay their loans.

In addition, real estate developers may be impacted by the passing of the Real Estate (Regulation and Development) Act, 2016, as amended (the “**Real Estate Act**”). The Real Estate Act sets forth a robust reporting, compliance and dispute resolution regime governing real estate projects, including mandating developers to disclose details of registered projects including with respect to the land status, approvals and other such details, and requiring developers to pay interest in case of delays in project completion. Further, the Real Estate Act also makes it mandatory for real estate developers to put 70.0% of the amount collected from buyers for a real estate project into a separate bank account, which amount may only be used for land costs and costs for construction of such real estate projects. The implementation of the Real Estate Act is still ongoing, including by various states in India, and we cannot assure you that the real estate sector in the states in India in which we do business will not be impacted by any further rules or regulations announced by the Government of India or such state Governments.

**12. *We utilize the services of certain third parties for parts of our operations. Any deficiency or interruption in their services could adversely affect our business and reputation.***

We engage third party service providers for certain parts of our operations including the valuation of assets and legal services, DSAs and other third party intermediaries. Such third parties are typically proprietorships or professionals. Our agreements with them do not provide for any exclusivity, and accordingly, they can work with other lenders, including our competitors. There can be no assurance that our DSAs will continue to provide a significant number of leads for loans to us in comparison with our competitors, or at all. Our ability to control the manner in which services are provided by third party service providers is limited and we may be held liable on account of any deficiency of services on the part of such service providers. In particular, the selling of financial products, particularly to retail clients is highly regulated and we may be liable for the selling (or mis-selling) of any of our products to customers undertaken by our DSAs as well as ourselves resulting in such products and services being purchased by customers without an informed understanding of associated risks, which may lead to litigation and adversely affect our business and reputation.

Our business is also susceptible to fraud by DSAs, other third party intermediaries and agents through the forgery of documents, multiple financing of the same asset and unauthorized collection of installments on our behalf. We cannot assure you that we will be successful in continuing to receive uninterrupted and quality services from our third party service providers. In addition, if we fail to supervise and control the

sales and marketing activities of such third parties, the quality of services they provide may deteriorate, which could adversely affect our brand value.

Some third party vendors may also be small companies which are likely to experience financial or operational difficulties than larger, well established companies due to limited financial and other resources. This may result in a delay of services or products delivered to us and we may be unable to find alternative vendors. Any disruption or inefficiency in the services provided by our third party service providers could affect our business and reputation.

**13. *Our corporate lending business, particularly the real estate loan portfolio, is significantly dependent on our operations in the Mumbai Metropolitan Region, and any adverse changes in the conditions affecting these markets can adversely impact our business, financial condition and results of operations.***

Our corporate lending business, particularly the real estate loan portfolio, is significantly dependent on the performance of the Mumbai Metropolitan Region (“MMR”). As of December 31, 2017, 93.9% of real estate loans from our corporate lending business were disbursed in the MMR. In the event of a regional slowdown in the economic activity in MMR or factors such as a slowdown in sectors such as real estate, we may experience more pronounced effects on our financial condition and results of operations. While we have expanded our operations to other states such as Tamil Nadu, Madhya Pradesh, Karnataka, Rajasthan, our business, financial condition and results of operations have been and will continue to be largely dependent on the performance of, and the prevailing conditions affecting, the economy in MMR. Therefore, any significant social, political or economic disruption, or natural calamities or civil disruptions in this MMR, or changes in the policies in this region could affect our business operations, require us to incur additional expenditure and/or change our business strategies. For further information in relation to our geographical spread of loan accounts, see subsidiary wise information in “Selected Statistical Information” on page 223.

**14. *There is outstanding litigation pending against us and our directors, which, if determined adversely, could affect our business, results of operations and financial condition.***

We are party to various legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if determined against us, could adversely affect our business, results of operations and financial condition. We can give no assurance that these legal proceedings will be decided in our favor or that any further liability may arise from these claims in the future. Any adverse decision could adversely affect our results of operations.

A summary of the litigation against our Company and Directors is set out below. The amounts involved in these proceedings have been summarized to the extent ascertainable and quantifiable.

**Litigation against our Company**

S. No.	Nature of Litigation	Number of Cases	Approximate Amount Involved (₹ million)
1.	Material civil litigation	1	-
2.	Direct tax	4	26.57
3.	Indirect tax	Nil	-

**Litigation against our Directors**

S. No.	Nature of Litigation	Number of Cases	Approximate Amount Involved (₹ million)
1.	Material civil litigation	Nil	-
2.	Direct tax	2	0.04
3.	Indirect tax	Nil	-

Should any new developments arise, such as any change in applicable Indian law or any rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase expenses and current liabilities, which could adversely affect our results of operations. See “*Outstanding Litigation and Material Developments*” on page 333 for a description of certain outstanding proceedings involving our Company, Subsidiaries, Directors and our Promoter.

**15. *Our indebtedness has increased significantly over the years and we are subject to certain conditions and restrictions in terms of our financing arrangements, which restrict our ability to conduct our business and operations in the manner we desire.***

Our Total Borrowings have increased significantly over the years from ₹ 25,737.87 million in Fiscal 2015 to ₹ 33,732.95 million in Fiscal 2017. As of February 28, 2018, we had Total Borrowings of ₹ 47,942.91 million. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- affecting our credit rating;
- limiting our ability to obtain additional financing in the future at competitive terms;
- affecting our capital adequacy requirements; and
- increasing our interest expenditure.

Most of our financing arrangements are secured by our movable and immovable assets. Certain of our financing agreements also include certain conditions and covenants requiring us to maintain stipulated financial ratios and obtain consents from lenders prior to carrying out certain activities and entering into certain transactions. For instance, we are required to obtain prior written consents from lenders for, among others, the following matters:

- Changes to our management structure and Board of Directors;
- to change our capital structure;
- to undertake or permit any merger, amalgamation or compromise with our shareholders, creditors or effect any scheme of amalgamation or reconstruction;
- to amend our Memorandum of Association and Articles of Association or alter our constitution or affect the financial facility of lenders;
- disinvestment below certain threshold by our Promoter;
- change of ownership or control at our Company’s level or the Promoter’s level; and
- approaching the capital market for mobilizing additional resources either in the form of debt or equity.

For further details, please see “*Financial Indebtedness*” on page 326.

Any future failure to satisfactorily comply with any condition or covenant under our financing agreements (including technical defaults) or inability to repay our loans as and when due, may lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities, and enforcement of events of default as well as cross-defaults under certain of our other financing agreements, any of which

may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. In the event our business suffers or our customers are not able to repay their borrowings, we may be unable to meet our repayment obligations under our financing arrangements. Further, if the lenders of a material amount of the outstanding loans declare an event of default simultaneously, our Company may be unable to pay its debts when they fall due.

**16. *We may require additional financing for our business operations and the failure to obtain additional financing on terms commercially acceptable to us may adversely affect our ability to grow and our future profitability.***

We may require additional capital for our business operations. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes, including any changes to RBI's monetary policies which are applicable to us. To the extent our planned expenditure requirements exceed our available resources; we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your interest in our Company, and could adversely impact the trading price of our Equity Shares.

Our ability to obtain additional financing on favourable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, security, our track record of compliance of the covenants contained in our financial agreements, general market conditions and market conditions for financing activities and the economic, political and other conditions.

We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our ability to incur capital expenditure, our business, results of operations and financial condition.

**17. *Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and lending markets and could also affect our interest margins, business, results of operations and financial condition.***

The cost and availability of debt capital depends in part on our short-term and long-term credit ratings. Credit ratings reflect the opinions of ratings agencies on our financial strength, operating performance, strategic position and ability to meet our obligations. Certain factors that influence our credit ratings may be outside of our control. Our long-term debt is presently rated CARE AA-; Stable and IND AA-/Stable, respectively, by each of CARE Ratings Limited and India Ratings and Research Private Limited, which reflects the credit worthiness of our Company and also increases the confidence of the lender. CARE Ratings Limited, ICRA Limited and CRISIL Limited has each rated our commercial paper debt as CARE A1+, ICRA A1+ and CRISIL A1+, respectively, which is the highest rating for short-term debt instruments. Our subsidiary, IndoStar Home Finance Private Limited, has its short-term commercial paper debt rated as CARE A1+ and ICRA A1+.

Any downgrade in our credit ratings could increase borrowing costs and adversely affect our access to capital and debt markets, which could in turn adversely affect our interest margins, our business and results of operations and cash flows. In addition, any downgrade in our credit ratings could increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of certain of our current or future borrowings.

**18. *As an NBFC, non-compliance with the RBI's observations made during its periodic inspections could expose us to penalties and restrictions.***

As an NBFC, we are subject to periodic inspection by the RBI under section 45N of the Reserve Bank of India Act, 1934 (the “**RBI Act**”), pursuant to which the RBI inspects our books of accounts and other records for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the RBI. While there have been deficiencies found by the RBI in past inspections with respect to, inter alia, calculation of CRAR, deviations from the credit policy, credit appraisal process for short-term loans, interest rate pricing framework and potential NPA accounts and we have responded to such observations and addressed them, we cannot assure you that the RBI will not find any deficiencies in future inspections or the RBI will not make similar or other observations in the future. In the event we are unable to resolve such deficiencies to the RBI’s satisfaction, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the RBI, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

Similarly, our subsidiary is registered as an HFC with the NHB and is subject to periodic inspections by the NHB with respect to books of accounts, other records, laws and regulations applicable to it as an HFC. Any irregularities found during such investigations by Government authorities could similarly, expose us to penalties.

**19. *The regulatory requirement to maintain a stipulated capital adequacy ratio could restrict our future business growth.***

As a systemically important non-deposit taking NBFC, our Company is required to maintain a capital adequacy ratio of at least 15.0% of our aggregate risk-weighted assets of our balance sheet (on-balance sheet and of risk adjusted value of off balance sheet items) on an ongoing basis.

Our Company’s capital adequacy ratio was 31.6% and 33.8% as of December 31, 2017 and March 31, 2017, respectively. If we continue to grow our Total Credit Exposure and asset base, we will be required to raise additional capital in order to continue to meet applicable capital adequacy ratios with respect to our business. There can be no assurance that we will be able to raise adequate additional capital in the future on terms favorable to us or at all, which could result in non-compliance with applicable capital adequacy ratios and may adversely affect the growth of our business.

In addition, one of our subsidiaries, being a financial institution regulated by the NHB, is required to maintain certain capital adequacy ratios. NHB regulations require HFCs to maintain a minimum capital adequacy ratio of 12.0%. We cannot assure you that we would be able to raise adequate additional capital required under these regulations in the future on favorable terms, which may adversely affect the growth of our business.

**20. *If our customers default in their repayment obligations, our business, results of operations, financial condition and cash flows may be adversely affected.***

As of December 31, 2017, our Total Credit Exposure were ₹51,716.91 million and we are able to successfully implement our strategy to expand in existing as well as new products, we will be exposed to an increased risk of defaults. This may also increase our NPAs since our customers may default on their obligations to us for a variety of factors, including as a result of their bankruptcy, competition within their respective sectors, lack of liquidity, time and cost overrun, operational failure, breach of contract, government or other regulatory intervention and other reasons such as their inability to adapt to changes in the macro business environment. Historically, borrowers or borrower groups have been adversely affected by economic conditions in varying degrees. Such adverse impact may limit our ability to recover the dues from the borrowers and predictability of cash flows. Credit losses due to financial difficulties of these borrowers or borrower groups in the future could adversely affect our business, financial performance and results of operations.

**21. *Our risk management measures may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.***

We are exposed to a variety of risks, including liquidity risk, interest rate risk, credit risk, operational risk and legal risk. The effectiveness of our risk management is limited by the quality and timeliness of available data. Our risk management techniques may not be fully effective in mitigating our risks in all market environments or against all types of risk, including risks that are unidentified or unanticipated. Some methods of managing risks are based upon observed historical market behavior. As a result, these methods may not predict future risk exposures, which could be greater than the historical measures indicated.

Other risk management methods depend upon an evaluation of information regarding markets, customers or other matters. This information may not in all cases be accurate, complete, current, or properly evaluated. Management of operational, legal or regulatory risk requires, among other things, policies and procedures to properly record and verify a number of transactions and events.

Although we have established policies and procedures, they may not be fully effective. For further information, see “*Our Business - Risk Management*” on page 156. Our future success will depend, in part, on our ability to respond to new technological advances and evolving NBFCs, standards and practices in the sectors we cater to, on a cost-effective and timely basis. The development and implementation of standards and practices entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction-processing systems to customer requirements or evolving market standards.

**22. *Any failure, inadequacy and security breach in our information technology systems may adversely affect our business.***

Our operations depend on our ability to process a large number of transactions on a daily basis across our network of offices, most of which are connected through computer systems and servers to our head office. Our expansion plans will require us to invest more in IT which may prove to be unsuccessful. Our financial, accounting, underwriting or other data processing systems may fail to operate adequately or become disabled as a result of events that are beyond our control, including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available to and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and range of products.

Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, servers, software, including software licensed from vendors and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security and result in identity theft including customer data, customer KYC documents (including identity proofs, income and tax statements and bank account details), employee data and propriety business data, for which we could potentially be liable. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the supporting infrastructure.

**23. *We may be exposed to potential losses due to a decline in value of assets secured in our favor, and due to delays in the enforcement of such security upon default by our borrowers.***



As at March 31, 2017 and December 31, 2017, approximately 82.8 % and 88.8% of our Total Credit Exposure, respectively, is secured by a mix of movable and immovable assets or other forms of collateral, depending on the nature of the loans. The value of certain types of collaterals may decline due to inherent operational risks, the nature of the asset secured in our favor and adverse market and economic conditions (both global and domestic). For example, the value of the vehicle, is subject to depreciation, deterioration, and/or a reduction in value on account of a number of factors (such as wear and tear), over the course of time. Consequently, the realizable value of the collateral for the loan provided by us, when liquidated, may be lower than the outstanding loan from such customers. Any default in repayment of the outstanding credit obligations by our customers may expose us to losses. Furthermore, in the case of a default, we typically repossess the commercial vehicles financed and sell such vehicles through auctions. The hypothecated vehicles, being movable property, may be difficult to locate or seize in the event of any default by our customers.

In the event of default by our customers, there can be no assurance that we will be able to sell our collateral including property, machinery, stock or vehicles provided as security at all or at prices sufficient to cover the amounts under borrower defaults, or that we would be able to invoke other securities, such as personal guarantees, due to among other things, unforeseen delays in our ability to take immediate action, winding up and foreclosure proceedings, defects in title, defects in perfection of the collateral or documentation relevant to the assets, stock market downturns, fraudulent transfers by our customers, difficulty in locating movable assets and the necessity of obtaining regulatory approvals and/or court orders for the enforcement of our collateral over those assets. Further, certain ownership documents of the immovable properties that are mortgaged to us may not be duly registered or adequately stamped. Failure to adequately stamp and register a document may render the document inadmissible in evidence. Consequently, should any default arise in relation to the corresponding loans, we may be unable to, or may incur additional expenses to, enforce our rights in relation to such mortgaged properties. Further, if any of our borrowers take recourse of arbitration or litigation against our repayment claims, it may cause a further delay in our recovery process leading to depreciation of the secured asset. A failure or delay in recovering the expected value from sale of collateral could expose us to a potential loss. Any such losses could adversely affect our business prospects, financial condition and results of operations. As a result, if our customers default, we may receive less money from liquidating collateral than is owed under the relevant financing facility, and, in turn, incur losses, even where we successfully repossess and liquidate the collateral, thereby adversely affecting our business, future financial performance and results of operations.

In addition, we may face additional delay and expense in conducting an auction to sell the collateral and may face significant delay in repossessing collateral, as litigation against defaulting customers, even if governed by an arbitration clause, can be slow and expensive in India. In the event a specialized regulatory agency gains jurisdiction over the borrower, creditor actions can be further delayed. In the event of any inability or delay in the repossession and liquidation of the collateral securing loans in default, we may incur losses, which could adversely affect our results of operations and financial condition.

**24. *We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.***

We face potential liquidity risks because our assets and liabilities mature over different periods. As is typical for NBFCs, we meet a portion of our funding requirements through short-term funding sources, such as by issuing commercial papers, short-term loans from banks and non-convertible debentures. The majority of our Total Credit Exposure, however, mature over the medium term. Consequently, our inability to obtain additional credit facilities or renew our existing credit facilities in a timely and cost-effective manner or at all may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and profitability.

**25. *Some of the loans we provide are unsecured and are susceptible to certain operational and credit risks which may result in increased levels of NPAs which may adversely affect our business, prospects, results of operations and financial condition.***

Some of the loans we provide are unsecured loans. As of December 31, 2017 and March 31, 2017, approximately 11.2% and approximately 17.2%, respectively, of our Total Credit Exposure were provided on an unsecured basis. We may not be able to recover these loans through our standard recovery proceedings. Unsecured loans present a higher risk of loss in case of a credit default as compared to loans to customers in other asset-backed financing products. In addition, there can be no assurance that our monitoring and risk management procedures will succeed in effectively predicting the right income levels of these customers or that our loan loss reserves will be sufficient to cover any actual losses. If there is a default by customers on repayment of such unsecured loans or if we are unable to recover our principal and interest through such legal proceedings, we may experience increased levels of NPAs and we may be required to make related provisions and write-offs that may have an adverse effect on our business prospects, financial condition and results of operations.

**26. *Our housing finance business is subject to certain tax and fiscal benefits which may be discontinued in the future by the GoI or state governments relating to financing of purchase or construction of property.***

The rapid growth in the housing finance industry in India in recent periods has in part been due to tax and related fiscal benefits extended to homeowners by the GoI or state governments. Interest and principal repayments on capital borrowed for the purchase or construction of housing have been tax deductible up to certain limits and tax rebates have been available for borrowers of such capital up to specified income levels. There can be no assurance that the Government will continue to offer such tax benefits to borrowers at the current levels or at all, which may adversely affect the demand for housing and consequently housing finance. The GoI has also provided incentives to the housing finance industry by extending priority sector status to certain housing loans and making funds available to housing finance companies at lower rates. In addition, certain other tax benefits under the Income Tax Act also enable us to reduce our effective tax rates. There can be no assurance that the GoI will continue to make such tax and/or fiscal benefits available to housing finance companies such as us or that it will continue to offer us low cost funding on the same terms or at all. If such low cost funding is not made available to us, there will be an adverse effect on our cost of funds and consequently our operating margins and net interest margin.

**27. *Our vehicle financing business is primarily focused on used commercial vehicle financing and any adverse development in this industry may adversely affect our business prospects and future financial performance.***

Our vehicle financing business is currently focused on financing of used commercial vehicles may be susceptible to higher risks and NPA portfolios compared to that relating to financing of new commercial vehicles. Our customer base in the vehicle financing business will likely have a high concentration of small and medium road transport operators. Our business is dependent on various factors that impact this segment, such as the demand for transportation services in India, changes in Indian regulations and policies affecting used commercial vehicles, natural disasters and calamities, and macroeconomic environment in India and globally. Sometimes, individual borrowers, first time users and small road transport operators may be less financially resilient. As a result, they may be disproportionately and adversely affected by any decline in economic conditions. Correspondingly, the demand for finance of used commercial vehicles may decline, which in turn may adversely affect our cash flows, results of operations and financial condition. In addition, the ability of commercial vehicle owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer as a result of such factors, thereby adversely affecting our vehicle financing business, future financial performance and results of operations.

**28. *Changes in environmental or other laws may lead to a decline in the sale of vehicles, which could adversely affect our business, results of operations and prospects.***

We are engaged in vehicle financing across various states in India. Any regulation passed by either the central Government or any of the state Governments, or any orders of judiciary to ban the sale of a particular segment of vehicles or impose additional taxes on any particular segment of vehicles, could lead to a decline in the sales of such vehicles. For example, the Supreme Court of India imposed a ban on the sale of vehicles not complying with Bharat Emission Standards IV. Such regulatory amendments or orders

of the judiciary may lead to a decline in our disbursements and adversely affect our business, results of operations and prospects.

**29. *A small portion of our collections from customers is in cash, exposing us to certain operational risks.***

A small portion of our collections from our customers is in cash and such cash collections expose us to the risk of theft, fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. These risks are exacerbated by the high levels of responsibility we delegate to our employees and the geographically dispersed nature of our network.

As we grow our retail presence, the cash collections are likely to increase. While we have taken insurance policies, including coverage for cash in safes and in transit, and undertaken measures to detect and prevent unauthorized transactions, fraud or misappropriation, this may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transactions, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill. We may also be party to criminal proceedings and civil litigation related to our cash collections.

**30. *We require certain statutory and regulatory approvals for conducting our business and our inability to obtain, retain or renew them in a timely manner, or at all, may adversely affect our operations.***

We require certain statutory and regulatory approvals for conducting our business and may also need additional approvals from regulators in connection with other fee-based products to our customers. For example, we are required to obtain and maintain certificates of registration for carrying on business as an NBFC, an HFC and an investment manager, which are subject to numerous conditions. We are also required to comply with the prescribed requirements including exposure limits, classification of NPAs, KYC requirements and other internal control mechanisms. We also obtain licenses and approvals to operate our various lines of business and in the future, we will be required to maintain such permits and approvals and obtain new permits and approvals for any proposed expansion strategy or diversification into additional business lines or new financial products. We may not be able to obtain such approval in a timely manner or at all.

In addition, our various offices are required to be registered under the relevant shops and establishments laws of the states and also require a trade license in municipal limits of certain states. The shops and establishment laws regulate various employment conditions, including working hours, holidays and leave and overtime compensation. Certain approvals may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications. With respect to the branches opened after February 28, 2018, our Company is in the process of obtaining applicable approvals. For details, please see “*Government and Other Approvals*” on page 341. A court, arbitration panel or regulatory authority may in the future find that we have not complied with applicable legal or regulatory requirements. We may also be subject to lawsuits or arbitration claims by customers, employees or other third parties in the different state jurisdictions in India in which we conduct our business. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner or at all, our business may be adversely affected. If we fail to comply, or a regulator claims we have not complied, with any of these conditions, our certificate of registration may be suspended or cancelled and we shall not be able to carry on such activities. We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

**31. *Our insurance coverage may not be sufficient or may not adequately protect us against any or all hazards, which may adversely affect our business, results of operations, financial condition and cash flows.***

We maintain insurance coverage for our operations in normal course. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions

and limits on coverage. We cannot, assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim.

We cannot assure you that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, or at acceptable cost, or at all. For further details on our insurance arrangements, see “*Our Business – Insurance*” on page 59.

**32. *All of our offices and branches are located in leased premises and non-renewal of lease agreements or their renewal on terms unfavorable to us could adversely affect our operations.***

As of February 28, 2018, all of our offices (including our Registered and Corporate Office) and branches are located in leased premises. Further, as we expand our branch network in line with our growth strategy, we expect the number of leased branches to increase significantly as all of our new branches are expected to open on leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises, or if they seek to renew such agreements on terms and conditions unfavorable to us, or if they terminate the agreement we may suffer a disruption in our operations or increased costs, or both, which may adversely affect our business and results of operations.

All or any of the leases may not be renewed on similar terms or at all, or we may be evicted from all or a number of these premises and be required to pay damages to the landlord. This may adversely impact our business and financial condition.

**33. *Our Company will not receive any proceeds from the Offer for Sale portion. The objects of the Fresh Issue for which the funds are being raised have not been appraised by any bank or financial institutions. Any variation in the utilization of our Net Proceeds as disclosed in this Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders’ approval.***

The Offer includes an offer for sale of up to 20,000,000 Equity Shares by the Selling Shareholders. The proceeds from the Offer for Sale will be paid to Selling Shareholders, including our Promoter, and we will not receive any such proceeds. Our Company intends to primarily use the Net Proceeds of the Fresh Issue for augmenting its capital base to meet future capital requirements, as described in “*Objects of the Offer - Objects of the Fresh Issue and requirement of funds*” on page 114.

The plans are based on management estimates and such intended use of proceeds has not been appraised by any bank or financial institution. Our Company may have to revise its management estimates from time to time and consequently its requirements may change. Our Company has appointed HDFC Bank Limited as monitoring agency for monitoring the utilization of the Net Proceeds. Any variation in the objects of the Fresh Issue would require shareholders’ approval and may involve considerable time or may not be forthcoming and in such an eventuality it may adversely affect our operations or business.

Further, our Promoter or controlling shareholders would be required to provide an exit opportunity to the shareholders who dissent with our proposal to change the objects of the Offer, at a price and in the manner as specified in the Sections 13(8) and 27 of the Companies Act, 2013 and Chapter VI-A of the SEBI ICDR Regulations. Additionally, the requirement on Promoter or controlling shareholders to provide an exit opportunity to such dissenting shareholders may discourage the Promoter or our controlling shareholders from undertaking steps for the variation of the proposed utilization of our Net Proceeds, even if such variation is in our interest. Further, we cannot assure you that our Promoter or the controlling shareholders will have adequate resources at their disposal at all times to enable them to provide an exit opportunity to the dissenting shareholders at the price specified in the SEBI ICDR Regulations.

In light of these factors, we may not be able to undertake any variation in Objects of the Fresh Issue to use any unutilized proceeds of the Fresh Issue even if such variation is in our interest. This may restrict our ability to respond to any developments in our business or financial condition by re-deploying the unutilized portion of our Net Proceeds, if any, which may adversely affect our business and results of operations. Additionally, various risks and uncertainties, including those set forth in this section “*Risk Factors*”, may limit or delay our Company’s efforts to use the Net Proceeds to achieve profitable growth in its business.

**34. *We have relied on third party industry reports which have been used for industry related data in this Red Herring Prospectus and such data has not been independently verified by us, the BRLMs or the Selling Shareholders.***

We have not independently verified data from industry publications contained in the sections “*Risk Factors*”, “*Our Business*”, “*Summary of Business*”, “*Summary of Industry*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Industry Overview*”, including the CRISIL Reports, which have been commissioned by us from CRISIL for the purpose of confirming our understanding of the industry in connection with the Offer. Although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, the Indian economy, as well as NBFCs that are included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon.

CRISIL has advised that while it has taken due care and caution in preparing the reports based on information obtained from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the reports or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of reports or the data therein. The reports highlight certain industry and market data relating to our Company and its competitors. Such data is subject to many assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that CRISIL’s assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Red Herring Prospectus. Further, the reports are not a recommendation to invest or disinvest in our Company or any company covered in the reports. CRISIL has stated that it has no liability whatsoever to the subscribers / users / transmitters / distributors of the reports.

**35. *We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.***

We have entered into various transactions with related parties, including for payment of salaries and wages of key managerial personnel. While we believe that all such transactions have been conducted on an arm’s length basis and contain commercially reasonable terms, we cannot assure you that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Although all related party transactions that we may enter into post-listing, will be subject to board or shareholder approval, as necessary under the Companies Act, 2013, as amended and the SEBI Listing Regulations, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. For details, see “*Related Party Transactions*” on page 222.

**36. *We have certain contingent liabilities, which, if materialized, may adversely affect our financial condition.***

As of December 31, 2017, our contingent liabilities, which have not been provided for, as per AS-29 issued by the ICAI, comprised of corporate guarantees provided to banks, which amounted to ₹ 535.80 million.

For details, see “*Financial Statements*” on page 230. Further, the contingent liability of amounts disclosed in our financial statements represents estimates and assumptions of our management based on advice received. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

**37. *We have had negative net cash flows in the past and may continue to have negative cash flows in the future.***

The following table sets forth our cash flow for the periods indicated:

Particulars	Fiscal Year			Nine month period ended December 31,
	2015	2016	2017	2017
	(₹ in millions)			
Net cash flow from / (used in) operating activities	(5,876.19)	(5,427.04)	(6,896.13)	3,876.50
Net cash flow from / (used in) investing activities	(2,262.60)	3,167.03	(1,939.04)	(5,360.39)
Net cash flow from / (used in) financing activities	5,993.45	3,654.63	5,890.36	1,666.93
Cash and cash equivalents at the end of the period	2,121.46	3,516.09	571.30	754.34

For further details, see “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 230 and 301, respectively.

**38. *Some of our Group Companies and Subsidiaries have incurred losses in the past.***

Some of our Group Companies and Subsidiaries have incurred losses in the periods as indicated in the table below:

Particulars	Nine month period ended December 31 , 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
	(₹ in millions, except for Indostar Capital which is in USD million)			
<i>Subsidiaries</i>				
IndoStar Asset Advisory Private Limited	(4.06)	13.31	5.20	(0.41)
IndoStar Home Finance Private Limited	(52.40)	4.26	1.06	-
<i>Group Company</i>				
Indostar Capital	Not available	Not available	(52.85)	187.80
Firstgear Technologies Private Limited	Not available	(0.26)	-	-

*\*Figures in brackets represent losses*

For further details in relation to the losses incurred by our Group Companies and Subsidiaries, refer to the sections titled “*History and Certain Corporate Matters*” and “*Our Group Companies*” on pages 186 and 218, respectively.

There can be no assurance that our Group Companies and Subsidiaries will not continue to incur losses in future, that their net worth will be positive in the future or that any of the foregoing will not affect our business, future financial performance and results of operations.

**39. *Our ability to pay dividends will depend on our earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

Our ability to pay dividends will depend on our earnings, financial condition, cash flows, capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant, including among others, our future earnings, financial condition, cash flows, capital requirements, capital expenditures, business prospects and restrictive covenants under our financing arrangements. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends at any point in the future. For details of our dividend policy, see “*Dividend Policy*” on page 229.

**40. *Our Company has issued Equity Shares during the preceding one year at a price that may be below the Offer Price.***

In the 12 months preceding the filing of this Red Herring Prospectus, our Company has issued Equity Shares at a price that may be lower than the Offer Price. The price at which Equity Shares have been issued by our Company in the preceding one year is not indicative of the price at which they will be issued or traded. For more information, see “*Capital Structure - History of Share Capital of our Company*” on page 88.

**41. *Our Promoter may not have adequate experience in the business activities undertaken by our Company.***

The principal activity of our Promoter is that of investment holding. For further details, see “*Our Promoters and Promoter Group*” on page 213. Our Company cannot assure you that the inadequate prior experience of our Promoter in our business would not have any adverse impact on the management and/ or operations of our Company.

**42. *The average cost of acquisition of Equity Shares by our Promoter and the Other Selling Shareholders may be lower than the Floor Price.***

The average cost of acquisition of Equity Shares by our Promoter and the Other Selling Shareholders may be lower than the Floor Price. The Floor Price as per the price band announced is ₹ [●]. For further details regarding the average cost of acquisition of Equity Shares by our Promoter and the Other Selling Shareholders in our Company, please see “*Risk Factors – Prominent Notes*” and “*Basis for Offer Price*” on pages 47 and 117 of the Red Herring Prospectus, respectively.

**43. *Our Promoter will continue to retain majority shareholding in us after the Offer, which will allow it to exercise significant influence over us and could create conflicts of interest.***

Prior to the consummation of the Offer, our Promoter will own approximately 90.12% of our issued Equity Shares. Upon completion of the Offer, our Promoter will own approximately [●]% of our issued Equity Shares. As a result, our Promoter will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholder approval, including the composition of our Board of Directors, the adoption of amendments to our Articles of Association, the approval of mergers, strategic acquisitions and joint ventures and the sale of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. Further, we will continue to be a foreign owned and controlled company under the FDI Policy and FEMA and subject to restrictions on downstream investment and other reporting requirements.

**44. *Our Promoter may, after the expiry of any lock up periods under applicable law in respect of any of its Equity Shares, divest all or part of its stake in our Company after completion of the Offer.***

The ICM Agreement provides that upon listing of our Company, subject to certain proportionate lock-in restrictions, other conditions and applicable law, our Promoter’s shareholders have the right to cause our Promoter to sell its Equity Shares every quarter for a period of three years and three months from the date of listing of the Equity Shares (“**Applicable Period**”). The Equity Shares held by our Promoter will

continue to be subject to lock in restrictions as applicable and as detailed in the section titled “*Capital Structure*” on page 85. Hence, any sale of Equity Shares forming part of the Promoter’s Contribution will take place only after three years from the date of Allotment and any sale of Equity Shares other than the Promoter’s Contribution will take place only after the expiry of one year from the date of Allotment, in compliance with the SEBI ICDR Regulations. The proceeds of any such sale of Equity Shares, pursuant to the agreement dated January 30, 2018 between our Promoter and its shareholders (“**ICM Agreement**”) will, subject to applicable law and the conditions specified in the ICM Agreement, be transferred to the shareholders of our Promoter through a buy-back of shares of our Promoter from each such shareholder. Upon the expiry of the Applicable Period the conditions/restrictions on sale of Equity Shares as applicable during the Applicable Period will cease and, any shareholder of our Promoter, except to the extent required by law, will be entitled to require our Promoter to sell the Equity Shares held by our Promoter and seek buy-back of its shares in our Promoter at any time by giving prior written notice to our Promoter. Accordingly, there may be reductions in the shareholding of our Promoter in our Company and we cannot assure you that our Promoter will continue to be in control of or hold any Equity Shares in our Company. For details of the ICM Agreement, see “*History and Certain Corporate Matters*” on page 186.

**45. *We have received a legal notice from one of our Shareholders, Sanjay Hinduja***

Sanjay Hinduja, one of our shareholders, holding 580 Equity Shares, has sent our Company, our Promoter, certain of our Directors and KMPs, and certain other individuals and entities (collectively, the “**Noticees**”), a legal notice dated March 28, 2018, (through his legal representatives) (“**Notice**”). The Notice alleges, *inter alia*, that Sanjay Hinduja was deliberately induced to part with his business/financial model for an NBFC on the basis of, among other things, commitments that he would be given a secured employment in the Company and issued partly paid up incentive equity shares over and above the agreed salary compensation. The Notice also alleges illegal forfeiture of certain partly paid up incentive equity shares held by Sanjay Hinduja in non-compliance with the IndoStar Agreement and estimates that the loss suffered by Sanjay Hinduja pursuant to the actions of the Noticees is at least ₹1,000 million. On April 7, 2018, a response was sent on behalf of the Noticees denying all the allegations and averments made in the Notice.

If Mr. Hinduja decides to initiate legal proceedings against the Noticees, which include our Company, our Promoter, our Directors and/or KMPs, such an event could adversely affect our business, reputation, prospects and result of operations. For further details of the IndoStar Agreement, see “*History and Certain Corporate Matters*” on page 186.

**46. *Our Promoter Group is involved with one or more ventures which are in the same line of activity or business as that of our Company.***

A member of our Promoter Group, Everstone Capital Partners II LLC, currently has interests in other companies, entities, and ventures (including as a member or shareholder) that are engaged in same line of activity or business as our Company. Such companies, entities and ventures include Hinduja Leyland Finance Limited and Kissandhan Agri Financial Services Private Limited. As a result, our relationship with our Promoter Group may cause certain conflicts of interest and we may compete with them while undertaking our future business. We cannot assure you that we will be able to successfully resolve matters if and when such conflict arises.

**47. *Our business is subject to seasonal variations that could result in fluctuations in our results of operations.***

Our business is seasonal in nature. Generally, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday periods, improved weather conditions and crop harvests. Our revenues are generally higher during the second half of each fiscal year as compared to first half of the fiscal year. Any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season would adversely affect our results of operations and growth. During these periods, we may continue to



incur operating expenses, but our income from operations may be delayed or reduced. This seasonality can also be expected to cause quarterly fluctuations in our revenue, profit margins and earnings.

**48. *Any non-compliance with mandatory Anti-Money Laundering and Know Your Customer policies could expose us to additional liability and harm our business and reputation.***

In accordance with the requirements applicable to us, we are mandated to comply with anti-money laundering (“AML”) and know your client (“KYC”) regulations in India. These laws and regulations require us, among other things, to adopt and enforce AML and KYC policies and procedures. For further details, see “*Regulations and Policies*” on page 178. While we have adopted policies and procedures aimed at collecting and maintaining all AML and KYC related information from our customers in order to detect and prevent the use of our banking networks for illegal money-laundering activities, there may be instances where we may be used by other parties in attempts to engage in money-laundering and other illegal or improper activities. In addition, a number of jurisdictions (including India) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA. Pursuant to these provisions, as part of our KYC processes, we are required to collect and report certain information regarding US persons having accounts with us.

There can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions, including imposition of fines and other penalties by the relevant government agencies to whom we report including the Financial Intelligence Unit - India. Our business and reputation could suffer if any such parties use or attempt to use us for money-laundering or illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable regulatory requirements.

**49. *Our Company is not, and does not intend to become, regulated as an investment company under the U.S. Investment Company Act and related rules.***

Our Company has not been and does not intend to become registered as an investment company under the U.S. Investment Company Act. Accordingly, unlike registered investment companies, our Company will not be subject to the vast majority of the provisions of the U.S. Investment Company Act, including provisions that require investment companies to have a majority of disinterested directors, provide limitations on leverage and limit transactions between investment companies and their affiliates. None of these protections or restrictions is or will be applicable to our Company.

If our Company was to become subject to the U.S. Investment Company Act because of a change of law or otherwise, the various restrictions imposed by the U.S. Investment Company Act, and the substantial costs and burdens of compliance therewith, could adversely affect our operating results and financial performance. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the U.S. Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered entity, and shareholders in that entity may be entitled to withdraw their investment.

Our Company is relying on the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act to avoid being required to register as an investment company under the U.S. Investment Company Act and related rules. In order to help ensure compliance with the exemption provided by Section 3(c)(7) of the U.S. Investment Company Act, our Company has implemented restrictions on the ownership and transfer of Equity Shares by any persons acquiring our Equity Shares in Offer who are in the United States or who are U.S. Persons (as defined in Regulation S under the U.S. Securities Act except for these purposes, U.S. Persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)), which may materially affect your ability to transfer our Equity Shares. See “*Terms of the Offer – Eligibility and Transfer Restrictions*” on page 365.

**50. *U.S. regulation of investment activities may negatively affect the ability of banking entities to purchase our Equity Shares.***

The Volcker Rule, generally prohibits certain banking entities from acquiring or retaining an ownership interest in, sponsoring or having certain relationships with covered funds, subject to certain exclusions and exemptions. As we are relying on an analysis that our Company does not come within the definition of an “investment company” under the U.S. Investment Company Act because of the exception provided under section 3(c)(7) thereunder, our Company may be considered a “covered fund” for purposes of the Volcker Rule. The following would be considered a “banking entity” subject to the Volcker Rule: (i) any U.S. insured depository institution, (ii) any company that controls an U.S. insured depository institution, (iii) any non-U.S. company that is treated as a bank holding company for purposes of Section 8 of the International Banking Act of 1978 (i.e., a non-U.S. company that maintains a branch, agency or commercial lending office in the U.S.) and (iv) any affiliate or subsidiary of any of the foregoing under the U.S. Bank Holding Company Act, other than a covered fund that is not itself a banking entity under clauses (i), (ii) or (iii).

There may be limitations on the ability of banking entities to purchase or retain our Equity Shares in the absence of an applicable Volcker Rule exemption. Consequently, depending on market conditions and the banking entity status of potential purchasers of our Equity Shares from time to time, the Volcker Rule restrictions could negatively affect the liquidity and market value of our Equity Shares.

Each investor must make its own determination as to whether it is a banking entity subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to purchase or retain our Equity Shares. Investors are responsible for analyzing their own regulatory position and none of our Company, the Managers or any other person connected with the Offer makes any representation to any prospective investor or holder of our Equity Shares regarding the treatment of our Company under the Volcker Rule, or to such investor’s investment in the our Company at any time in the future.

**51. *We are exposed to significant market risk that could impair the value of our investment portfolio and adversely affect our business, results of operations and financial condition.***

Changes in prevailing interest rates could affect our investment returns, which in turn could affect our investment income, results of operations and prospects. While falling interest rates could result in an increase in the mark-to-market value of our debt portfolio, they also subject us to reinvestment risk, which could result in the portfolio yields falling. Accordingly, declining interest rates could have an adverse effect on our investment income, results of operations, financial condition, cash flows and prospects. On the other hand, an increase in interest rates could also adversely affect our profitability. Even though an increase in interest rates could result in an increase in investment returns on our newly added fixed income assets, it could also result in a reduction in the value of our existing fixed income assets reducing the mark-to-market value of such instruments. Interest rates are highly sensitive to inflation and other factors including, government monetary and tax policies, domestic and international economic and political considerations, regulatory requirements and other factors beyond our control. Any adverse effect on the factors affecting equity markets in India could affect our investment returns, which in turn could affect our results of operations, financial condition, cash flows and prospects.

**52. *Credit risks related to our investments, loans and advances may expose us to significant losses.***

We are exposed to credit risks in relation to our investments. For details of our investments, please see “Financial Statements” on page 230. The value of our debt portfolio could be affected by changes in the credit rating of the issuer of the securities as well as by changes in credit spreads in the bond markets. In addition, issuers of the debt securities that we own may default on principal and interest payments. We cannot assure you that we are able to identify and mitigate credit risks successfully. As a result, a probable downgrade in the credit rating of the debt securities owned by us may lead to a reduction in value of our debt portfolio, and have an adverse effect on our financial condition, results of operations and prospects. We also have investments in unsecured debt instruments which may carry an interest rate lower than the market rate.

Further, the counterparties in our investments, including issuers of securities we hold, counterparties of any derivative transactions that we may enter into, banks that hold our deposits and debtors, may default on their obligations to us due to bankruptcy, lack of liquidity, economic downturns, operational failure, fraud

or other reasons. We are also subject to the risk that our rights against these counterparties may not be enforceable in all circumstances. In addition, we provide loan and advances to parties, including related parties. For details of such loans and advances, please see “*Financial Statements*” on page 230. If such parties delay or default in repaying such loans and advances, we may incur significant losses.

**53. *Our inability to protect or use our intellectual property rights may adversely affect our business.***

Our name and trademarks are significant to our business and operations. The use of our brand name or logo by third parties could adversely affect our reputation, which could in turn adversely affect our financial performance and the market price of the Equity Shares. Our trademark and logo used on the cover page of this Red Herring Prospectus and currently in our business operations is not duly registered under the applicable class in India and we have made applications dated January 16, 2018 for registration under the applicable class.

It is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition. We may not be able to prevent infringement of such trademarks and a passing off action may not provide sufficient protection until such time the applicable registrations are granted. We may also be susceptible to claims from third parties asserting infringement and other related claims. If such claims are raised in the future, these claims could result in costly litigation, divert management’s attention and resources, and may subject us to significant liabilities. Any of the foregoing could have an adverse effect on our business, results of operations and financial condition.

**54. *The trading in our NCDs may be limited or sporadic, which may affect our ability to raise debt financing in future.***

Our NCDs are listed on the debt segment of the BSE. Trading in our NCDs has been limited and we cannot assure you that the NCDs will be frequently traded on the BSE or that there would be any market for the NCDs. Further, we cannot predict if and to what extent a secondary market may develop for the NCDs or at what price the NCDs will trade in the secondary market or whether such market will be liquid or illiquid.

**55. *Some of our Directors may be interested in companies or entities which are in the same line of business as us.***

Some of our Directors, namely Dhanpal Jhaveri, Sameer Sain, Bobby Parikh, Hemant Kaul and Dinesh Kumar Mehrotra are interested in other companies or entities, as directors or shareholders or otherwise, which are engaged in a similar line of business as compared to ours. For more details regarding other directorships of our Directors, see “*Our Management*” on page 193. Further there is no assurance that our Directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in future. Such factors may have an adverse effect on the results of our operations and financial condition.

**56. *Certain of our Directors and Key Management Personnel may be interested in our Company by virtue of the Equity Shares and/ or ESOPs held by them.***

Some of our Directors and Key Management Personnel are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or stock options held by them in our Company. Our Directors and Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. For details of the shareholding of our Directors and Key Management Personnel, see “*Capital Structure - Notes to Capital Structure*” on page 85 and for details of stock options held by our Directors and Key Management Personnel, see “*Capital Structure - Notes to Capital Structure - Employee Stock Option Schemes*” on page 94.

**57. *We have in this Red Herring Prospectus included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-***

***GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. For further information, see “*Selected Statistical Information*” on page 223. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other NBFCs, HFCs and financial services companies.

**58. *We do not have certain documents evidencing the biographies of one of our Directors in “Our Management” section.***

In accordance with the disclosure requirements stipulated under the SEBI Regulations, the brief biographies of our Directors disclosed in the section “*Our Management*” on page 193 include details of their educational qualifications and professional experience. However, the original documents evidencing such educational qualifications and professional experience are not available with respect to one of our Directors, Dinesh Kumar Mehrotra, and we have relied on publicly available sources and an affidavit executed by Dinesh Kumar Mehrotra certifying the authenticity of the information. However, in the absence of original documents, we cannot assure you of the accuracy of all information relating to Dinesh Kumar Mehrotra included in the section “*Our Management*” on page 13.

## **EXTERNAL RISKS**

### **Risks Relating to India**

**59. *Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently serve.***

Our Company is incorporated in India, and all of our assets and employees are located in India. As a result, we are dependent on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;
- changes in India’s tax, trade, fiscal or monetary policies, like application of GST;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India’s various neighbouring countries;
- occurrence of natural or man-made disasters;

- infectious disease outbreaks or other serious public health concerns;
- prevailing regional or global economic conditions, including in India's principal export markets; and
- other significant regulatory or economic developments in or affecting India or its financial services sectors.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares. Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory changes including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance and the price of the Equity Shares.

**60. *We are required to prepare our financial statements with effect from April 1, 2018 under the Ind AS. As Ind AS differs in various respects from Indian GAAP, our financial statements for fiscal 2019 may not be comparable to our historical financial statements.***

For periods prior to April 1, 2018, we were required to prepare our financial statements in accordance with Indian GAAP. The Companies (Indian Accounting Standards) Rules, 2015 ("IAS Rules"), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted changes to Indian GAAP that are intended to align Indian GAAP with IFRS. The IAS Rules provide that financial statements of companies to which such rules apply shall be prepared in accordance with Ind AS. Ind AS differs in various respects from Indian GAAP. We are required to prepare our financial statements in accordance with Ind AS with effect from April 1, 2018. While we have not determined with any degree of certainty the impact that the adoption of Ind AS will have on our financial statements, we are aware that Ind AS will impact certain items in our financial statements. For a summary of the significant qualitative differences between Indian GAAP and Ind AS as applicable to our Company, see "Significant Differences between Indian GAAP and Ind AS" on page 328. However, this summary may not contain all significant differences between Indian GAAP and Ind AS applicable to our Company and reliance by prospective investors on this summary should be limited. Accordingly, our financial statements for the period commencing from April 1, 2018 will not be comparable to our historical financial statements. Further, our financial statements for fiscal 2018 prepared under Ind AS will not be comparable to our financial statements prepared for such period under Indian GAAP.

**61. *It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.***

We are incorporated under the laws of India and most of our Directors and executive officers reside in India. Furthermore, all of our Company's assets are located in India. As a result, you may be unable to effect service of process in jurisdictions outside India, upon our Company or enforce in Indian courts judgments obtained in courts of jurisdictions outside India against our Company, including judgments predicated upon the civil liability provisions of securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended (the "Civil Code"). The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for

civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

**62. *Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investor's assessments of our financial condition.***

Our Company has prepared its annual and interim financial statements under Indian GAAP. Our Company is required to prepare annual and interim financial statements under Indian Accounting Standards (“**Ind-AS**”) with effect from April 1, 2018 as required under Section 133 of the Companies Act 2013 read with Circular

SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016. We have not attempted to quantify the impact of US GAAP, Ind-AS or IFRS on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP, Ind-AS or IFRS. US GAAP, Ind-AS and IFRS differ in significant respects from Indian GAAP since we understand that early adoption of Ind AS for NBFCs is not permitted by RBI. Accordingly, the degree to which the Indian GAAP financial statements, which are restated as per SEBI ICDR Regulations included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. We urge you to consult your own advisors regarding such differences and their impact on our financial data. For further details, please see “*Significant Differences Between Indian GAAP and Ind-AS*” on page 328.

**63. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business, prospects and results of operations.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax (“**GST**”) regime with effect from July 1, 2017 that combines multiple taxes and levies by the Central and State Governments into a unified tax structure.

Further, the Union Budget presented in the Indian Parliament on February 1, 2018, introduced a number of amendments to the existing direct and indirect tax regime which includes the withdrawal of long term capital gains exemptions on equity shares, long term capital gains applicability in the hands of Foreign Institutional Investors and applicability of dividend distribution tax for certain transactions with shareholders, among others. Prospective investors should consult their own tax advisors in relation to the consequences of investing in the Equity Shares.

Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

#### **Risks Relating to the Equity Shares and this Offer**

- 64. *The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

- 65. *Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realized on the sale of our Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if securities transaction tax, or STT, has been paid on the transaction. STT will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realized on the sale of our Equity Shares held for more than 12 months by an Indian resident, which are sold other than on a recognized stock exchange and as a result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains.

As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of our Equity Shares. However, capital gains on the sale of our Equity Shares purchased in the Offer by residents of certain countries may not be taxable in India by virtue of the provisions contained in the taxation treaties between India and such countries.

**66. *Currency exchange rate fluctuations may affect the value of the Equity Shares.***

The Equity Shares are, and will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into other currencies for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by shareholders.

**67. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely affect the trading price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

**68. *QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.***

In accordance with SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids at any stage after submitting a Bid. Retail Individual Bidders can revise/withdraw their Bids only until the Bid/Offer Closing Date. While our Company is required to complete Allotment pursuant to the Offer within six Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, regulations, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limiting the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

**69. *Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.***

Any future issuance of our Equity Shares, including pursuant to the ESOP Schemes, by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

**70. *The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.***



The Offer Price of the Equity Shares will be determined by our Company and the Promoter Selling Shareholder in consultation with the BRLMs, and through the Book Building Process. This price will be based on numerous factors, including as described under “*Basis for Offer Price*” on page 117 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

## Prominent Notes

- Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million, comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 7,000 million by our Company and an Offer for Sale of up to 20,000,000 Equity Shares aggregating up to ₹ [●] million comprising an offer for sale of up to 18,508,407 Equity Shares aggregating up to ₹ [●] million by the Promoter Selling Shareholder and an offer for sale of up to 1,491,593 Equity Shares aggregating up to ₹ [●] million by the Other Selling Shareholders. The Offer would constitute [●] % of the post-Offer paid-up Equity Share capital of our Company.
- As of December 31, 2017, the net worth of our Company was ₹ 20,801.42 million and ₹ 20,768.34 million, on a standalone and consolidated basis, respectively, as per our Restated Financial Statements. As of March 31, 2017, the net worth of our Company was ₹ 19,004.16 million and ₹ 19,027.54 million, on a standalone and consolidated basis, respectively, as per our Restated Financial Statements.
- As of December 31, 2017, our net asset value/book value per Equity Share was ₹ 264.38 and ₹ 263.96, on a standalone and consolidated basis, respectively, as per our Restated Financial Statements. As of March 31, 2017, our net asset value/book value per Equity Share was ₹ 242.52 and ₹ 242.82, on a standalone and consolidated basis, respectively, as per our Restated Financial Statements.
- The average cost of acquisition per Equity Share by our Promoter and by the Other Selling Shareholders, calculated by taking the average of the amounts paid to acquire Equity Shares, is stated below, as certified by Ramanand & Associates, Chartered Accountants pursuant to certificate dated February 9, 2018.

S. No.	Name	Average cost of acquisition (in ₹)
1.	Indostar Capital	133.27
2.	Vimal Bhandari	130.75
3.	Shailesh Shirali	130.00
4.	Jayant S. Gunjal	131.00
5.	Vivek Agarwall	131.00
6.	Sandeep Baid	130.00

For further details in relation to the shareholding of our Promoter, see “*Capital Structure*” on page 85.

- There are no financing arrangements pursuant to which our Promoter Group, directors of our Promoter, our Directors, and/ or their immediate relatives have financed the purchase of Equity Shares by any other person other than in the normal course of business during the six months preceding the date of filing of this Red Herring Prospectus with SEBI.
- There has been no change in the name of our Company in the last three years. For further details, see “*History and Certain Corporate Matters*” on page 186.
- For details of transactions entered into by our Company with our Subsidiaries and/or Group Companies in Fiscal 2017, including the nature and cumulative value of the transactions, see “*Related Party Transactions*” on page 222.
- For information regarding the business or other interests of our Group Companies in our Company, see “*Our Group Companies*” and “*Related Party Transactions*” on pages 218 and 222, respectively.

- Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI, for any complaints, information or clarifications pertaining to the Offer. For details see '*General Information – Investor Grievances*' on page 78.

## SECTION III – INTRODUCTION

### SUMMARY OF INDUSTRY

*The information contained in this section is derived from the CRISIL Report titled “NBFC Overview” (“NBFC Overview”) and “NBFC Report” (“NBFC Report”), dated November 2017, and data dated January 18, 2018 titled “Market Segmentation of Vehicle Finance, Loan Against Property and Housing Finance”, (“CRISIL Update”), “Indian Economic Scenario and Credit Growth” (“CRISIL Economic Report”), “Interest Rate Scenario” (“Interest Rate Report”) and other publicly available sources. Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

The CRISIL Report, content of which has been used in this Red Herring Prospectus is subject to the following disclaimer from CRISIL:

*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing the CRISIL reports above (“Reports”) based on the information obtained by CRISIL from sources which it considers reliable (“Data”). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Reports and is not responsible for any errors or omissions or for the results obtained from the use of Data / Reports. The Reports are not a recommendation to invest / disinvest in any entity covered in the Reports and no part of the Reports should be construed as expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Reports. Without limiting the generality of the foregoing, nothing in the Reports is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Indostar Capital Finance Limited will be responsible for ensuring compliance and consequences of non-compliance for use of the Reports or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (“CRIS”), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Reports are those of CRISIL Research and not of CRISIL’s Ratings Division / CRIS. No part of the Reports may be published/reproduced in any form without CRISIL’s prior written approval.*

#### The Indian Economy

India has the fourth largest economy in the world by purchasing power parity. (Source: Central Intelligence Agency, *The World Factbook*, accessed on January 2, 2018) Real GDP growth in the first half of the financial year 2017 decreased to 7.2%, from 7.6% in the second half of the financial year 2016, although India still maintains its position as one of the world’s fastest growing major economies. GDP growth in financial year 2018 is estimated at 6.5%, compared with 7.1% in the previous financial year, with downside risks in the form of greater-than-anticipated GST-related disruptions. GDP growth in financial year 2019 is expected to be 7.6% aided by robust consumption demand. As per the International Monetary Fund, the Indian economy is projected to grow at a 7.7% CAGR over the next five years.

#### Non-Banking Financial Companies

Non-Banking Financial Companies (“NBFCs”) have played an important role in the Indian financial system by complementing and competing with banks, and by bringing in efficiency and diversity into financial intermediation. NBFCs have evolved considerably in terms of operations, heterogeneity, asset quality and profitability, and regulatory architecture. (Source: Reserve Bank of India, *Non-Banking Finance Companies in India’s Financial Landscape*, October 2017)

India’s financing requirements have risen in sync with the economy’s notable growth over the past decade. NBFCs have played a major role in meeting this need by providing financial services with respect to products as well as customer and geographic segments at the grassroots level, making them a critical cog in the financial machine. They also cater to the unbanked masses in rural and semi-urban areas, and lend to the informal sector and people without

credit histories. This key service has enabled the Government and regulators to realize the mission of financial inclusion. As of March 31, 2017, they accounted for 16% of the overall systemic credit.

### ***Competitive advantage of NBFCs***

By virtue of access to low-cost funds and an extensive branch network, banks compete with NBFCs, especially on the cost front. However, with their strategic presence in lending segments as well as geographies, NBFCs have carved out a niche for themselves to effectively compete with banks. The niche product focus of NBFCs enables them to make customized offerings. Currently, NBFCs dominate construction equipment finance, with steady gains in market share in housing and loan against property (“**LAP**”) segments. In emerging segments such as wholesale finance, NBFCs have doubled their market share in the past five years even though these are still at low levels.

### ***Outlook on NBFCs***

CRISIL Research estimates the loan book of NBFCs to post 15% CAGR growth between financial year 2018 and financial year 2019. So far, NBFCs have gained market share at the expense of banks owing to focused lending, widening reach, and resource-raising ability. With slowing corporate demand for loans, banks have shifted their focus to retail assets, thereby increasing competition for NBFCs. In CRISIL Research’s view, low penetration in Tier II and Tier III cities, product and process innovation, and continued focus on core businesses will be the key enablers for steady growth for NBFCs.

CRISIL Research estimates the market size of wholesale financing (including lending by banks, NBFCs and HFCs) to be ₹ 25 trillion as of March 2017. The market has grown at a CAGR of 9% between financial years 2012 and 2017, reflecting the increasing caution of banks in funding corporates, given high delinquencies and capital constraints.

## **Housing and Low-Cost Housing Finance**

### ***Mortgage Market Size and Share***

The Indian housing finance market has grown rapidly, with mortgage lending significantly contributing to growth in construction and demand for housing. HFCs have been clocking CAGR growth of approximately 22% in loan outstanding between financial year 2012 and financial year 2017 vis-a-vis the industry’s (banks and HFCs) 18-19%.

HFCs’ loan outstanding is projected to clock 17-19% CAGR growth from ₹ 7.8 trillion in financial year 2017 to ₹ 10.8 trillion in financial year 2019, aided by higher finance penetration and demand for affordable housing. Both banks and HFCs offer mortgage loans. Banks currently have a 60% share in loan assets as of financial year 2017. However, the share of HFCs has increased steadily from 34% to 40% over the past five years. Housing loans disbursements are expected to grow at a healthy CAGR of 16% to 18% between financial years 2017 and 2019.

### ***Key Growth Drivers***

#### ***Urbanization and Population Growth***

The share of the urban population rose from 28.8% in 2004 to approximately 33.5% in 2017. CRISIL Research expects urbanization to accelerate, and the proportion of urban population to reach approximately 40% in 2030. The increase in urbanization will aid a rise in GDP per capita, as suggested by the experience in 2013 to 2017.

#### ***Availability of Credit***

HFCs have a well-diversified and stable resource base, comprising fixed deposits, bank borrowings, debentures, bonds and foreign currency borrowings. This lends flexibility to their borrowings, allowing them to manage costs.

It is believed that players’ access to funds will improve, as the Government and the RBI have announced several measures to ensure adequate funding.

#### ***Housing for all programs***

The recent push by the Government to provide 'Housing for All' by 2022 at an affordable cost and its implementation is expected to boost sales of affordable, low-cost housing units and consequently their financing.

#### *Infrastructure status to affordable housing companies*

The Government granted infrastructure status to the affordable housing sector, which implies lower financing costs for the same. The grant of infrastructure and priority-sector statuses to retail loans for affordable housing projects by RBI has provided adequate demand and supply-side impetus to the sector. Typically, sectors enjoying infrastructure status can also avail of loans under the external commercial borrowings route. However, this facility was already granted to the affordable housing sector in financial year 2012 by RBI.

#### *RERA*

RERA was brought into force on May 1, 2017, to protect the interests of homebuyers and boost investments in the real estate sector. However, the RERA is likely to have a short-term negative impact on the industry as it has forced developers to focus on completing existing projects. Over the medium to long term, RERA is expected to increase transparency and accountability among developers, which will enhance buyers' trust and confidence, particularly at a time when the Government has embarked on its ambitious 'Housing for All 2022' mission.

#### *NHB's refinancing*

While access to debt markets allows large HFCs to mobilize resources at competitive rates, niche HFCs have benefited from the NHB's refinance schemes. NHB runs various schemes under which it refinances banks and HFCs.

#### *Grant of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI") License to HFCs*

Access to the SARFAESI means that HFCs do not have to seek recourse through the tedious and time-consuming conventional legal route. This allows HFCs to lend more freely and permits them to increase their exposure to the affordable informal sector customers, who are mostly situated in small towns where legal action is costly and time-consuming. Further, SARFAESI will act as a deterrent to defaulters.

#### *Other Regulatory Incentives*

To encourage infrastructure development and affordable housing, the RBI in July 2014 exempted long-term bonds from regulatory mandatory norms such as cash reserve ratio and statutory liquidity ratio if the money raised is used to fund such projects. Banks are allowed to raise bonds of minimum maturity of seven years for lending to long-term projects in infrastructure sub-sectors and affordable housing.

### **SME Lending Through Loans against Property or LAP**

A LAP is availed of by mortgaging a residential or commercial property with the lender. The end-use of the loan amount is not closely monitored and could be used for either business or personal purposes. This type of loan can be availed of by both salaried and self-employed individuals. A LAP is a secured loan, as it provides collateral to the financier in the form of property. Financiers are comfortable with this product, as it offers better security compared with unsecured personal loans.

### **Market Size and Growth**

CRISIL Research estimates the total outstanding LAP to have grown at a 26% CAGR to ₹ 3,249 billion between March 2013 and March 2017. The growth was led by a higher number of balance-transfer cases, rising property prices, higher risk appetite of NBFCs in terms of higher LTV ratios, better product awareness, higher capital requirement among small businesses, and greater focus by financiers.

CRISIL Research expects the LAP outstanding to grow at a moderate pace of 13% to 15% CAGR to ₹ 4,259 billion during financial year 2018 and financial year 2019. The LAP market includes banks, NBFCs and HFCs. Among non-banks, HFCs are expected to grow faster compared with NBFCs, as they are able to lend at a much lower rate due to their lower borrowing costs. Among banks, private lenders are estimated to grow at a faster pace in this space, compared with public players, given their shorter turnaround times and aggressive market-share strategies. CRISIL Research expects some financiers to have reduced their focus on this segment, due to rising risks (pressure on yields, rising LTVs, and increase in commercial property mortgages), leading to an overall slowdown in the LAP market.

### **Key Growth Drivers**

#### *Increasing customer awareness to drive offtake*

LAP as a product is still viewed as a last resort by end-users, because businesses traditionally opt for overdraft or cash credit facilities, while individuals tend to opt for pricier personal loans. Nevertheless, LAP is expected to eventually eat into the market share of other loan facilities, due to lower interest rates and rising property prices.

#### *Higher yields versus home loans*

A LAP is midway between a home loan and a personal loan. While it is pricier than a home loan, it also offers higher returns. However, the product is also riskier than a home loan, as its end-use is not monitored, and self-employed individuals without a stable income are the ones who mostly opt for this product. However, a LAP is less risky compared with personal loans. Thus, if delinquencies are controlled, the favorable risk-return is expected to be attractive for financiers, prompting them to expand in this segment.

#### *Favorable real estate prices in Tier II cities and smaller towns*

The demand for LAP is linked to property prices and the real estate market. During the economic crisis of financial years 2008 and 2009, the demand for LAP slumped in the Delhi-National Capital Region. Currently, real estate prices in Tier II cities and smaller towns are either increasing or stable, whereas in Metros financiers are feeling the heat of stagnant property prices. Hence, financiers are focusing more on non-metros to increase the share of LAPs.

#### *Competitive interest rates to attract borrowers*

As a LAP is secured by a residential or commercial property, the product carries lower interest rates compared with personal loans. It also helps small businesses leverage on the steadily rising value of their real estate. In the past two years, the yield differential between housing loans and LAPs has also narrowed sharply, leading to higher inclination of borrowers towards this product.

#### *Higher finance penetration from organized channels to drive disbursements*

A LAP is extended to self-employed borrowers running small businesses. Due to the lack of formal funding options, businesses were either borrowing from money lenders at high interest rates or running businesses with insufficient funds. However, because of higher finance penetration from organized players, most small self-employed borrowers are now opting for the formal channel to fulfil the funding needs, leading to higher disbursements.

### **Vehicle Finance**

CRISIL Research expects the loan outstanding of NBFCs in the auto finance industry to grow at a CAGR of 14% over the next two years, compared to 13% in financial year 2017. Improved industrial activity, faster project clearances, and favorable monsoons will drive vehicle sales resulting in disbursement growth. Disbursements are also expected to increase with an increase in vehicle prices, rising finance penetration, higher LTV and better availability of credit bureau data.

### **Key Growth Drivers**

Growth in the Indian auto finance market is expected to be driven by:

- India's demographic and socioeconomic fundamentals: Large young, driving age population; increase in vehicle penetration; large urban population; reduction in average car ownership period; rising disposable incomes; and higher sales of used cars in the country
- Low penetration of vehicles in India
  - *PVs* - According to the Society of Indian Automobile Manufacturers, the penetration level of PVs in India is low and currently pegged at 19 vehicles per 1000 people and is expected to increase to 27 vehicles per 1000 people by financial year 2022.
  - *CVs* - In India, for every heavy commercial vehicle, there is demand for less than two redistribution vehicles on average, compared to the global multiple of three. This is expected to increase.
- Increasing ability of customers to utilize financing options: Quick and easy loan policies, higher penetration of banks and NBFCs, increasing presence of captive financiers, advancement in data utilization and technology for reducing risk, improvement in internet connectivity and mobile banking are expected to increase financing usage.

*Margins are higher in used-CV financing product compared with new-CV financing*

The gross spread of NBFCs is in a broad range of 7% to 9% for used CVs, compared with about 3% to 5% for new CVs. Net margins of players depend on cash losses and operating expenditure incurred by the financier.

On an aggregate basis, typically higher gross spreads in used-CV finance more than compensate for the increase in the operating expenditure and cash losses. This translates into a better net profit margin for the financier in used-CV finance compared with new-CV finance

For details, see “*Industry Overview*” on page 124.

## SUMMARY OF BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 16 for a discussion of the risks and uncertainties related to those statements and also “Risk Factors” on page 18 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. This section should be read in conjunction with the sections “Our Business”, “Industry Overview”, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 156, 124, and 301, respectively.*

*Unless otherwise indicated or context requires otherwise, the financial information included herein is based on our Restated Consolidated Financial Statements for Fiscal 2014, 2015, 2016 and 2017 and as of and for the nine month period ended December 31, 2017 included in this Red Herring Prospectus. For further information, see “Financial Statements” on page 230.*

*Unless the context otherwise requires, in this section, reference to “we”, “us” or “our” refers to IndoStar Capital Finance Limited together with its Subsidiaries, IndoStar Asset Advisory Private Limited and IndoStar Home Finance Private Limited on a consolidated basis and reference to “Company” or “our Company” refers to IndoStar Capital Finance Limited on a standalone basis. Any reference to and disclosure of the financial information/financial indicators/ratios with respect to Fiscal Year 2013 reflects the financial position of the Company on a standalone basis since the consolidated financial statements were required to be prepared from Fiscal Year 2014 onwards.*

### Overview

We are a leading non-banking finance company (“NBFC”) registered with the Reserve Bank of India as a systemically important non-deposit taking company. We are a professionally managed and institutionally owned organization which is primarily engaged in providing bespoke Indian Rupee denominated structured term financing solutions to corporates and loans to small and medium enterprise (“SME”) borrowers in India. We recently expanded our portfolio to offer vehicle finance and housing finance products. Although, we operated in a challenging credit environment in the initial years of our business operations, where in 2012, 2013 and 2014, inflation in India was 8.4%, 9.9% and 9.4%, respectively, and India’s fiscal deficit was 5.7%, 4.8% and 4.5%, respectively, of its GDP, through upfront capitalization of our business, our domain expertise and focus on our customers, experienced management team and vigilant monitoring of our assets, our business has experienced growth since the commencement of our operations in 2011. Between fiscal 2013 and 2017, our Total Credit Exposure and total revenue grew at a CAGR of 30.0% and 31.4%, respectively.

We operate four principal lines of business, namely corporate lending, SME lending, vehicle financing and housing financing.

- **Corporate lending.** Our corporate lending business primarily consists of (i) lending to mid-to-large sized corporates in manufacturing, services and infrastructure industries, by way of senior secured debt, structured financing, promoter financing and special situation funding and (ii) lending to real estate developers, mainly for financing project level construction of residential and commercial building projects and take-out of early-stage equity investors. We generally provide lending solutions against tangible collateral as well as security in other forms, such as charge on operating cash flows. Our corporate lending business accounted for 99.8%, 94.8%, 87.6% and 76.8% of our Total Credit Exposure for the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017 respectively. As of December 31, 2017, our Corporate Lending Credit Exposure amounted to ₹39,693.97 million.
- **SME lending.** Our SME lending business, which we commenced in 2015, primarily involves us extending secured loans for business purposes to small and medium size enterprises, including businessmen, traders, manufacturers and self-employed professionals. The property securing these loans are typically completed and largely self-occupied residential and commercial property. We currently provide SME lending loans



from our branches located in ten key locations across India, namely Mumbai, Delhi, Chennai, Bengaluru, Hyderabad, Jaipur, Surat, Ahmedabad, Pune and Indore. We believe that our in-depth product knowledge, relevant financial services domain knowledge, ability to structure loans to suit our customers' financial needs and our short turn-around-time for processing loan applications have positioned us as a preferred credit provider and allowed us to benefit from the large and growing SME segment in India. Our SME lending business accounted for 0.2%, 5.2%, 12.4% and 22.7% of our Total Credit Exposure for the fiscal 2015, 2016 and 2017 and nine month period ended December 31, 2017, respectively. As of December 31, 2017, our SME Lending Credit Exposure amounted to ₹11,733.97 million.

- **Vehicle finance.** Our vehicle finance business primarily involves providing financing for purchases of used or new commercial vehicles, passenger vehicles and two-wheelers. We commenced our vehicle finance business in November 2017. Our vehicle finance operations involves a relatively larger sourcing team as compared to our other business lines as it is largely based on our experience of working with customers with limited credit history and our ability to effectively assess risks associated with financing used vehicles. As of December 31, 2017, our Vehicle Finance Credit Exposure amounted to ₹143.01 million
- **Housing finance.** Our housing finance business comprises two business lines, namely (i) affordable housing finance, which commenced operations in September 2017, and (ii) retail housing finance, which commenced operations in March 2018. We operate our housing finance business through our wholly-owned subsidiary IndoStar Home Finance Private Limited. Our affordable housing finance business line primarily involves loans to the salaried and self-employed customers for housing purposes where the property cost is typically up to ₹5.0 million, the carpet area of the unit typically does not exceed 60 square meters and the loan amount is capped at ₹3.0 million. Our retail housing business line primarily extends loans to salaried and self-employed customers for the purchase of residential properties. As of December 31, 2017, our Housing Finance Credit Exposure amounted to ₹145.95 million.

Our corporate lending business is operated from our registered and corporate office. As of February 28, 2018, we conducted our retail operations through 71 branches across India and our central support office in Mumbai. In our SME lending and vehicle and housing finance businesses, our branches act as the primary point of sale and assist with the origination of loans, various collection processes and enhancing customer service, while our central support office provides support functions, such as loan processing and credit monitoring. We maintain clear segregation between our sourcing and credit approval teams so as to ensure independence and effectively manage operational risks. Our enterprise-wide loan management system integrates all activities and functions within our organization under a single technology and data platform, bringing efficiencies to our back-end processes and enabling us to focus our resources on delivering quality services to our customers.

We maintain long-term relationships with our lenders and, as of December 31, 2017, our lenders included, among others, 14 public sector banks, 13 private sector banks, 21 mutual funds and four insurance companies and other financial institutions. As of February 28, 2018, our distribution network included 548 personnel in our in-house sales team, and approximately 949 third-party direct sales associates (the "DSAs") and other third-party intermediaries who are empaneled with us.

We have and expect to continue to benefit from strong capital sponsorship and professional expertise of our Promoter, which is part of the Everstone Group, an India and Southeast Asia focused investor which was recognized as 'Private Equity Firm of the Year in India' by Private Equity International for six consecutive years from 2011 to 2016, with approximately US\$4.0 billion of assets under management. In addition to assisting us with capital raising, our Promoter and its institutional shareholders have assisted us in implementing international corporate governance standards which we believe have been critical to the growth of our operations.

Our total revenues has grown to ₹7,199.17 million for the fiscal 2017 from ₹2,415.77 million for the fiscal 2013 at a CAGR of 31.4% and profit after tax has grown to ₹2,107.95 million for the fiscal 2017 from ₹900.94 million for the fiscal 2013 at a CAGR of 23.7%. As of December 31, 2017, our cumulative loans disbursed since commencement of operations amounted to ₹225,929.81 million out of which ₹174,185.37 million had been repaid. As of March 31, 2015, 2016 and 2017 and December 31, 2017, our Company's Gross NPAs accounted for 0.6%, 0.2%, 1.4% and 1.7% of our Company's Gross Advances, while our Company's Net NPAs accounted for 0.5%, 0.2%, 1.2% and 1.3% of

our Company's Net Advances, respectively. Our Average Cost of Borrowings in the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017 was 11.9%, 11.1%, 10.3% and 9.1%, respectively.

## **Recent Developments**

As part of our efforts to grow retail operations, we opened our 100th branch in Vadodara, Gujarat, on April 6, 2018.

## **Our Strengths**

We believe the following are our principal strengths:

### **Highly motivated, professional and experienced management team**

We have a highly motivated, professional and experienced management team which has led us through a changing regulatory and economic environment and consistently grown our business since commencement of our operations in 2011. Our management team has extensive experience in the financial services and banking industries in India. Each member of our senior management team has over 20 years of experience in the finance and/or banking industry and possesses an in-depth understanding of the specific industry, products and geographic regions they cover, which we believe enables them to support and provide guidance to our employees and grow our business. We believe that our strong and experienced leadership has further enabled us to attract strong and experienced mid-level management employees as well as talented junior-level employees, who have entrepreneurial aspirations and contribute to the growth of our business. We have endeavored to motivate our senior and mid-level management team through a combination of long term incentives and ESOP schemes, thereby enabling a strong alignment of their interests with our performance. In addition, few of our directors and key management personnel also own shares in our Company. For details, see "*Capital Structure*" and "*Our Management*" on pages 85 and 193, respectively.

Under our management team's entrepreneurial leadership and through its professional expertise, between fiscal 2013 and 2017, our Total Credit Exposure, total revenue and profit after tax grew at a CAGR of 30.0%, 31.4% and 23.7%, respectively. See "— Proven track record of delivering results." After establishing our corporate lending business, our management team oversaw our foray into SME lending in 2015. Our SME lending business has grown rapidly since then and, as of February 28, 2018, we operated 10 branches across eight states which are engaged in SME lending and had cumulatively disbursed ₹16,664.25 million since commencement of our SME lending business. In August 2016, we received the NHB license for commencing operations of our housing finance subsidiary and commenced affordable housing business in September 2017, and retail housing business in March 2018. See "*Government and Other Approvals*" on page 341. We have also launched our vehicle financing business in November 2017. See "— *Well-established corporate and strong SME lending businesses*" and "*Our Strategies — Expand our geographical footprint and sourcing platform for our products across India*".

### **Well-established corporate and strong SME lending businesses**

We have established a strong corporate lending business, primarily providing secured loans to manufacturing and service companies by way of structured financing, promoter financing and special situation funding and to leading real estate developers for financing project level construction of residential properties and take-outs of early stage equity investors. See "*Description of our business segments — Corporate lending*". For fiscal 2015, 2016 and 2017 and nine month period ended December 31, 2017, Gross Disbursements in our corporate lending business amounted to ₹33,170.84 million, ₹38,320.56 million, ₹43,498.20 million and ₹23,362.39 million, respectively, and our Fee Income from our corporate lending business amounted to ₹613.72 million, ₹749.21 million, ₹673.32 million and ₹559.96 million, respectively.

We believe that the success and continued growth of our corporate lending business is underpinned by, among others, (i) the strength of our Corporate Lending Credit Exposure, which enables us to take the lead position in underwriting larger ticket loans for corporates instead of participating in syndicated loans originated by other lenders, (ii) our experience and expertise in identifying and directly sourcing potential borrowers through our knowledge of local markets and customer centric approach, (iii) our ability to offer customized solutions to address our customers' financial requirements, and (iv) our ability to structure our loan products to maximize our returns, where initial fee

accruals and average life of loans being less than the tenor of the loans have allowed us to enjoy relatively higher internal rates of returns. We have achieved growth while maintaining core focus on conservative credit assessment and risk management, and ensuring, among other criteria, that we lend to borrowers with proven track record and strong cash flow, we obtain sufficient collateral and maintain senior lender positions. See “— High asset quality achieved through robust credit assessment and risk management framework.”

We have also built a strong SME lending business focused on extending secured loans to small and medium size enterprises, including businessmen, traders, manufacturers and self-employed professionals. See “Description of our business segments — SME lending.” For fiscal 2015, 2016 and 2017 and nine month period ended December 31, 2017, Gross Disbursements in our SME lending business amounted to ₹74.08 million, ₹2,655.49 million, ₹5,535.60 million and ₹8,399.09 million, respectively, and our Fee Income attributable to our SME lending business amounted to ₹0.8 million, ₹25.50 million, ₹46.28 million and ₹83.67 million, respectively. We believe that the growth of our SME lending business is attributable to our branch network, comprising ten branches located in Mumbai, Delhi, Chennai, Bengaluru, Hyderabad, Jaipur, Surat, Ahmedabad, Pune and Indore, which we believe are key markets in India for SME lending. In addition, all of our SME lending loans are secured against collateral, granted at floating rate of interest and involve monthly loan repayment. We believe that our focus on stringent cash flow-based borrower assessments and having our SME lending loans collateralized by completed and largely self-occupied residential and commercial property provides for sustainable and continued growth of our SME lending business. As of December 31, 2017, approximately 50.0% of our SME lending loans qualify for priority sector lending classification.

We believe that our successful corporate and SME lending businesses provide us with a strong platform for expanding into vehicle finance and housing finance, where we are able to leverage and optimize common infrastructure, such as our corporate office, information technology and branch and sourcing networks, to further grow our business. See “Description of our business segments — Housing Finance”, “Description of our business segments — Vehicle Finance” and “Our Strategies — Four Pillars Strategy Focused on Secured Lending”.

### **High asset quality achieved through robust credit assessment and risk management framework**

We have been able to maintain a high-quality loan portfolio through our robust credit assessment and risk management framework. We actively monitor the performance of our loans and the quality of our loan portfolio is reflected by our Company’s low rates of Gross NPAs and Net NPAs. As of December 31, 2017, our Company only had two NPAs in our corporate lending business. As of March 31, 2015, 2016 and 2017 and December 31, 2017, our Company’s Gross NPAs accounted for 0.6%, 0.2%, 1.4% and 1.7% of our Company’s Gross Advances, while our Company’s Net NPAs accounted for 0.5%, 0.2%, 1.2% and 1.3% of our Company’s Net Advances, respectively. For details, see “Selected Statistical Information” on page 223.

We have a robust and comprehensive credit assessment and risk management framework to identify, monitor and manage risks inherent in our corporate and retail lending operations. Our corporate lending credit assessment and risk management framework comprises of a four-stage framework, spanning across the (i) screening stage, where our credit and sourcing teams conduct an initial screening of our prospective borrowers; (ii) the evaluation stage, where our credit team evaluates the prospective borrower’s business and financing needs and investigates the prospective borrower’s track record, market reputation and ability to repay any loans extended to it, before presenting the proposal to our corporate lending committee; (iii) the approval stage, where the loan proposal is presented to our credit committee for final approval and loan disbursement; and (iv) the sanction and monitoring stage, where our credit team regular monitors our loan portfolio to allow for early identification of problematic loans. For our corporate real estate loans, we generally require the setting up of a project escrow account, into which buyers of property from our real estate developer customers deposit payments for the purchase of relevant properties. This provides us with a view to the cash flows by allowing us to monitor payments made to our real estate developer customers and also ensures that agreed portions of such payments are made to us to service interest and principal on our borrowers’ loans before the excess in escrow is released to the borrower. We also generally require our real estate developer borrower to obtain a “No Objection Certificate” from us before selling property to end users.

We have also established a streamlined credit assessment and risk management framework for our SME lending, housing finance and vehicle finance businesses. Our sourcing team performs an initial screening of our prospective retail customer before the customer’s financial information, required loan documentation and requisite know-your-

customer information is inputted into our enterprise-wide loan management system, *OmniFin*, for processing. Our credit team then conducts customer credit checks, through third-party credit information companies, such as CIBIL, and fraud prevention checks, through online credit bureau tools, before meeting the customer for personal discussions. At the same time, we engage in legal and technical valuations, mainly through third-party professionals, of the collateral proposed to be used for the loan. After completion of due diligence, credit checks, meeting with the customer, valuation and title clearance of the proposed collateral, the proposal is forwarded to the relevant sanctioning authority as per the defined matrix for necessary approval. We believe that our streamlined credit assessment and risk management framework has contributed to our short turn-around-time for processing loan applications and our ability to take credit decisions. This has, in turn, allowed us to maintain the strong growth in our SME lending, housing finance and vehicle finance loan portfolio while maintaining credit quality.

Our credit assessment and risk management frameworks for all our business lines incorporate the requirement of senior management and credit committee approval, with built-in escalation matrices at pre-defined credit and risk triggers, which we believe allows us to ensure that more risky credits are considered and managed by members of our staff of sufficient seniority and decision making authority, whilst our credit teams have sufficient autonomy to perform their roles. Almost all of our collection procedures are non-cash based, which eases stress on monitoring financial transactions and lowers cash management risk. We have also formulated a vigil mechanism framework to enable employees to report concerns about unethical behaviour and actual or suspected fraud or violation of any of our Company's policies.

### **Proven track record of delivering results**

Our business has experienced growth since the commencement of operations in 2011 and we have a proven track record of delivering results. Between fiscal 2013 and 2017, our Total Credit Exposure and total revenue grew at a CAGR of 30.0% and 31.4%, respectively. Over the same period, we also experienced high growth in disbursements. Since fiscal 2013, our profit after tax has grown every year, and between fiscal 2013 and 2017, our profit after tax grew at a CAGR of 23.7%.

Our growth is underpinned by our strong Net Interest Margin, which for the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017 was 6.0%, 6.5%, 6.8% and 6.9%, respectively. Over the same periods, our Return on Average Assets was 4.2%, 4.4%, 4.1% and 3.8%, our Return on Average Equity was 12.3%, 13.6%, 12.2% and 10.9%, and our debt to equity ratio was 2.00, 1.95, 1.77 and 1.78, and our Company's capital adequacy ratio was 32.6%, 34.2%, 33.8% and 31.6%, respectively. We believe that our low leverage levels and high capital adequacy gives us significant headroom to grow our business.

### **Well diversified funding profile**

We believe that we have a well diversified funding profile that underpins our strong liquidity management system, our strong credit rating and brand equity. We have historically and seek to continue to secure cost-effective funding through a variety of sources, including banks, mutual funds, insurance companies and other financial institutions. We maintain long-term relationships with our lenders and, as of December 31, 2017, our lenders included, among others, 14 public sector banks, 13 private sector banks, 21 mutual funds and four insurance companies and other financial institutions. Diversification of our sources of funding has contributed to an overall reduction in our Company's Average Cost of Borrowings in recent fiscal periods. For fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, our Company's Average Cost of Borrowing was 11.9%, 11.1%, 10.3% and 9.1%, respectively. The decrease in our Cost of Borrowings has allowed us to maintain sufficient interest margins and achieve our liquidity goals, as well as maintain funding stability.

We achieved a long-term debt rating of AA- and short-term rating of A1+ from 2012 within the first year of the inception of our business. Our long-term debt is presently rated CARE AA-; Stable and IND AA-/Stable, respectively, by each of CARE and India Ratings & Research Private Limited. CARE, ICRA and CRISIL has each rated our commercial paper debt as CARE A1+, ICRA A1+ and CRISIL A1+, respectively, which is the highest rating for short-term debt instruments. Our subsidiary, IndoStar Home Finance Private Limited, has its short-term commercial paper debt rated as CARE A1+ and ICRA A1+.

We maintain a conservative ALM policy, with a bank-like CRR/SLR approach which is calibrated over time, recognizing operating metrics. Our Company maintained a capital adequacy ratio of 32.6%, 34.2%, 33.8% and 31.6%, for fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, respectively. As a means to further strengthen our liquidity management system, we also maintain adequate cash and liquid investments of 15.0% of our latest audited net worth as reserves, where at least ₹1,000.00 million is kept in cash or cash equivalents, to meet any potential liquidity requirements in the short-term. We have also established a dedicated resource management team to address the funding requirements for our various business lines, constantly seek means to reduce our borrowing costs, manage our interest rate risk and invest any surplus funds.

### **Ownership by institutional investors ensuring international corporate governance standards**

We have and expect to continue to benefit from strong capital sponsorship and professional expertise of our Promoter and other institutional shareholders. Our Promoter, which is part of the Everstone Group, is an India and Southeast Asia focused investor which was recognized as 'Private Equity Firm of the Year in India' by Private Equity International for six consecutive years from 2011 to 2016, with approximately US\$4.0 billion of assets under management. In addition to assisting us with capital raising and obtaining strong credit ratings, we also benefit from our relationship with our Promoter such as access to best industry practices and international corporate governance standards.

Our board of directors consists of eight directors, of which four are independent directors. Our board of directors conducts our operations through committees designed to manage and oversee key aspects of our business. We have a credit committee, audit committee, asset-liability management committee and risk management committee that are dedicated to addressing and managing the various risks we face. We also have a management committee, corporate lending committee, retail lending committee and banking committee to oversee our day-to-day business operations. Our allotment and share transfer committee and debenture committee is responsible for maintaining our capital structure. We believe that such committees composed of a combination of independent directors, non-independent directors and/or employees, with distinct and delineated responsibilities, are critical to the efficient organization of our business and lends to good corporate governance.

### **Our Strategies**

We intend to continue to expand our scale of operations and increase our profitability through the following key strategies:

#### **Four Pillars strategy focused on secured lending**

We intend to continue to expand our scale of operations primarily through the implementation of the four pillars strategy wherein we operate each business line as an independent profit center with its dedicated management team. We currently expect to focus on the following main strategies in each of our business lines:

*Corporate lending.* In our corporate lending business, we intend to continue to grow our Total Credit Exposure by following the credit parameters that have yielded our current high asset quality. As we grow our presence across India, we expect to have opportunities to grow our Total Credit Exposure in newer locations outside the MMR as well. We will also continue to carefully evaluate opportunities and monitor Total Credit Exposure in our portfolio from our corporate office in Mumbai.

*SME lending.* In our SME lending business, we plan to leverage the potential of our existing branches to expand our customer base. As of February 28, 2018, we had 10 branches spread across eight states which we believe are the key markets for SME lending business in India. We will continue to provide loans collateralized by ready built property, particularly self-occupied premises.

*Vehicle finance.* We have hired professionals with significant relevant experience and increased the number of our branches offering vehicle finance products in order to develop our vehicle finance business. As of February 28, 2018, we had 56 branches offering vehicle financing products and 480 employees for our vehicle financing business. Our key focus in vehicle finance will be on used commercial vehicles particularly the vehicles which are in the range of three to five years. We intend to leverage the relationships of our team members with small freight operators,

medium freight operators and light and medium commercial vehicle owners to grow our loan portfolio. We also seek to increase our customer base and revenues by strengthening our presence at dealerships and by engaging with dealers of a range of OEMs. We believe that vehicle finance business requires local on the ground presence and as a result, we intend to be present in 15 key states by June 2018. We have headquartered our vehicle finance business in Chennai and expect Tamil Nadu to be our initial focus as we roll out this business. We intend to hire approximately 650 employees for our vehicle finance business by June 30, 2018, however, our relationship with DSAs and other third-party intermediaries will also be critical for the growth of vehicle finance business and we are focused on growing these relationships.

*Housing finance.* Our housing finance business comprises of two business lines, namely (i) affordable housing finance, which commenced operations in September 2017, and (ii) retail housing finance, which commenced operations in March 2018. We also intend to leverage our relationships with real estate developer customers to develop our housing finance business line, by either gaining access to purchasers of housing property and/or by becoming a preferred financier for such real estate developers. We may also consider developer finance opportunities in select locations to grow our Housing Finance Credit Exposure. In addition, we intend to provide a differentiated approach to our customers of the housing finance business through several means including the use of technology, analytics and world-class processes to provide quick turnaround times in underwriting and disbursements. As part of affordable housing finance, our focus will be on providing loans to self-employed individuals in metro cities and other urban markets. We have hired experienced personnel to grow our housing finance business and, to the extent practicable, will also leverage the branch infrastructure of vehicle finance business to provide housing finance loans. As of February 28, 2018, we had 14 branches offering affordable housing financing products and 279 employees for our housing financing business. We currently expect to hire approximately 150 additional employees to support our housing finance business.

#### **Expand our geographical footprint and sourcing platform for our products across India**

We plan to selectively expand our business operations, including sourcing and sale of our products, into regions where we expect increasing urbanization, commercial activity and household incomes to result in demand for our various loan products. We currently expect that a significant portion of our geographic expansion will include tier I, tier II and tier III cities in the northern, southern and western regions of India. We intend to grow our branches in fifteen key states across India and currently expect to have approximately 130 branches by June 2018 out of which approximately 100 will be focused on vehicle finance business and remaining 30 for SME lending and housing finance business. We are committed to disciplined branch expansion and most of the new branches will be opened for vehicle finance business with the potential for affordable housing business to use these branches, where practicable.

We also plan to utilize the hub-and-spoke model as part of our expansion plans in an effort to leverage common infrastructure and optimize operational efficiency. Our branches will report to area corporate office which is manned by sales and credit teams for each retail business and will in turn report to state level corporate office. Our business will continue to be managed in a centralized way and our corporate headquarter will exercise overall control and supervision. We believe that this model would allow us to expand with lower marginal costs and increase our profitability.

#### **Increase use of technology and data analytics to support business growth and improve efficiency as well as to further strengthen our risk management framework**

As we continue to expand our geographic reach and scale of operations, we intend to further develop and invest in our technology to support our growth, improve the quality of our services and achieve superior turnaround time in our operations. We have made and intend to continue making significant investments in our IT Infrastructure. As of March 31, 2017, we have incurred ₹68.44 million on capital expenditure to expand and develop our IT Infrastructure. During Fiscal 2018, ₹39.96 million has already been incurred as of December 31, 2017, including commitments of ₹11.93 million. We utilize an enterprise-wide loan management system, *OmniFin*, to provide an integrated technology platform for providing operational and decision-making support through the complete loan lifecycle of both retail and corporate products. We intend to connect all of our offices through the enterprise-wide loan management system to our corporate headquarters in Mumbai. We are also in discussions with a number of reputable software providers with respect to purchasing and installing additional software to enhance our disaster

recovery capabilities, in the event of data loss and/or corruption. We believe that our increased leveraging of technology helps us develop early warning systems and sound risk management system.

Further, our continued focus on the effective use of technology is aimed at allowing employees across our office network to collect and enter data to a centralized management system, providing our senior management real-time access to credit processing and decision making. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralized manner and develop better credit procedures and risk management.

**Continue to create brand awareness to become the preferred NBFC for borrowers in our target customer segments**

We plan to invest in enhancing our brand to become the preferred NBFC for borrowers in our target customer segments. We seek to build our brand by continuing to engage with existing and potential customers through sales campaigns, sponsor popular events in locations in which we operate and place advertisements in newspapers, on the radio and in other advertising media. We have recently undertaken a brand building initiative involving multi-channel advertising across outdoor and online advertising and will continue to invest in various brand enhancement initiatives. We also intend to enhance our brand through (i) our increased focus on new retail-lending products, and (ii) increase in the number of our branches and regions in which we operate, from which we believe our brand would gain greater visibility and awareness among our existing and prospective customers.

## SUMMARY FINANCIAL INFORMATION

*The following tables set forth summary financial information derived from and should be read in conjunction with our Restated Standalone Summary Financial Statements and Restated Consolidated Summary Financial Statements, as presented in the section titled “Financial Information” on page 230 and the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 301.*

### RESTATED CONSOLIDATED SUMMARY OF ASSETS AND LIABILITIES

(₹ in Millions)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Equity and liabilities</b>					
<b>Shareholders' funds</b>					
Share capital	786.79	783.62	733.54	683.65	683.23
Reserves and surplus	19,981.55	18,243.92	14,684.48	12,168.70	10,673.25
	<b>20,768.34</b>	<b>19,027.54</b>	<b>15,418.02</b>	<b>12,852.35</b>	<b>11,356.48</b>
<b>Non-current liabilities</b>					
Long-term borrowings	15,418.39	19,106.12	17,588.66	16,138.35	11,915.70
Other long-term liabilities	39.08	72.37	102.68	138.99	578.14
Long-term provisions	342.10	269.48	146.14	119.52	108.97
	<b>15,799.57</b>	<b>19,447.97</b>	<b>17,837.48</b>	<b>16,396.86</b>	<b>12,602.81</b>
<b>Current liabilities</b>					
Short-term borrowings	13,120.17	7,865.51	4,994.16	3,439.22	1,668.42
Trade payables					
(i) Micro, small and medium enterprises	-	-	-	-	-
(ii) Others	19.32	52.84	6.67	4.45	0.18
Other current liabilities	10,640.42	8,337.47	8,618.21	7,165.82	5,950.42
Short-term provisions	102.94	156.36	58.50	57.76	29.71
	<b>23,882.85</b>	<b>16,412.18</b>	<b>13,677.54</b>	<b>10,667.25</b>	<b>7,648.73</b>
<b>TOTAL</b>	<b>60,450.76</b>	<b>54,887.69</b>	<b>46,933.04</b>	<b>39,916.46</b>	<b>31,608.02</b>
<b>Assets</b>					
<b>Non-current assets</b>					
Fixed assets					
Property, Plant and Equipment	122.28	69.22	30.21	6.33	9.62
Intangible assets	14.24	18.79	2.88	2.38	1.24
Capital work-in-progress	122.33	-	4.43	-	-
Non-current investments	1,388.45	630.31	-	546.00	608.40
Deferred tax assets (net)	183.17	163.65	103.02	85.17	81.30
Long-term loans and advances	39,240.12	39,330.91	30,992.48	24,337.75	21,368.10
Other non-current assets	-	-	-	53.70	104.05
	<b>41,070.59</b>	<b>40,212.88</b>	<b>31,133.02</b>	<b>25,031.33</b>	<b>22,172.71</b>
<b>Current assets</b>					
Current investments	5,727.30	1,239.38	-	-	-
Cash and bank balances	754.34	651.30	3,596.09	4,856.46	4,681.80
Short-term loans and advances	12,439.58	12,275.35	11,846.53	9,582.82	4,495.64
Other current assets	458.95	508.78	357.40	445.85	257.87
	<b>19,380.17</b>	<b>14,674.81</b>	<b>15,800.02</b>	<b>14,885.13</b>	<b>9,435.31</b>
<b>TOTAL</b>	<b>60,450.76</b>	<b>54,887.69</b>	<b>46,933.04</b>	<b>39,916.46</b>	<b>31,608.02</b>



# **RESTATED CONSOLIDATED SUMMARY OF PROFIT AND LOSS ACCOUNT**

(₹ in Millions)

	For the nine month period ended December 31, 2017	For the year ended			
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Income</b>					
Revenue from operations	5,801.62	7,193.03	6,439.96	5,280.53	3,945.64
Other income	57.85	6.14	0.54	0.03	23.41
<b>Total Revenue (I)</b>	<b>5,859.47</b>	<b>7,199.17</b>	<b>6,440.50</b>	<b>5,280.56</b>	<b>3,969.05</b>
<b>Expenses</b>					
Employee benefit expenses	565.24	481.90	394.50	280.58	251.92
Finance costs	2,290.50	3,118.49	2,892.59	2,579.29	1,918.85
Depreciation and amortization expense	23.48	18.78	5.13	7.12	8.71
Other expenses	395.06	226.32	182.39	122.74	83.57
Provisions and write offs	86.15	123.28	33.82	30.37	13.54
<b>Total expenses (II)</b>	<b>3,360.43</b>	<b>3,968.77</b>	<b>3,508.43</b>	<b>3,020.10</b>	<b>2,276.59</b>
<b>Profit before tax (III)= (I)-(II)</b>	<b>2,499.04</b>	<b>3,230.40</b>	<b>2,932.07</b>	<b>2,260.46</b>	<b>1,692.46</b>
<b>Tax expenses:</b>					
Current tax	877.75	1,180.56	1,033.50	773.96	613.95
Deferred tax	(19.52)	(60.63)	(17.85)	(3.87)	(42.81)
Tax relating to earlier periods	-	2.52	-	-	-
<b>Total tax expenses (IV)</b>	<b>858.23</b>	<b>1,122.45</b>	<b>1,015.65</b>	<b>770.09</b>	<b>571.14</b>
<b>Profit after tax (as restated) (V)=(IV)-(III)</b>	<b>1,640.81</b>	<b>2,107.95</b>	<b>1,916.42</b>	<b>1,490.37</b>	<b>1,121.32</b>
<b>Profit / (loss) for the period</b>	<b>1,640.81</b>	<b>2,107.95</b>	<b>1,916.42</b>	<b>1,490.37</b>	<b>1,121.32</b>
Attributable to:					
Equity holders of the Parent	1,640.81	2,107.95	1,916.42	1,490.37	1,121.32
Minority Interest	-	-	-	-	-
<b>Earnings per equity share *</b>					
Basic (₹)	20.87	28.69	26.75	21.72	16.34
Diluted (₹)	18.82	26.31	26.41	21.43	16.27
Nominal value per share (₹)	10.00	10.00	10.00	10.00	10.00

\* Basic EPS and Diluted EPS for the period ended December 31, 2017 are not annualised.

# **RESTATED CONSOLIDATED SUMMARY CASH FLOW STATEMENT**

(₹ in Millions)

Particulars	Nine month period ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
<b>Cash flow from operating activities</b>					
Net profit before tax as per statement of profit and loss	2,499.04	3,230.40	2,932.07	2,260.46	1,692.46
<b>Add/(Less) :</b>					
Depreciation and amortisation	23.48	18.78	5.13	7.12	8.71
Loss / (profit) on sale of fixed assets (net)	-	0.09	0.02	0.02	-
Provisions for non performing assets	75.03	87.82	0.62	-	19.38
Provisions for standard assets	(3.81)	35.46	33.20	30.37	(5.84)
Provision for gratuity	0.59	2.13	0.84	0.74	(0.34)
Provision for leave encashment	2.42	1.12	0.76	1.16	(0.08)
<b>Operating profit before working capital changes</b>	<b>2,596.75</b>	<b>3,375.80</b>	<b>2,972.64</b>	<b>2,299.87</b>	<b>1,714.29</b>
<b>Movement in working capital</b>					
Increase / (decrease) in trade payables	(33.52)	46.17	2.23	4.27	(16.79)
Increase / (decrease) in other liabilities	2,269.65	(311.05)	1,416.08	776.25	3,312.40
(Increase) / Decrease in loans and advances	(73.44)	(8,767.25)	(8,918.45)	(8,051.32)	(8,109.75)
(Increase) / Decrease in other assets	49.84	(151.39)	142.15	(137.64)	(80.44)
<b>Cash generated from/(used in) operations</b>	<b>4,809.28</b>	<b>(5,807.72)</b>	<b>(4,385.35)</b>	<b>(5,108.57)</b>	<b>(3,180.29)</b>
Direct taxes paid (net of refunds)	(932.78)	(1,088.41)	(1,041.69)	(767.62)	(647.47)
<b>Total Tax paid</b>	<b>(932.78)</b>	<b>(1,088.41)</b>	<b>(1,041.69)</b>	<b>(767.62)</b>	<b>(647.47)</b>
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>3,876.50</b>	<b>(6,896.13)</b>	<b>(5,427.04)</b>	<b>(5,876.19)</b>	<b>(3,827.76)</b>
<b>Cash flows from investing activities</b>					
Purchase of fixed assets	(71.99)	(69.42)	(29.54)	(5.03)	(1.58)
Payments of capital work in progress	(122.34)	-	(4.43)	-	-
Proceeds from sale of fixed assets	-	0.07	0.00	0.03	0.01
Investment in Preference Shares	-	(39.98)	-	-	-
Investment in Pass through certificates	659.20	(909.09)	-	-	-
(Investment) / Repayments from fixed income debt instruments	(5,825.32)	-	546.00	62.40	41.60
Investments in Mutual Fund units	(79.94)	(920.62)	-	-	(13,955.14)
Sale of debt mutual fund units & fixed income debt instruments	-	-	-	-	14,448.60
Bank deposits (having original maturity of more than three months)(net)	80.00	-	2,655.00	(2,320.00)	(215.00)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(5,360.39)</b>	<b>(1,939.04)</b>	<b>3,167.03</b>	<b>(2,262.60)</b>	<b>318.49</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of Equity Share Capital	3.17	50.07	49.89	-	-
Proceeds from Securities Premium on issue of Equity Share Capital	96.82	1,451.49	599.45	-	-
Call money received on shares forfeited	-	-	0.04	-	-
Amount raised from short term borrowings	5,254.67	2,871.34	1,554.95	1,770.79	330.84
Term loans from banks	1,309.15	218.44	23.44	1,662.19	3,469.41
Amount received / (repaid) on issue / redemption of NCDs	(4,996.88)	1,299.02	1,426.86	2,560.47	1,354.84
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>1,666.93</b>	<b>5,890.36</b>	<b>3,654.63</b>	<b>5,993.45</b>	<b>5,155.09</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>183.04</b>	<b>(2,944.79)</b>	<b>1,394.63</b>	<b>(2,145.34)</b>	<b>1,645.82</b>
Cash and cash equivalents at the beginning of the year / period	571.30	3,516.09	2,121.46	4,266.80	2,620.98
<b>Cash and cash equivalents at the end of the year / period</b>	<b>754.34</b>	<b>571.30</b>	<b>3,516.09</b>	<b>2,121.46</b>	<b>4,266.80</b>
<b>Components of cash and cash equivalents</b>					
Cash and Cash Equivalents at the end of the year / period					

Particulars	Nine month period ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
i) Cheque on hand	-	-	0.42	4.09	-
ii) Cash on hand	0.00	0.03	0.05	0.00	0.00
ii) Balances with scheduled banks in:					
Current accounts	665.04	469.27	940.17	287.37	1,151.80
Deposits with original maturity of less than three months	89.30	102.00	2,575.45	1,830.00	3,115.00
<b>Total cash and cash equivalents</b>	<b>754.34</b>	<b>571.30</b>	<b>3,516.09</b>	<b>2,121.46</b>	<b>4,266.80</b>

# **RESTATED STANDALONE SUMMARY OF ASSETS AND LIABILITIES**

(₹ in Millions)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Equity and liabilities</b>						
<b>Shareholders' funds</b>						
Share capital	786.79	783.62	733.54	683.65	683.23	684.37
Reserves and surplus	20,014.63	18,220.54	14,678.67	12,169.02	10,673.29	9,565.25
	<b>20,801.42</b>	<b>19,004.16</b>	<b>15,412.21</b>	<b>12,852.67</b>	<b>11,356.52</b>	<b>10,249.62</b>
<b>Non-current liabilities</b>						
Long-term borrowings	15,418.38	19,106.12	17,588.66	16,138.35	11,915.70	7,091.45
Other long-term liabilities	39.08	72.37	102.68	138.99	578.14	128.00
Long-term provisions	341.18	269.48	146.14	119.52	108.97	82.87
	<b>15,798.64</b>	<b>19,447.97</b>	<b>17,837.48</b>	<b>16,396.85</b>	<b>12,602.81</b>	<b>7,302.32</b>
<b>Current liabilities</b>						
Short-term borrowings	13,120.17	7,865.51	4,994.16	3,439.22	1,668.42	1,337.58
Trade payables						
(i) Micro, small and medium enterprises	-	-	-	-	-	-
(ii) Others	18.79	42.27	4.45	4.45	0.18	6.37
Other current liabilities	10,542.24	8,336.28	8,617.20	7,165.77	5,950.38	3,098.76
Short-term provisions	105.40	157.46	57.22	57.89	29.71	76.20
	<b>23,786.60</b>	<b>16,401.52</b>	<b>13,673.03</b>	<b>10,667.33</b>	<b>7,648.69</b>	<b>4,518.91</b>
<b>TOTAL</b>	<b>60,386.66</b>	<b>54,853.65</b>	<b>46,922.73</b>	<b>39,916.86</b>	<b>31,608.02</b>	<b>22,070.85</b>
<b>Assets</b>						
<b>Non-current assets</b>						
Fixed assets						
Property, Plant and Equipment	116.70	69.17	30.13	6.33	9.62	17.62
Intangible assets	14.24	18.79	2.88	2.38	1.24	-
Capital work-in-progress	120.25	-	4.43	-	-	-
Intangible assets under development	-	-	-	-	-	0.37
Non-current investments	1,588.55	730.41	100.10	546.10	608.50	650.00
Deferred tax assets (net)	183.18	163.65	103.02	85.17	81.30	38.49
Long-term loans and advances	39,092.33	39,317.87	30,977.15	24,337.75	21,368.10	12,983.06
Other non-current assets	-	-	-	53.70	104.05	49.65
	<b>41,115.25</b>	<b>40,299.89</b>	<b>31,217.71</b>	<b>25,031.43</b>	<b>22,172.81</b>	<b>13,739.19</b>
<b>Current assets</b>						
Current investments	5,727.30	1,239.38	-	-	-	493.46
Cash and bank balances	662.58	544.23	3,495.92	4,856.38	4,681.70	2,820.98
Short-term loans and advances	12,423.74	12,262.35	11,853.13	9,583.20	4,495.64	4,785.39
Other current assets	457.79	507.80	355.97	445.85	257.87	231.83
	<b>19,271.41</b>	<b>14,553.76</b>	<b>15,705.02</b>	<b>14,885.43</b>	<b>9,435.21</b>	<b>8,331.66</b>
<b>TOTAL</b>	<b>60,386.66</b>	<b>54,853.65</b>	<b>46,922.73</b>	<b>39,916.86</b>	<b>31,608.02</b>	<b>22,070.85</b>

**RESTATED STANDALONE SUMMARY OF PROFIT AND LOSS ACCOUNT**

(₹ in Millions)

	For the nine month period ended December 31, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Income</b>						
Revenue from operations	5,787.21	7,149.28	6,413.25	5,280.52	3,945.64	2,326.53
Other income	57.68	6.14	0.54	0.03	23.41	89.24
<b>Total Revenue (I)</b>	<b>5,844.89</b>	<b>7,155.42</b>	<b>6,413.79</b>	<b>5,280.55</b>	<b>3,969.05</b>	<b>2,415.77</b>
<b>Expenses</b>						
Employee benefit expenses	515.66	477.89	394.50	280.58	251.91	223.16
Finance costs	2,290.50	3,118.49	2,892.59	2,579.29	1,918.85	758.65
Depreciation and amortization expense	22.96	18.74	5.12	7.12	8.71	7.72
Other expenses	374.49	212.77	164.75	122.32	83.52	101.78
Provisions and write offs	85.78	123.28	33.82	30.37	13.54	27.59
<b>Total expenses (II)</b>	<b>3,289.39</b>	<b>3,951.17</b>	<b>3,490.78</b>	<b>3,019.68</b>	<b>2,276.55</b>	<b>1,118.90</b>
<b>Profit before tax (III)= (I)-(II)</b>	<b>2,555.50</b>	<b>3,204.25</b>	<b>2,923.01</b>	<b>2,260.87</b>	<b>1,692.50</b>	<b>1,296.87</b>
<b>Tax expenses:</b>						
Current tax	877.75	1,171.98	1,030.70	774.10	613.95	398.53
Deferred tax	(19.52)	(60.63)	(17.85)	(3.87)	(42.81)	(2.60)
Tax relating to earlier periods	-	2.52	-	-	-	-
<b>Total tax expenses (IV)</b>	<b>858.23</b>	<b>1,113.87</b>	<b>1,012.85</b>	<b>770.23</b>	<b>571.14</b>	<b>395.93</b>
<b>Profit after tax (as restated) (V)=(IV)-(III)</b>	<b>1,697.26</b>	<b>2,090.38</b>	<b>1,910.16</b>	<b>1,490.65</b>	<b>1,121.36</b>	<b>900.94</b>
<b>Earnings per equity share *</b>						
Basic (₹)	21.58	28.45	26.66	21.72	16.34	13.13
Diluted (₹)	19.46	26.09	26.33	21.43	16.27	13.13
Nominal value per share (₹)	10.00	10.00	10.00	10.00	10.00	10.00

\* Basic EPS and Diluted EPS for the period ended December 31, 2017 are not annualised.

# **RESTATED STANDALONE SUMMARY CASH FLOW STATEMENT**

(₹ in Millions)

Particulars	Nine month period ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
<b>Cash flow from operating activities</b>						
Net profit before tax as per statement of profit and loss	2,555.50	3,204.25	2,923.01	2,260.87	1,692.50	1,296.87
<b>Add/(Less) :</b>						
Depreciation and amortisation	22.96	18.74	5.12	7.12	8.71	7.72
Loss / (profit) on sale of fixed assets (net)	-	0.09	0.02	0.02	-	-
Provisions for non performing assets	75.03	87.82	0.62	-	19.38	-
Provisions for standard assets	(4.18)	35.46	33.20	30.37	(5.84)	27.59
Provision for gratuity	0.46	2.13	0.84	0.74	(0.34)	(0.31)
Provision for leave encashment	1.95	1.13	0.75	1.16	(0.08)	0.44
<b>Operating profit before working capital changes</b>	<b>2,651.72</b>	<b>3,349.62</b>	<b>2,963.56</b>	<b>2,300.29</b>	<b>1,714.33</b>	<b>1,332.31</b>
<b>Movement in working capital</b>						
Increase / (decrease) in trade payables	(23.48)	37.82	0.00	4.27	(6.19)	(38.49)
Increase / (decrease) in other liabilities	2,172.66	(311.23)	1,415.13	776.24	3,301.75	3,165.03
(Increase) / Decrease in loans and advances	64.15	(8,749.94)	(8,909.34)	(8,051.70)	(8,109.75)	(9,054.27)
(Increase) / Decrease in other assets	50.00	(151.82)	143.58	(137.64)	(80.44)	(243.19)
<b>Cash generated from/(used in) operations</b>	<b>4,915.05</b>	<b>(5,825.55)</b>	<b>(4,387.07)</b>	<b>(5,108.54)</b>	<b>(3,180.30)</b>	<b>(4,838.61)</b>
Direct taxes paid (net of refunds)	(931.38)	(1,077.46)	(1,040.17)	(767.63)	(647.46)	(365.09)
<b>Total Tax paid</b>	<b>(931.38)</b>	<b>(1,077.46)</b>	<b>(1,040.17)</b>	<b>(767.63)</b>	<b>(647.46)</b>	<b>(365.09)</b>
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>3,983.67</b>	<b>(6,903.01)</b>	<b>(5,427.24)</b>	<b>(5,876.17)</b>	<b>(3,827.76)</b>	<b>(5,203.70)</b>
<b>Cash flows from investing activities</b>						
Purchase of fixed assets	(65.95)	(69.42)	(29.43)	(5.03)	(1.58)	(5.96)
Payments of capital work in progress	(120.25)	-	(4.43)	-	-	-
Proceeds from sale of fixed assets	-	0.07	0.00	0.03	0.01	-
Investment in subsidiary	(100.00)	-	(100.00)	-	-	-
Investment in Preference Shares	-	(39.98)	-	-	-	-
Investment in Pass through certificates	659.20	(909.09)	-	-	-	-
(Investment) / Repayments from fixed income debt instruments	(5,825.32)	-	546.00	62.40	41.60	-
Investments in Mutual Fund units	(79.94)	(920.62)	-	-	(13,955.14)	(27,758.62)
Sale of debt mutual fund units & fixed income debt instruments	-	-	-	-	14,448.50	27,905.82
Bank deposits (having original maturity of more than three months)(net)	80.00	-	2,655.00	(2,320.00)	(215.00)	(200.00)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(5,452.26)</b>	<b>(1,939.04)</b>	<b>3,067.14</b>	<b>(2,262.60)</b>	<b>318.39</b>	<b>(58.76)</b>
<b>Cash flows from financing activities</b>						
Proceeds from issue of Equity Share Capital	3.17	50.07	49.89	-	-	-
Proceeds from Securities Premium on issue of Equity Share Capital	96.83	1,451.49	599.45	-	-	-
Call money received on shares forfeited	-	-	0.04	-	-	-
Amount raised from short term borrowings	5,254.67	2,871.34	1,554.95	1,770.79	330.84	344.24
Term loans from banks (net)	1,309.15	218.45	23.44	1,662.19	3,469.41	4,441.45
Amount received / (repaid) on issue / redemption of NCDs	(4,996.88)	1,299.02	1,426.86	2,560.47	1,354.84	2,650.00
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>1,666.94</b>	<b>5,890.37</b>	<b>3,654.63</b>	<b>5,993.45</b>	<b>5,155.09</b>	<b>7,435.69</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>198.35</b>	<b>(2,951.68)</b>	<b>1,294.53</b>	<b>(2,145.33)</b>	<b>1,645.72</b>	<b>2,173.24</b>
Cash and cash equivalents at the beginning of the	464.23	3,415.92	2,121.38	4,266.70	2,620.98	447.74

Particulars	Nine month period ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
year / period						
<b>Cash and cash equivalents at the end of the year / period</b>	<b>662.58</b>	<b>464.24</b>	<b>3,415.91</b>	<b>2,121.37</b>	<b>4,266.70</b>	<b>2,620.98</b>
<b>Components of cash and cash equivalents</b>						
Cash and Cash Equivalents at the end of the year / period						
i) Cheque on hand	-	-	0.42	4.09	-	-
ii) Cash on hand	0.00	0.02	0.05	-	-	0.00
ii) Balances with scheduled banks in:						
Current accounts	662.58	464.21	939.95	287.29	1,151.70	122.42
Deposits with original maturity of less than three months	-	-	2,475.50	1,830.00	3,115.00	2,498.56
<b>Total cash and cash equivalents</b>	<b>662.58</b>	<b>464.23</b>	<b>3,415.92</b>	<b>2,121.38</b>	<b>4,266.70</b>	<b>2,620.98</b>

### Reservations, Qualifications and Adverse Remarks

There are no reservations, qualification, matters of emphasis or adverse remarks highlighted by the Auditors in their reports to our audited financial statements as of and for the Financial Years ended March 31, 2013, March 31, 2014, March 31, 2015, 2016 and 2017, except as stated below.

Financial year	Reservation, qualification, or adverse remark	Impact on the financial statements and financial position of the Company and corrective steps taken and proposed to be taken by the Company for each of the said reservations, qualifications, adverse remark or matter of emphasis, as applicable.
2017	The Company has provided disclosures in note 35 to these financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in SBNs during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. However, as stated in note 35 in the financial statements, the borrowers of the Company have directly deposited cash in the Company's bank accounts and we report that we were not made available sufficient appropriate audit evidence regarding denomination wise details of such deposits, details of which, as represented to us, are not available with the Company.	Ensured that there are no dealings in SBN's except as mentioned in the financial statements for the year ending March 31, 2017 where borrowers of the Company have directly deposited cash in the Company's bank accounts however appropriate evidence regarding denomination wise details of such deposits was not available
	The auditor has informed that one borrower of the Company has committed fraud amounting to ₹ 208.76 lakhs during the year under audit. Investigations are in progress and police complaint has been lodged against the borrower and an amount of ₹ 41.08 lakhs have been recovered from the borrower.	The Company has recovered an amount of ₹61.08 lakhs and the balance amount of ₹ 147.68 lakhs has been written-off. The police investigation is in progress. Adequate controls have been put in place to prevent these instances
2016	According to the records of the Company, the dues outstanding of income-tax, service tax, and cess on account of any dispute, are as follows:	The dispute has been disposed off in favor of Company.

Financial year	Reservation, qualification, or adverse remark	Impact on the financial statements and financial position of the Company and corrective steps taken and proposed to be taken by the Company for each of the said reservations, qualifications, adverse remark or matter of emphasis, as applicable.
	<p>Name of the statute: Income Tax</p> <p>Nature of dues: Expense disallowed</p> <p>Amount (₹): 255,032</p> <p>Period to which the amount relates: Financial Year 2012-13</p> <p>Forum where dispute is pending: Commissioner of Income Tax (Appeals)</p>	



## THE OFFER

The following table summarises the Offer details:

<b>Offer<sup>(1)</sup></b>	<b>Up to [●] Equity Shares aggregating up to ₹ [●] million</b>
<i>Of which:</i>	
Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares aggregating up to ₹ 7,000 million
Offer for Sale <sup>(2)</sup>	Up to 20,000,000 Equity Shares aggregating up to ₹ [●] million
By Promoter Selling Shareholder	Up to 18,508,407 Equity Shares aggregating up to ₹ [●] million
By Other Selling Shareholders	Up to 1,491,593 Equity Shares aggregating up to ₹ [●] million
<i>The Offer consists of:</i>	
<b>A. QIB Portion<sup>(3)</sup></b>	<b>[●] Equity Shares</b>
<i>Of which:</i>	
Anchor Investor Portion*	Up to [●] Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>Of which:</i>	
Mutual Fund Portion	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
<b>B. Non-Institutional Portion<sup>(3)</sup></b>	<b>Not less than [●] Equity Shares</b>
<b>C. Retail Portion<sup>(3)</sup></b>	<b>Not less than [●] Equity Shares</b>
<b>Pre and post-Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	78,901,199 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
<b>Use of proceeds of this Offer</b>	See “Objects of the Offer” on page 114. Our Company will not receive any proceeds from the Offer for Sale.

\* Our Company and the Promoter Selling Shareholder may in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For further details, see “Offer Procedure” on page 379.

<sup>(1)</sup> The Offer has been authorised by our Board and our shareholders pursuant to resolutions dated February 5, 2018 and February 7, 2018, respectively.

<sup>(2)</sup> The Selling Shareholders have, by way of consent letters/resolutions, and our IPO Committee has, pursuant to a resolution dated February 9, 2018, authorised the Offer for Sale as per the following details:

S. No.	Name of shareholders	Date of consent/resolution	Number of Equity Shares
1.	Indostar Capital	January 30, 2018	Up to 18,508,407
2.	Vimal Bhandari	January 11, 2018	Up to 399,280
3.	Shailesh Shirali	January 10, 2018	Up to 243,955
4.	Jayant S. Gunjal	January 10, 2018	Up to 44,658
5.	Vivek Agarwall	January 10, 2018	Up to 109,635
6.	Sandeep Baid	January 12, 2018	Up to 694,065

<sup>(3)</sup> Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Promoter Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale. For further details, please see “Offer Structure” on page 375.

## GENERAL INFORMATION

Our Company was incorporated as ‘R V Vyapaar Private Limited’, a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, West Bengal on July 21, 2009. For business and commercial reasons, the name of our Company was subsequently changed to ‘IndoStar Capital Finance Private Limited’ pursuant to a special resolution passed by the shareholders of our Company on November 8, 2010. A fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies, West Bengal on November 15, 2010. Thereafter, our Company was converted into a public limited company under the Companies Act, 2013 pursuant to a special resolution passed by the shareholders of our Company on April 30, 2014. Consequently, the name of our Company was changed to ‘IndoStar Capital Finance Limited’ and a fresh certificate of incorporation was issued by the Registrar of Companies, West Bengal on May 28, 2014. Further, the registered office of our Company was changed from West Bengal to Maharashtra pursuant to a special resolution passed by the shareholders of our Company on February 16, 2015. Subsequently, an order dated August 25, 2015 was issued by Regional Director (Eastern Region), Ministry of Corporate Affairs, Kolkata confirming the change in the registered office of our Company from the state of West Bengal to the state of Maharashtra and a certificate of registration of the order, dated September 8, 2015 was issued by the RoC. For further details, see “*History and Certain Corporate Matters*” on page 186.

**Corporate Identity Number:** U65100MH2009PLC268160

**RoC Registration Number:** 268160

**RBI Registration Number:** N-13.02109

### Registered and Corporate Office

One Indiabulls Center, 20th Floor  
Tower 2A, Jupiter Mills Compound  
Senapati Bapat Marg, Mumbai 400 013  
Maharashtra, India

**Telephone:** +91 22 4315 7000

**Facsimile:** +91 22 4315 7010

**Website:** www.indostarcapital.com

For details regarding changes in the registered office of our Company, see “*History and Certain Corporate Matters*” on page 186.

### Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Maharashtra at Mumbai, located at 100, Everest, Marine Drive, Mumbai 400 002, Maharashtra, India.

### Board of Directors

The following table sets out the details regarding our Board:

Name	Designation	DIN	Address
Dhanpal Jhaveri	Chairman and Non-Executive Director	02018124	2, Sumangal, 13 Ridge Road, Malabar Hill, Mumbai - 400 006
Sameer Sain	Non-Executive Director	01164185	341, Bukit Timah Road, 07-02 Honolulu Tower, Singapore 259719
Alok Oberoi	Non-Executive Director	01779655	21 Blomfield Road, London, W91AD, United Kingdom
R. Sridhar	Executive Vice-Chairman and Chief Executive Officer	00136697	Flat No. 1200, 12 <sup>th</sup> Floor, Supreme Epitome, Opposite Cubic Mall, Dr. C. G. Road, Chembur, Mumbai – 400074
Dinesh Kumar Mehrotra	Non-Executive Independent Director	00142711	Flat 6-A, Harmony Building, Dr. E. Moses Road, Worli Naka, Mumbai – 400 018

<b>Name</b>	<b>Designation</b>	<b>DIN</b>	<b>Address</b>
Bobby Parikh	Non-Executive Independent Director	00019437	4th Floor, Seven on the Hill, Pali Hill, Auxilium Convent Road, Bandra (West), Mumbai – 400050
Hemant Kaul	Non-Executive Independent Director	00551588	A-105, Atrey Path, Shyam Nagar, Jaipur - 302019
Naina Krishna Murthy	Non-Executive Independent Director	01216114	No. 288, 14 <sup>th</sup> Cross, 5 <sup>th</sup> Main Dollar Colony, Bangalore – 560094

For brief profiles and further details of our Directors, please see “*Our Management*” on page 193.

#### **Chief Financial Officer**

##### **Pankaj Thapar**

One Indiabulls Center, 20th Floor  
Tower 2A, Jupiter Mills Compound  
Senapati Bapat Marg, Mumbai 400 013  
Maharashtra, India  
**Telephone:** +91 22 4315 7000  
**Facsimile:** +91 22 4315 7010  
**E-mail:** contact@indostarcapital.com

#### **Company Secretary and Compliance Officer**

##### **Jitendra Bhati**

One Indiabulls Center, 20th Floor  
Tower 2A, Jupiter Mills Compound  
Senapati Bapat Marg, Mumbai 400 013  
Maharashtra, India  
**Telephone:** +91 22 4315 7000  
**Facsimile:** +91 22 4315 7010  
**E-mail:** icf.secretarial@indostarcapital.com

#### **Selling Shareholders**

The Selling Shareholders in the Offer are:

1. Indostar Capital;
2. Vimal Bhandari;
3. Shailesh Shirali;
4. Jayant S. Gunjal;
5. Vivek Agarwall; and
6. Sandeep Baid.

#### **Book Running Lead Managers**

##### **JM Financial Limited**

7<sup>th</sup> Floor, Energy  
Appasaheb Marathe Marg,  
Prabhadevi  
Mumbai 400 025, Maharashtra, India  
**Tel:** +91 22 6630 3030  
**Fax:** +91 22 6630 3330  
**E-mail:** Indostar.ipo@jmfl.com  
**Investor Grievance**  
grievance.ibd@jmfl.com  
**Website:** www.jmfl.com  
**Contact Person:** Prachee Dhuri

##### **Kotak Mahindra Capital Company Limited**

1st Floor, 27 BKC  
Plot No. 27 “G” Block  
Bandra Kurla Complex Bandra (East)  
Mumbai 400 051  
Maharashtra, India  
**Tel:** +91 22 4336 0000  
**Fax:** +91 22 6713 2447  
**E-mail:** indostar.ipo@kotak.com  
**Investor grievance email:**  
kmccredressal@kotak.com

##### **Morgan Stanley India Company Private Limited**

18F, Tower 2, One Indiabulls  
Centre  
841, Senapati Bapat Marg  
Mumbai 400 013  
**Tel:** (91 22) 6118 1000  
**Fax:** (91 22) 6118 1040  
**E-mail:**  
indostar\_ipo@morganstanley.com  
**Investor grievance e-mail:**  
investors\_india@morganstanley.co

<b>SEBI Registration No.:</b> INM000010361	<b>Website:</b> <a href="http://www.investmentbank.kotak.com">www.investmentbank.kotak.com</a> <b>Contact Person:</b> Ganesh Rane <b>SEBI Registration No.:</b> INM000008704	m <b>Contact person:</b> Rahul Jain <b>Website:</b> <a href="http://www.morganstanley.com/about-us/globaloffices/india">www.morganstanley.com/about-us/globaloffices/india</a> <b>SEBI registration number:</b> INM000011203
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<b>Motilal Oswal Investment Advisors Limited</b> Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai 400 025, Maharashtra, India <b>Tel:</b> + 91 22 3846 4380 <b>Fax:</b> +91 22 3846 4315 <b>E-mail:</b> <a href="mailto:indostar.ipo@motilaloswal.com">indostar.ipo@motilaloswal.com</a> <b>Investor grievance E-mail:</b> <a href="mailto:moiaplredressal@motilaloswal.com">moiaplredressal@motilaloswal.com</a> <b>Website:</b> <a href="http://www.motilaloswalgroup.com">www.motilaloswalgroup.com</a> <b>Contact person:</b> Kristina Dias/ Subodh Mallya <b>SEBI Registration No.:</b> INM000011005	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11 Plot F, Shivsagar Estate, Dr Annie Besant Road, Worli Mumbai 400 018, Maharashtra, India <b>Tel:</b> +91 22 4037 4037 <b>Fax:</b> +91 22 4037 4111 <b>E-mail:</b> <a href="mailto:indostaripo@nomura.com">indostaripo@nomura.com</a> <b>Investor grievance E-mail:</b> <a href="mailto:investorgrievances-in@nomura.com">investorgrievances-in@nomura.com</a> <b>Website:</b> <a href="http://www.nomuraholdings.com/company/group/asia/india/index.html">www.nomuraholdings.com/company/group/asia/india/index.html</a> <b>Contact Person:</b> Sumit Sukhramani / Srishti Tyagi <b>SEBI Registration No.:</b> INM000011419
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#### Inter-se allocation of Responsibilities of the BRLMs for the Offer

The responsibilities and co-ordination by the BRLMs for various activities in the Offer are as follows:

S. No.	Activity	Responsibility	Lead Co-ordinator
1.	Due diligence of the Company's operations / management / business / legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus including memorandum containing salient features of the Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing, follow up and coordination till final approval from all regulatory authorities	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	JM Financial Limited
2.	Capital Structuring with relative components and formalities such as type of instruments, etc.	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	JM Financial Limited
3.	Drafting and approval of all statutory advertisements and other publicity material including corporate advertisements, brochures, media monitoring, etc.	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and	JM Financial Limited

S. No.	Activity	Responsibility	Lead Co-ordinator
		Securities (India) Private Limited	
4.	Appointment of other intermediaries viz., Registrar, Printer, Share Escrow Agent, Advertising Agency and Bankers to the Offer	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	Motilal Oswal Investment Advisors Limited
5.	Preparation of road show presentation and frequently asked questions	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	Nomura Financial Advisory and Securities (India) Private Limited
6.	International institutional marketing strategy. Finalise the list and division of investors for one to one meetings, in consultation with the Company, and finalising the international road show schedule and investor meeting schedules	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	Morgan Stanley India Company Private Limited
7.	Domestic institutions / banks / mutual funds marketing strategy. <ul style="list-style-type: none"> <li>Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company.</li> <li>Finalising the list and division of investors for one to one meetings, and</li> <li>Finalising investor meeting schedules</li> </ul>	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	Kotak Mahindra Capital Company Limited
8.	Non-Institutional and Retail marketing of the Offer, which will cover, inter alia, <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget</li> <li>Finalise Media and PR strategy</li> <li>Finalising centres for holding conferences for press and brokers</li> <li>Finalising collection centres;</li> <li>Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Offer material</li> </ul>	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	Motilal Oswal Investment Advisors Limited
9.	Co-ordination with Stock Exchange for Book Building software, bidding terminals, mock trading, payment of 1% security deposit and intimation of anchor allocation	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	Kotak Mahindra Capital Company Limited
10.	Finalisation of pricing, in consultation with the Company	JM Financial Limited, Kotak Mahindra Capital Company Limited, Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	Morgan Stanley India Company Private Limited
11.	Post-issue activities, which shall involve essential follow-up steps including follow-up	JM Financial Limited, Kotak Mahindra Capital Company Limited,	Kotak Mahindra Capital Company Limited

S. No.	Activity	Responsibility	Lead Co-ordinator
	with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self-Certified Syndicate Banks etc. Including responsibility for underwriting arrangements, as applicable, coordinating with Stock Exchanges and SEBI for Release of 1% security deposit post closure of the Offer and payment of STT on behalf of the Selling Shareholders	Morgan Stanley India Company Private Limited, Motilal Oswal Investment Advisors Limited, and Nomura Financial Advisory and Securities (India) Private Limited	

### Syndicate Members

#### JM Financial Services Limited

2, 3 and 4, Kamanwala Chambers,  
Ground Floor, Sir P M Road,  
Fort, Mumbai 400 001

**Website:** www.jmfinancialservices.in

**Contact person:** Surajit Misra/Deepak Vaidya/T. N. Kumar

**SEBI Registration number:** BSE-INB011054831; NSE-INB231054835

**Tel:** +91 22 6136 3400

**Fax:** NA

**E-mail:** surajit.misra@jmfl.com

#### Kotak Securities Limited

12-BKC, Plot no. C-12  
G Block, Bandra Kurla Complex  
Bandra (E), Mumbai 400 051, Maharashtra, India

**Website:** www.kotak.com

**SEBI Registration No.:** INB230808130 (NSE)/INB010808153 (BSE)

**Contact Person:** Mr. Umesh Gupta

**Tel:** +91 22 6218 5470

**Fax:** + 91 22 6661 7041

**E-mail:** umesh.gupta@kotak.com

#### Motilal Oswal Securities Limited

Motilal Oswal Tower, Rahimtullah Sayani Road  
Opposite Parel ST Depot  
Prabhadevi  
Mumbai 400 025  
India

**Website:** www.motilaloswalgroup.com

**Contact person:** Santosh Patil

**SEBI Registration number:** BSE – INB011041257; NSE – INB231041238

**Tel:** +91 22 6278 6722

**Fax:** +91 22 3846 4315

**Email:** indostar.ip@motilaloswal.com; santosh.patil@motilaloswal.com.

### Legal Counsel to the Company as to Indian Law

**Luthra & Luthra****Law Offices**

20th Floor, Tower 2, Unit A2  
Indiabulls Finance Center  
Elphinstone Road  
Senapati Bapat Marg  
Lower Parel  
Mumbai 400 013  
**Tel.:** +91 22 4354 7000  
**Fax:** +91 22 6630 3700

**Legal Counsel to the BRLMs as to Indian Law****S&R Associates**

One Indiabulls Centre, 1403 Tower 2B  
841, Senapati Bapat Marg, Lower Parel  
Mumbai 400 013  
**Tel.:** +91 22 4302 8000  
**Fax:** +91 22 4302 8001

**Special United States Legal Counsel to the BRLMs****Sidley Austin LLP**

Level 31  
Six Battery Road  
Singapore 049909  
**Tel.:** +65 6230 3900  
**Fax:** +65 6230 3939

**Legal Counsel to the Promoter Selling Shareholder as to Indian Law****Nishith Desai Associates**

C-5, Defence Colony  
New Delhi 110 024  
**Tel.:** + 91 11 4906 5000  
**Fax:** + 91 11 4906 5001

**Statutory Auditors to our Company****S.R. Batliboi & Co. LLP**

14th Floor, The Ruby  
29 Senapati Bapat Marg  
Dadar, Mumbai – 400028,  
Maharashtra India  
**Tel:** + 91 22 6192 0000  
**Fax:** +91 22 6192 1000  
**E-mail:** SRBC@in.ey.com  
**ICAI Firm Registration Number:** 301003E/E300005

**Registrar to the Offer****Link Intime India Private Limited**

C-101, 1st Floor, 247 Park  
L.B.S. Marg, Vikhroli (West)  
Mumbai 400 083, Maharashtra, India  
**Tel:** +91 22 4918 6200  
**Fax:** +91 22 4918 6195

**E-mail:** indostar.ipo@linkintime.co.in  
**Investor grievance E-mail:** indostar.ipo@linkintime.co.in  
**Website:** www.linkintime.co.in  
**Contact Person:** Shanti Gopalkrishnan  
**SEBI Registration No.:** INR000004058

## **Investor Grievances**

**Investors can contact our Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.**

For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form is submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder.

Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidder DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the relevant BRLM where the Anchor Investor Application Form was submitted by the Anchor Investor.

## **Escrow Collection Bank/ Refund Bank/ Public Offer Account Bank**

### **HDFC Bank Limited**

FIG- OPS Department- Lodha  
I Think Techno Campus O-3 Level  
Next to Kanjurmarg, Railway Station  
Kanjurmarg (East) Mumbai- 400042  
**Tel:** +91 22 30752927/28/2914  
**Fax:** +91 22 2579 9801

**E-mail:** Vincent.Dsouza@hdfcbank.com, Siddharth.Jadhav@hdfcbank.com, Prasanna.Uchil@hdfcbank.com

**Website:** www.hdfcbank.com

**Contact Person:** Vincent Dsouza, Siddharth Jadhav, Prasanna Uchil

**SEBI Registration No.:** INBI000000063

## **Designated Intermediaries**

### *Self Certified Syndicate Banks*

The list of SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> or such other websites as updated from time to time. For details of the Designated Branches which shall collect Bid cum Application Forms from the ASBA Bidders and Designated Intermediaries, please refer to the above-mentioned link.

### *Registered Brokers*

Bidders can submit ASBA Forms in the Offer using the stock broker network of the Stock Exchanges, *i.e.*, through



the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at <http://www.bseindia.com> and <http://www.nseindia.com>, respectively, as updated from time to time. In relation to ASBA Bids submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the ASBA Forms from the Registered Brokers will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

#### *Registrar and Share Transfer Agents*

The list of the RTAs eligible to accept ASBA Forms at the Collection Centres, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchanges at <http://www.bseindia.com> and <http://www.nseindia.com>, respectively, as updated from time to time.

#### *Collecting Depository Participants*

The list of the CDPs eligible to accept ASBA Forms at the Collection Centres, including details such as name and contact details, are provided on the websites of Stock Exchanges at <http://www.bseindia.com> and <http://www.nseindia.com>, respectively, as updated from time to time.

### **Bankers to our Company**

#### **Axis Bank Limited**

Ground floor, Jeevan prakash Building,  
Sir PM Road, Fort, Mumbai 400 001.  
Telephone: +91 22 4086 7464; +91 22 4086 7429; + 91 22 4086 7371  
Facsimile: +91 22 4086 7327; +91 22 4086 7378  
Email: [anil.kanekar@axisbank.com](mailto:anil.kanekar@axisbank.com);  
[ryan.moraes@axisbank.com](mailto:ryan.moraes@axisbank.com); [chinmay.save@axisbank.com](mailto:chinmay.save@axisbank.com);  
[fort.operationshead@axisbank.com](mailto:fort.operationshead@axisbank.com);  
[priyance.pagar@axisbank.com](mailto:priyance.pagar@axisbank.com)  
Website: [www.axisbank.com](http://www.axisbank.com)  
Contact Person: Anil Kanekar; Chinmay Save; Ryan Moraes;  
Priyance Pagar

#### **Bank of India**

Star House, C-G, 5 Block  
Bandra Kurla Complex East  
Mumbai 400 051  
Telephone: 91 22 2204 1568  
Facsimile: 91 22 2204 1569  
Email: [LCB.NarimanPoint@bankofindia.co.in](mailto:LCB.NarimanPoint@bankofindia.co.in)  
Website: [www.bankofindia.co.in](http://www.bankofindia.co.in)  
Contact Person: BoI, Nariman Point Large Corporate Branch

#### **Corporation Bank**

301-302, The Eagles Flight, Suren Road,  
Off Andheri-Kurla Road,  
Andheri East, Mumbai 400093  
Telephone: 022-26830452  
Facsimile: 022 26842450  
Email: [cb0870@corpbank.co.in](mailto:cb0870@corpbank.co.in)  
Website: [www.corpbank.com](http://www.corpbank.com)  
Contact Person: Sanjay Manocha

#### **IndusInd Bank**

4 Floor, Unit No 401 & 404, Wing A,  
Peninsula Tower, Peninsula Corporate Park,  
Ganpat Rao Kadam Marg, Off. S. B. Marg

#### **Bank of Baroda**

Corporate Financial Services Branch,  
3rd Floor, Mumbai Samachar Marg,  
Fort, Mumbai – 400 001  
Telephone: 022 – 43407310  
Facsimile: 022 - 22021445  
Email: [vikram.bajaj@bankofbaroda.co.in](mailto:vikram.bajaj@bankofbaroda.co.in)  
Website: [www.bankofbaroda.co.in](http://www.bankofbaroda.co.in)  
Contact Person: Vikram Bajaj

#### **Canara Bank**

Maker Tower F, 20th Floor,  
Cuffe Parade.  
Telephone: 022 -22156018; 022- 22156019  
Facsimile: 022-22156022  
Email: [souravpurohit@canarabank.com](mailto:souravpurohit@canarabank.com);  
[cb2630@canarabank.com](mailto:cb2630@canarabank.com)  
Website: [www.canarabank.in](http://www.canarabank.in)  
Contact Person: Sourav Purohit

#### **ICICI Bank Limited**

ICICI Bank Limited, Head Office,  
Bandra Kurla Complex, Bandra (E),  
Mumbai 400 051  
Telephone: 8420121491  
Facsimile: NA  
Email: [tulika.mehra@icicibank.com](mailto:tulika.mehra@icicibank.com)  
Website: [www.icicibank.com](http://www.icicibank.com)  
Contact Person: Tulika Mehra

#### **Kotak Mahindra Bank Limited**

27 BKC, 3rd Floor,  
BKC , Mumbai 400 051  
Telephone: 022 - 61660363

Lower Parel, Mumbai – 400 013  
Telephone: + 91 9717113241; +91 9833383936  
Facsimile: NA  
Email: sumant.paul@indusind.com;  
riteshsingh@indusind.com  
Contact Person: Sumant Paul (RM); Ritesh Singh (FSS Head)

**Punjab National Bank**

Maker Tower 'E', Ground Floor,  
Cuffe Parade,  
Mumbai 400 005  
Telephone: 9987682503  
Facsimile: 22152053  
Email: bo2175@pnb.co.in  
Website: NA  
Contact Person: Shobha Kathuria

**Small Industrial Development Bank of India**

MSME Development Centre, Plot No C-11,  
G Block, Bandra Kurla Complex, Bnadra (E),  
Mumbai 400 051  
Telephone: 022 - 67531327  
Facsimile: NA  
Email: vikrant@sidbi.in  
Website: www.sidbi.in  
Contact Person: Vikrant Rajvanshi

**DCB Bank Limited**

6<sup>th</sup> Floor, Tower A, Peninsula Business Park,  
Lower Parel, Mumbai-400013  
Telephone: 022 - 66187000  
Facsimile: 022 66587970  
Email: anil Kapoor@dcbbank.com  
Website: www.dcbbank.com  
Contact Person: Anil Kapoor

**IDBI Bank Limited**

34, Marigold House,  
Crossroad no. 2, MIDC ,  
Andheri (E), Mumbai – 400 093  
Telephone: 022 6758 2560; 9894277708  
Facsimile: NA  
Email: thinakaran@idbi.co.in  
Website: www.idbi.com  
Contact Person: Thinakaran T.

**Dena Bank**

Corporate Business Branch-I, Dena Corporate Centre,  
C-10, G-Block, Bandra-Kurla Complex,  
Bandra (East), Mumbai - 400051  
Telephone: 022- 26545027  
Facsimile: 022- 26545017  
Email: bankur@denabank.co.in  
Website: www.denabank.co.in  
Contact Person: Manoj Chayani, deputy general manager

**The Catholic Syrian Bank**

Marshall Building Annexe,  
Shoorji Vallabhdas Road, Ballard Estate,  
Fort, Mumbai 400 001

Facsimile: 67132416  
Email: vikash.chandak@kotak.com  
Website: www.kotak.com  
Contact Person: Vikash Chandak

**State Bank of India**

Corporate Accounts Group - BKC, The Capital, 16th floor,  
BKC, Bandra (East), Mumbai - 400051  
Telephone: 022-61709651  
Facsimile: 022 61709650  
Email: agmam5.cag2@sbi.co.in  
Website: www.sbi.co.in  
Contact Person: Dharmesh Kumar

**The Federal Bank Limited**

Corporate and Institutional Banking Department,  
C-wing , 2<sup>nd</sup> Floor, Laxmi Towers,  
Bandra Kurla Complex,  
Bandra East , Mumbai 400 051  
Telephone: 022- 61748620  
Facsimile: NA  
Email: arvindshukla@federalbank.co.in  
Website: www.federalbank.co.in  
Contact Person: Arvind Shukla

**Indian Overseas Bank**

No. 701, 7th Floor, Naman Corp Link, opp. Dena Bank,  
BKC, Bandra (East) , Mumbai - 400051  
Telephone: 022-26566268  
Facsimile: 022-26566267  
Email: iob2998@iob.in  
Website: www.iob.in  
Contact Person: S Vasudevan

**The South Indian Bank Limited**

SIB House, Mission Quarter,  
Thrissur 680 001  
Telephone: +91 487 2420020  
Facsimile: +91 487 2442021  
Email: sibcorporate@sib.co.in  
Website: www.southindianbank.com  
Contact Person: -

**Indian Bank**

325, Gitanjali Arcode,  
1st Floor, Nehru Road, opp. Campus Hotel,  
Vile Parle (East), Mumbai - 57.  
Telephone: 022 – 26146662; 022 - 26153613  
Facsimile: 022-26153613  
Email: vileparle@indianbank.co.in  
Website: www.indianbank.in  
Contact Person: Sagar Guha, assistant general manager

**Doha Bank, QSC**

Sakhar Bhavan Ground Floor,  
Nariman Point , Mumbai 400 021  
Telephone: 022 3394 1103

Telephone: NA  
Facsimile: 9072601177  
Email: mumbaifort@csb.co.in  
Website: www.csb.co.in  
Contact Person: Ram Mohan GS

Facsimile: 022 2287 5290  
Email: sravindran@dohabank.co.in  
Website: www.dohabank.co.in  
Contact Person: S Ravindran

**Karnataka Bank Limited**

Overseas Branch, 104-106, First Floor,  
Embassy centre, Jamnalal Bajaj Marg  
Nariman Point, Mumbai 400 021  
Telephone: 022 – 22885 016/17  
Facsimile: 02202 0463  
Email: bom.overseas@ktkbank.com  
Website: www.karnatakabank.com  
Contact Person: Mr. Divakar. M.P – Chief Manager

**Abu Dhabi Commercial Bank PJSC**

75, Rehman Manzil, Veer Nariman Road,  
Churchgate, Mumbai 400 020  
Telephone: 022 6176 3719  
Facsimile: 91 22 3953 4106  
Email: kunal.mota@in.adcb.com  
Website: http://www.adcbindia.com  
Contact Person: Mr. Kunal Anil Mota

**Vijaya Bank**

Corporate Banking Branch - III, EMCA House,  
289 Shahid Bhagat Singh Road,  
Fort, Mumbai 400 001  
Telephone: 022 – 2269 2581  
Facsimile: -  
Email: bm5155@vijayabank.co.in  
Website: www.vijayabank.com  
Contact Person: Mr. Pradeep Desai

**HDFC Bank Limited**

HDFC Bank Limited, Peninsula Business Park, Tower B, 4th  
Floor, Lower Parel, Mumbai 400013  
Telephone: 022-33958000 ext. 8057  
Facsimile: 022-30788583  
Email: dhrumit.punmiya@hdfcbank.com  
Website: www.hdfcbank.com  
Contact Person: Dhrumit Punmiya

**Allahabad Bank**

216A, Manish Commercial Centre,  
Dr Annie Beasant Road,  
Worli, Mumbai 400 030.  
Telephone: 022-24939537  
Facsimile: 022-24927798  
Email: br.mumworli@allahabadbank.in  
Website: www.allahabadbank.in  
Contact Person: Rajesh Singh, chief manager

**RBL Bank Limited**

One Indiabulls Centre, Tower 2B,  
6th Floor, 841, Senapati bapat Marg,  
Lower Parel, Mumbai 400 013.  
Telephone: 91 22 4302 0659  
Facsimile: 91 22 4302 0520  
Email: Rohit.Agrawal@rblbank.com  
Website: www.rblbank.com  
Contact Person: Rohit Agrawal, senior vice president, financial  
institutions group

**Grading of the Offer**

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

**Monitoring Agency**

Pursuant to Regulation 16 of the SEBI ICDR Regulations, HDFC Bank Limited has been appointed as the Monitoring Agency for monitoring the utilisation of the Net Proceeds.

**Expert**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors namely, S. R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated April 6, 2018 and the statement of tax benefits dated April 11, 2018, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Such consent has not been withdrawn as on the date of this Red Herring Prospectus.

## **Appraising Entity**

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

## **Credit Rating**

As this is an offer of Equity Shares, credit rating is not required.

## **Trustees**

As this is an offer of Equity Shares, the trustees are not required to be appointed.

## **Book Building Process**

“Book building”, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus, the Bid cum Application Forms and the Revision Forms, within the Price Band. The Price Band and minimum Bid lot size, will be decided by our Company and the Promoter Selling Shareholder in consultation with the BRLMs, and advertised in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language in the state where our Registered and Corporate Office is located), each with wide circulation, respectively, at least five Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Offer Price shall be determined by our Company and the Promoter Selling Shareholder in consultation with the BRLMs, after the Bid/ Offer Closing Date. The principal parties involved in the Book Building Process are:

- (1) our Company;
- (2) the Selling Shareholders;
- (3) the BRLMs;
- (4) the Syndicate Members;
- (5) the Registrar to the Offer;
- (6) the Escrow Collection Banks;
- (7) the SCSBs;
- (8) the CDPs;
- (9) the RTAs; and
- (10) the Registered Brokers.

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Our Company and the Promoter Selling Shareholder in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations.

In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

For further details, see “*Offer Procedure*” on page 379.

**All potential Bidders, other than Anchor Investors, shall participate in the Offer mandatorily through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

**In accordance with the SEBI ICDR Regulations, QIBs (other than Anchor Investors) Bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid. For further details, see “*Offer Structure*” and “*Offer Procedure*” on pages 375 and 379 respectively.**

Our Company will comply with the SEBI ICDR Regulations and any other directions issued by SEBI in relation to this Offer. Each of the Selling Shareholders, severally and not jointly, confirm that such Selling Shareholder will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable, to the respective portion of their Offered Shares. In this regard, our Company and the Selling Shareholders have appointed the BRLMs to manage this Offer and procure Bids for this Offer.

**The Book Building Process is in accordance with guidelines, rules, regulations prescribed by SEBI, which are subject to change from time to time. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

For an illustration of the Book Building Process and price discovery process, see “*Offer Procedure – Part B – General Information Document for Investing in Public Issues – Basis of Allocation - Illustration of the Book Building and Price Discovery Process*” on page 414.

Investors should note that the Offer is also subject to obtaining (i) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) final approval of the RoC after the Prospectus is filed with the RoC.

#### **Steps to be taken by the Bidders for Bidding:**

- Check eligibility for making a Bid. For further details, see “*Offer Procedure*” on page 379.
- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
- Ensure that the Bid cum Application Form is duly completed as per the instructions given in this Red Herring Prospectus and in the respective form.
- Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the State of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, are exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/ bilateral institutions, which are exempted from specifying, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see “*Offer Procedure*” on page 379). The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants’ verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims.
- Ensure the correctness of your PAN, DP ID and Client ID and beneficiary account number given in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain details of the

Bidders from the Depositories including the Bidder's name, bank account number etc., and the Stock Exchanges will validate the electronic Bid details with the Depositories records for PAN, DP ID and Client ID.

- Ensure correctness of your demographic details such as the address, the bank account details for printing on refund orders and occupation given in the Bid cum Application Form, with the details recorded with your Depository Participant.
- ASBA Bidders will have to submit ASBA Forms to (a) the Designated Intermediaries in physical form or (b) to Designated Branches of the SCSBs in electronic form. ASBA Bidders should ensure that the ASBA Accounts have adequate credit balance at the time of submission of the ASBA Forms to ensure that the ASBA Form submitted by the ASBA Bidders is not rejected.
- Bids by all Bidders (except Anchor Investors) shall be submitted only through the ASBA process.

For further details, see the “Offer Procedure” on page 379.

### Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholders intend to enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The underwriting shall be in accordance with the terms of the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)*

Details of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹ million)
[●]	[●]	[●]
[●]	[●]	[●]
<b>Total</b>	[●]	[●]

*The above-mentioned is indicative and will be finalised after determination of the Offer Price and finalisation of the Basis of Allotment and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations.*

In the opinion of our Board (based on representations given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or are registered as brokers with the Stock Exchanges. The Board of Directors/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments set forth in the table above. Notwithstanding the above table, each of the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them in accordance with the Underwriting Agreement.

## CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Red Herring Prospectus, is set forth below:

		<i>(in ₹, except share data)</i>	
		Aggregate nominal value	Aggregate value at Offer Price
A)	<b>AUTHORISED SHARE CAPITAL</b>		
	110,000,000 Equity Shares	1,100,000,000	-
B)	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE OFFER</b>		
	78,901,199 Equity Shares	789,011,990	
C)	<b>PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS</b>		
	Public offer of up to [●] Equity Shares <sup>(a)</sup>	[●]	Up to ₹ [●] million
	<i>Comprising</i>		
	a) Fresh Issue of up to [●] Equity Shares aggregating to ₹ 7,000 million <sup>(a)</sup>	[●]	Up to ₹ [●] million
	b) Offer for Sale of up to 20,000,000 Equity Shares by the Selling Shareholders <sup>(b)</sup>	[●]	Up to ₹ [●] million
D)	<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE OFFER</b>		
	[●] Equity Shares	[●]	[●]
E)	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer		10,380,774,956
	After the Offer*		[●]

\* To be included upon determination of the Offer Price.

<sup>(a)</sup> The Offer has been authorised by our Board and our shareholders pursuant to resolutions dated February 5, 2018 and February 7, 2018, respectively.

<sup>(b)</sup> See “*The Offer*” on page 71 for details of consents/ authorisations provided by the Selling Shareholders for their respective portions of the Offered Shares.

Each of the Selling Shareholders, severally and not jointly, confirm that their portion of the Offered Shares are eligible to be offered for sale in accordance with the SEBI ICDR Regulations and have been held for a period of at least one year prior to the date of the Draft Red Herring Prospectus.

### Changes in our Authorised Share Capital

For details in relation to the changes in the authorised share capital of our Company, see “*History and Certain Corporate Matters - Amendments to our Memorandum of Association*” on page 187.

### Notes to Capital Structure

#### Share Capital History

##### (i) *History of Equity Share capital of our Company*

The following table sets forth the history of the Equity Share capital of our Company:

Date of allotment/forfeiture	Number of Equity Shares	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative number of Equity Shares	Cumulative paid up Equity Share capital (₹)
July 24, 2009	10,000	10	10	Cash	Subscription to MoA <sup>(1)</sup>	10,000	100,000
September 15, 2009	202,180	10	100	Cash	Further issue <sup>(2)</sup>	212,180	2,121,800
March 31,	51,004,56	10	130	Cash	Further	51,216,749	512,167,490

Date of allotment/forfeiture	Number of Equity Shares	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative number of Equity Shares	Cumulative paid up Equity Share capital (₹)
2011	9				issue <sup>(3)</sup>		
March 31, 2011	9,038,250	10	130	Cash	Further issue <sup>(4)</sup>	60,254,999	512,257,872.50
June 13, 2011	8,498,384	10	130	Cash	Further issue <sup>(5)</sup>	68,753,383	597,241,712.50
July 25, 2011	8,904,814	10	130	Cash	Further issue <sup>(6)</sup>	77,658,197	686,289,852.50
August 4, 2015 – August 21, 2015	Payment of call towards partly paid-up Equity Shares to make such Equity Shares fully paid-up. <sup>(7)</sup>						733,587,327.68
August 25, 2015	723,060 partly paid Equity Shares held by Sanjay Hinduja and 3,580,708 partly paid Equity Shares held by Indostar Trust, were forfeited and cancelled from the Equity Share capital of the Company due to non-payment of call of ₹ 129.99 per Equity Share.					73,354,429	733,544,290
May 13, 2016	3,300	10	140	Cash	Allotment of Equity Shares under the IndoStar ESOP Plan 2012 <sup>(8)</sup>	73,357,729	733,577,290
November 4, 2016	200	10	145	Cash	Allotment of Equity Shares under the IndoStar ESOP Plan 2012 <sup>(9)</sup>	73,357,929	733,579,290
November 4, 2016	100	10	140	Cash	Allotment of Equity Shares under the IndoStar ESOP Plan 2012 <sup>(10)</sup>	73,358,029	733,580,290
November 4, 2016	470	10	149.37	Cash	Allotment of Equity Shares under the IndoStar ESOP Plan 2012 <sup>(11)</sup>	73,358,499	733,584,990
March 23, 2017	5,003,300	10	300	Cash	Preferential allotment <sup>(12)</sup>	78,361,799	783,617,990
May 8, 2017	317,460	10	315	Cash	Preferential allotment <sup>(13)</sup>	78,679,259	786,792,590
April 9, 2018	26,100	10	140	Cash	Allotment of Equity Shares under the IndoStar ESOP 2012 <sup>(14)</sup>	78,705,359	787,053,590
April 9, 2018	99,800	10	145	Cash	Allotment of Equity Shares under the IndoStar ESOP 2012 <sup>(15)</sup>	78,805,159	788,051,590



Date of allotment/forfeiture	Number of Equity Shares	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative number of Equity Shares	Cumulative paid up Equity Share capital (₹)
April 9, 2018	31,040	10	149.37	Cash	Allotment of Equity Shares under the IndoStar ESOP 2012 <sup>(16)</sup>	78,836,199	788,361,990
April 9, 2018	12,500	10	225	Cash	Allotment of Equity Shares under the IndoStar ESOP 2016 <sup>(17)</sup>	78,848,699	788,486,990
April 9, 2018	42,500	10	255	Cash	Allotment of Equity Shares under the IndoStar ESOP 2016-II <sup>(18)</sup>	78,891,199	788,911,990
April 9, 2018	10,000	10	300	Cash	Allotment of Equity Shares under the IndoStar ESOP 2016-II <sup>(19)</sup>	78,901,199	789,011,990

<sup>(1)</sup> Initial subscription to the MoA of 5,000 Equity Shares each by Vishal Agrawal and Rohit Choudhary.

<sup>(2)</sup> 101,600 Equity Shares issued to Rohit Choudhary; 100,000 Equity Shares issued to Kamala Choudhary; and 580 Equity Shares issued to Vishal Agrawal.

<sup>(3)</sup> 50,862,903 Equity Shares issued to Indostar Capital; 70,833 Equity Shares issued to Sandeep Baid; and 70,833 Equity Shares issued to Sanjay Hinduja

<sup>(4)</sup> 3,615,300 Equity Shares issued to Sandeep Baid; 3,615,300 Equity Shares issued to Sanjay Hinduja; and 1,807,650 Equity Shares issued to Indostar Trust pursuant to the IndoStar Agreement. Such Equity Shares were partly paid up and ₹ 0.01 per Equity Share was paid at the time of such issue of the Equity Shares.

<sup>(5)</sup> 8,498,384 Equity Shares issued to Indostar Capital.

<sup>(6)</sup> 8,674,045 Equity Shares issued to Indostar Capital; and 230,769 Equity Shares issued to Vimal Bhandari.

<sup>(7)</sup> Payment of first and final call of ₹ 129.99 per Equity Share towards the following:

- a) 165,000 partly paid up Equity Shares held by Jayant S. Gunjal;
- b) 686,200 partly paid up Equity Shares held by Vimal Bhandari;
- c) 80,000 partly paid up Equity Shares held by Pankaj Thapar;
- d) 511,513 partly paid up Equity Shares held by Rachna Baid;
- e) 2,307,692 partly paid up Equity Shares held by Shailesh Shirali;
- f) 406,000 partly paid up Equity Shares held by Vivek Agarwall;
- g) 573,077 partly paid up Equity Shares held by Sandeep Baid; and
- h) 5,000 partly paid up Equity Shares held by Vinod Lund.

<sup>(8)</sup> 3,300 Equity Shares issued to Raghavendra Prabhu.

<sup>(9)</sup> 100 Equity Shares issued to Deepak Bakliwal; and 100 Equity Shares to Nishant Kotak.

<sup>(10)</sup> 100 Equity Shares issued to Rohit Talwalkar.

- (11) 10 Equity Shares issued to Mamata Pradhan; 10 Equity Shares issued to Kirtikant Kaviju; 100 Equity Shares issued to Amit Kumar Gupta; 300 Equity Shares issued to Kiran Deshmukh; 10 Equity Shares issued to Jitendra Bhati; 10 Equity Shares issued to Vishal Mayekar; 10 Equity Shares issued to Unnikrishnan CV; 10 Equity Shares issued to Lakshmanan Pattani; and 10 Equity Shares issued to Neeta Bisht.
- (12) 2,265,000 Equity Shares issued to Mission Street Pte. Ltd.; 270,000 Equity Shares issued to Prashant Prakash Joshi; 1,135,000 Equity Shares issued to Everstone Capital Partners II LLC; and 1,333,300 Equity Shares issued to Laxmi Shivanand Mankekar, jointly with Shivanand Shankar Mankekar jointly with Kedar Shivanand Mankekar.
- (13) 317,460 Equity Shares issued to R. Sridhar.
- (14) 21,900 Equity Shares issued to Rohit Talwalkar; and 4,200 Equity Shares issued to Pankaj Thapar.
- (15) 49,900 Equity Shares issued to Deepak Bakliwal; and 49,900 Equity Shares issued to Nishant Kotak
- (16) 6,000 Equity Shares issued to Rohit Talwalkar; 7,500 Equity Shares issued to Deepak Bakliwal; 6,000 Equity Shares issued to Nishant Kotak; 2,990 Equity Shares issued to Mamata Pradhan; 1,490 Equity Shares issued to Kirtikant Kaviju, 2,900 Equity Shares issued to Amit Kumar Gupta; 1,490 Equity Shares issued to Jitendra Bhati; 890 Equity Shares issued to Vishal Mayekar; 890 Equity Shares issued to Lakshmanan Pattani; and 890 Equity Shares issued to Neeta Bisht
- (17) 12,500 Equity Shares issued to Prashant Shetty
- (18) 10,000 Equity Shares issued to Mamata Pradhan, 2,500 Equity Shares issued to Kirtikant Kaviju; 10,000 Equity Shares issued to Amit Kumar Gupta; 6,000 Equity Shares issued to Jitendra Bhati; 5,000 Equity Shares issued to Prashant Shetty, 2,500 Equity Shares issued to Khushboo Shahani; 2,500 Equity Shares issued to Rajiv Sajeja; 2,000 Equity Shares issued to Hardik Bajaria; and 2,000 Equity Shares issued to Srikanth Sridharan
- (19) 10,000 Equity Shares issued to Nilufer Panthaki.

(ii) **Shares issued for consideration other than cash or through bonus**

Our Company has not issued Equity Shares for consideration other than cash or through bonus.

(iii) **Issue of Equity Shares in the last two preceding years**

For details on the issue of Equity Shares by our Company in the last two preceding years, see “ – Notes to Capital Structure – History of Equity Share capital of our Company” on page 85.

(iv) **History of build-up, Promoter’s contribution and lock-in of Promoter’s shareholding**

As on the date of this Red Herring Prospectus, our Promoter holds 71,102,635 Equity Shares, constituting 90.12% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoter’s shareholding is set out below.

**a) Build-up of Promoter’s shareholding in our Company**

Set forth below is the build-up of the equity shareholding of our Promoter since incorporation of our Company:

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue/ acquisition/transfer price per Equity Share (₹)	% of the pre-Offer Equity Share capital	% of the post-Offer Equity Share capital
March 31, 2011	Further issue	50,862,903	Cash	10	130	64.46	[●]
June 13, 2011	Further issue	8,498,384	Cash	10	130	10.77	[●]
July 25, 2011	Further issue	8,674,045	Cash	10	130	10.99	[●]
August 7, 2015	Transfer from Vimal Bhandari	485,511	Cash	10	200	0.62	[●]

Date of allotment/ transfer	Nature of transaction	Number of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue/ acquisition/transfer price per Equity Share (₹)	% of the pre-Offer Equity Share capital	% of the post-Offer Equity Share capital
August 7, 2015	Transfer from Jayant S. Gunjal	116,743	Cash	10	200	0.15	[●]
August 7, 2015	Transfer from Indostar Trust	176,343	Cash	10	200	0.22	[●]
August 13, 2015	Transfer from Rachna Baid	511,513	Cash	10	200	0.65	[●]
August 13, 2015	Transfer from Shailesh Shirali	1,710,777	Cash	10	200	2.17	[●]
August 13, 2015	Transfer from Pankaj Thapar	46,157	Cash	10	200	0.06	[●]
August 17, 2015	Transfer from Vivek Agarwal	287,259	Cash	10	200	0.36	[●]
January 17, 2017	Transfer to Saurabh Agarwal jointly with Sandeep Baid	(140,000)	Cash	10	220	(0.18)	[●]
January 17, 2017	Transfer to Manoj Ajmera, jointly with Bandish Ajmera, jointly with Sandeep Baid	(80,000)	Cash	10	220	(0.10)	[●]
January 17, 2017	Transfer to Suman Gandhi, jointly with Omprakash Gandhi, jointly with Sandeep Baid	(47,000)	Cash	10	220	(0.06)	[●]
<b>Total</b>		<b>71,102,635</b>				<b>90.12</b>	<b>[●]</b>

All the Equity Shares held by our Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares.

**b) Shareholding of our Promoter, the members of our Promoter Group, and the directors of our Promoter**

Except as stated below, neither our Promoter, members of our Promoter Group, nor the directors of our Promoter hold Equity Shares:

Sr. No.	Name of shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	Percentage of pre-Offer capital	No. of Equity Shares	Percentage of post-Offer capital
Promoter					
1.	Indostar Capital	71,102,635	90.12%	[●]	[●]
Promoter Group					
2.	Everstone Capital Partners II LLC	1,135,000	1.44%	1,135,000	[●]
Total		72,237,635	91.56%	[●]	[●]

All Equity Shares held by our Promoter and our Promoter Group are in dematerialised form.

c) ***Details of Promoter's contribution locked-in for three years***

Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer equity share capital of our Company held by our Promoter shall be locked-in as minimum promoter's contribution for a period of three years from the date of Allotment ("**Promoter's Contribution**").

As on the date of this Red Herring Prospectus, our Promoter holds 71,102,635 Equity Shares, constituting 90.12% of our Company's paid-up Equity Share capital, of which all the Equity Shares except for up to 18,508,407 Equity Shares forming part of the Offer for Sale by the Promoter Selling Shareholder, are eligible for Promoter's Contribution.

Our Promoter has, pursuant to a letter dated February 9, 2018, given consent to include such number of Equity Shares held by it as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoter's Contribution and has agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber in any manner the Promoter's Contribution from the date of the Draft Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations. Details of Promoter's Contribution are as provided below:

Name of the Promoter	No. of Equity Shares locked-in*	Date of transaction*	Face value per Equity Share (₹)	Allotment/ Acquisition price* (₹)	Nature of transaction*	% of the pre-Offer capital*	% of the fully diluted post-Offer Capital*
Indostar Capital	[●]	[●]	10	[●]	[●]	[●]	20

\*To be filled in at Prospectus stage.

Our Promoter has confirmed to our Company and the BRLMs that the acquisition of the Equity Shares held by them and which will be locked-in as the Promoter's Contribution have been financed from funds received by way of issue of equity shares by our Promoter i.e. its own funds and no loans or financial assistance from any banks or financial institution has been availed for such purpose.

The Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations.

The Equity Shares that are being locked-in for computation of Promoter's Contribution are not, and will not be, ineligible under Regulation 33 of the SEBI ICDR Regulations. In particular, these Equity Shares do not, and shall not, consist of:

- (i) Equity Shares acquired during the three years preceding the date of this Red Herring Prospectus (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets, or (b) resulting from bonus issuances of Equity Shares out of revaluations reserves or unrealised profits or against Equity Shares which are otherwise ineligible for computation of promoter's contribution;
- (ii) Equity Shares acquired during the one year preceding the date of this Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
- (iii) Equity Shares acquired on account of conversion of partnership firms in the last one year preceding the date of this Red Herring Prospectus (given that our Company has not been formed as a result of such conversion); and
- (iv) Equity Shares held by the Promoter that are subject to any pledge.

(v) ***Sales or purchases of Equity Shares or other specified securities of our Company or Subsidiaries by our***

***Promoter, directors of our Promoter, the other members of our Promoter Group, our Directors or their immediate relatives during the six months immediately preceding the date of this Red Herring Prospectus and the Draft Red Herring Prospectus.***

Our Promoter, directors of our Promoter, the other members of our Promoter Group, our Directors or their immediate relatives have not sold or purchased any Equity Shares or other specified securities of our Company or Subsidiaries during the six months immediately preceding the date of this Red Herring Prospectus and the Draft Red Herring Prospectus.

(vi) **Details of share capital locked-in for one year**

Except for (a) the Promoter's Contribution, which shall be locked-in as above, (b) the Equity Shares which are sold or transferred as part of the Offer for Sale by the Selling Shareholders, (c) Equity Shares allotted under the ESOP Schemes to the eligible employees of our Company who are employees as on date of Allotment, the entire pre-Offer Equity Share capital of our Company shall be locked-in for a period of one year from the date of Allotment.

In terms of Regulation 40 of the SEBI ICDR Regulations, Equity Shares held by the Promoter may be transferred to and among the Promoter and/or members of the Promoter Group or a new promoter or person(s) in control of our Company, subject to continuation of lock-in in the hands of the transferee for the remaining period and compliance with provisions of the Takeover Regulations as applicable. The Equity Shares held by persons other than the Promoter prior to the Offer and locked in under the SEBI ICDR Regulations, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of the transferee and compliance with the provisions of the Takeover Regulations.

The Equity Shares held by our Promoter which are locked-in as per Regulation 36 of the SEBI ICDR Regulations for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan. The Equity Shares locked-in as Promoter's Contribution may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Offer, and such pledge of the Equity Shares is one of the terms of the sanction of the loan.

***Lock-in of Equity Shares Allotted to Anchor Investors***

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

(vii) ***Our shareholding pattern***

The table below represents the equity shareholding pattern of our Company as on the date of this Red Herring Prospectus:

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialised form (XIV)
								No of Voting Rights						No. (a)	As a % of total shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class	Class	Total	Total as a % of (A+B+C)							
								Fully Paid Equity Shares										
(A)	Promoter and Promoter Group	2	72,237,635	0	0	72,237,635	91.56	72,237,635	--	72,237,635	91.56	0	91.56	0	0	0	0	72,237,635
(B)	Public	34	6,663,564	0	0	6,663,564	8.44	6,663,564	--	6,663,564	8.44	0	8.44	0	0	0	0	3,766,411
(C)	Non Promoter-Non Public	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C) (1)	Shares underlying DRs	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C) (2)	Shares held by Employee Trusts	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
	<b>Total (A) + (B) + (C)</b>	<b>36</b>	<b>78,901,199</b>	<b>0</b>	<b>0</b>	<b>78,901,199</b>	<b>100.00</b>	<b>78,901,199</b>	<b>0</b>	<b>78,901,199</b>	<b>100.00</b>	<b>0</b>	<b>100.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>76,004,046</b>

(viii) **Shareholding of our Directors and Key Management Personnel in our Company**

Other than as set forth below, none of the Directors and Key Management Personnel hold Equity Shares as on the date of this Red Herring Prospectus:

Name	No. of Equity Shares	% of pre-Offer Equity Share capital
<b>Directors</b>		
R. Sridhar	317,460	0.40
<b>Total</b>	<b>317,460</b>	<b>0.40</b>
<b>Key Management Personnel</b>		
Shailesh Shirali	263,615	0.33
Prashant Joshi	270,000	0.34
Pankaj Thapar	38,043	0.05
Jitendra Bhati	7,500	0.01
<b>Total</b>	<b>579,158</b>	<b>0.73</b>

(ix) As on the date of this Red Herring Prospectus, our Company has 36 Shareholders.

(x) **Top 10 shareholders**

- The number of Equity Shares held by the top 10 Shareholders, as on the date of this Red Herring Prospectus, and as of 10 days prior to filing of this Red Herring Prospectus are as follows:

S. No.	Shareholder	Number of Equity Shares held**	Percentage of pre-Offer share capital (%)
1.	Indostar Capital	71,102,635	90.12
2.	Mission Street Pte. Ltd.	2,265,000	2.87
3.	Laxmi Shivanand Mankekar, jointly with Shivanand Shankar Manekar, jointly with Kedar Shivanand Mankekar	1,666,600	2.11
4.	Everstone Capital Partners II LLC	1,135,000	1.44
5.	Sandeep Baid	750,000*	0.95
6.	Vimal Bhandari	431,458	0.55
7.	R. Sridhar	317,460	0.40
8.	Prashant Joshi	270,000	0.34
9.	Shailesh Shirali	263,615	0.33
10.	Saurabh Agrawal jointly with Sandeep Baid	140,000	0.18
	<b>Total</b>	<b>78,341,768</b>	<b>99.29</b>

\* Excluding 140,000 Equity Shares held jointly with Saurabh Agrawal as first holder; 80,000 Equity Shares held jointly with Manoj Ajmera, as first holder, and Bandish Ajmera as second holder; and 47,000 Equity Shares held jointly with Suman Gandhi as first holder and Om Prakash Gandhi as second holder.

\*\* Does not include the Equity Shares that the shareholders will be entitled to upon exercise of options granted under the ESOP Schemes.

- As of two years prior to filing of this Red Herring Prospectus, our Company had nine Shareholders. The number of Equity Shares held by them as of two years prior to filing of this Red Herring Prospectus are as follows:

S. No.	Shareholder	Number of Equity Shares held*	Percentage of issued, subscribed and paid-up share capital held (%)
1.	Indostar Capital	71,369,635	97.29
2.	Sandeep Baid	750,000	1.02
3.	Shailesh Shirali	596,915	0.81
4.	Vimal Bhandari	431,458	0.59
5.	Vivek Agarwall	118,741	0.16
6.	Jayant S. Gunjal	48,257	0.07
7.	Pankaj Thapar	33,843	0.05
8.	Vinod Lund	5,000	0.01

S. No.	Shareholder	Number of Equity Shares held*	Percentage of issued, subscribed and paid-up share capital held (%)
9.	Sanjay Hinduja	580	Negligible
	<b>Total</b>	<b>73,354,429</b>	<b>100.00</b>

\* Does not include the Equity Shares that the shareholders will be entitled to upon exercise of options granted under the ESOP Schemes.

(xi) **Employee Stock Option Schemes**

As of the date of the Red Herring Prospectus, all the ESOP Schemes are in compliance with the SEBI ESOP Regulations. All the ESOP Schemes have been framed and implemented in accordance with the guidance notes issued by ICAI and the relevant accounting standards.

Details of grants, exercise and lapsing of options as on the date of this Red Herring Prospectus on a cumulative basis are as follows:

*IndoStar ESOP Plan 2012*

Particulars	Details
Total Options granted	1,608,754
Options forfeited/ lapsed/ cancelled	109,390
Options exercised	161,010
Total number of Equity Shares arising as a result of exercise of options	161,010
Options vested (excluding options that have been exercised)	1,081,254
Total number of options in force	1,338,354

*IndoStar ESOP Plan 2016*

Particulars	Details
Total Options granted	3,017,036
Options forfeited/ lapsed/ cancelled	317,259
Options exercised	12,500
Total number of Equity Shares arising as a result of exercise of options	12,500
Options vested (excluding options that have been exercised)	2,226,777
Total number of options in force	2,687,277

*IndoStar ESOP Plan 2016-II*

Particulars	Details
Total Options granted	3,019,000
Options forfeited/ lapsed/ cancelled	116,000
Options exercised	52,500
Total number of Equity Shares arising as a result of exercise of options	52,500
Options vested (excluding options that have been exercised)	221,200
Total number of options in force	2,850,500

*IndoStar ESOP Plan 2017*

Particulars	Details
Total Options granted	1,998,500
Options forfeited/ lapsed/ cancelled	7,500
Options exercised	0
Total number of Equity Shares arising as a result of exercise of options	0
Options vested (excluding options that have been exercised)	0
Total number of options in force	1,991,000

*IndoStar ESOP Plan 2018*

Particulars	Details
Total Options granted	1,573,500
Options forfeited/ lapsed/ cancelled	20,000



Particulars	Details
Options exercised	0
Total number of Equity Shares arising as a result of exercise of options	0
Options vested (excluding options that have been exercised)	0
Total number of options in force	1,553,500

#### Consolidated Details under the ESOP Schemes

Particulars	Details
Total Options granted	11,216,790
Options forfeited/ lapsed/ cancelled	570,149
Options exercised	226,010
Total number of Equity Shares arising as a result of exercise of options	226,010
Options vested (excluding options that have been exercised)	3,529,231
Total number of options in force	10,420,631

#### IndoStar ESOP Plan 2012

Our Company, pursuant to resolutions passed by the Board and Shareholders on June 20, 2012 and July 30, 2012 respectively, adopted IndoStar ESOP Plan 2012 (“**ESOP 2012**”). ESOP 2012 was for a total of 1,500,000 stock options for the eligible employees of the Company, its Subsidiaries and the holding company, Indostar Capital. In accordance with ESOP 2012, each option on exercise would be eligible for one Equity Share on payment of exercise price. ESOP 2012 was effective from July 30, 2012.

Particulars	Details for the financial year ended March 31			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
Options granted	666,000	0	602,254	7,500
Pricing Formula	Fair Market Value			
Options Vested	27,300	54,600	141,600	1,019,654
Vesting period from date of grant	Not less than 1 year and not more than 5 years from the date of Grant.			
Basis of vesting	NA			
Options Exercised	0	0	4,070	156,940
The total number of shares arising as a result of exercise of options	0	0	4,070	156,940
Options forfeited/lapsed/cancelled	45,000	28,700	2,700	2,990
Variation of terms of options	NA			
Money realized by exercise of options (₹.)	0	0	575,203.9	22,761,444.8
Total number of options in force	924,000	895,300	1,490,784	1,338,354
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20 (Refer Note 1)	21.43	26.41	26.31	18.82*
Method of Accounting followed for stock options granted to employees	Intrinsic value method			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee	18.05	18.47	341.31	128.13*

Particulars	Details for the financial year ended March 31			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options) (Amount in INR Million) <b>(Refer Note 1)</b>				
Impact on profits of the Company (₹ in millions) <b>(Refer Note 1)</b>	18.05	18.47	341.31	128.13*
Basic EPS (₹) <b>(Refer Note 1)</b>	21.45	26.49	24.04	19.24*
Diluted EPS (₹) <b>(Refer Note 1)</b>	21.17	26.16	22.05	17.35*
Weighted average exercise price of Options granted during the year:				
Exercise price equals market price on the date of grant	NA	NA	NA	NA
Exercise price is greater than market price on the date of grant	NA	NA	NA	NA
Exercise price is less than market price on the date of grant	NA	NA	NA	NA
Weighted average fair value of Options granted during the year:				
Exercise price equals market price on the date of grant	NA	NA	NA	NA
Exercise is greater than market price on the date of grant	NA	NA	NA	NA
Exercise price is less than market price on the date of grant	NA	NA	NA	NA
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,	Black Scholes valuation model			
<b>Tranche I</b>				
Risk free interest rate	8%	8%	8%	8%
Expected life (in years)	4	4	4	4
Expected volatility	0.5811	0.5811	0.5811	0.5811
Expected dividends	0%	0%	0%	0%
<b>Tranche II</b>				
Risk free interest rate	8%	8%	8%	8%
Expected life (in years)	4	4	4	4
Expected volatility	0.5765	0.5765	0.5765	0.5765
Expected dividends	0%	0%	0%	0%
<b>Tranche III</b>				
Risk free interest rate	8%	8%	8%	8%
Expected life (in years)	NA	NA	NA	NA
Expected volatility	0.5709	0.5709	0.5709	0.5709
Expected dividends	0%	0%	0%	0%
<b>Tranche IV</b>				
Risk free interest rate	8%	8%	8%	8%
Expected life (in years)	NA	NA	NA	NA
Expected volatility	0.5671	0.5671	0.5671	0.5671
Expected dividends	0%	0%	0%	0%
<b>Tranche V</b>				
Risk free interest rate	8%	8%	8%	8%
Expected life (in years)	5	5	5	5
Expected volatility	0.5733	0.5733	0.5733	0.5733
Expected dividends	0%	0%	0%	0%

Particulars	Details for the financial year ended March 31			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
<b>Tranche VI</b>				
Risk free interest rate	7.39%	7.39%	7.39%	7.39%
Expected life (in years)	3	3	3	3
Expected volatility	0.4300	0.4300	0.4300	0.4300
Expected dividends	0%	0%	0%	0%
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Yes, aggregating approximately up to 152,300 Equity Shares			
Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	None			

Note 1: Figures reported for each financial year/period is based on options granted under all the ESOP Schemes.

#### *IndoStar ESOP Plan 2016*

Our Company, pursuant to resolutions passed by the Board and Shareholders on April 11, 2016 and May 9, 2016 respectively, adopted IndoStar ESOP Plan 2016 (“**ESOP 2016**”). ESOP 2016 was for a total of 2,700,000 stock options for the eligible employees of the Company, its Subsidiaries and the holding company, Indostar Capital. In accordance with ESOP 2016, each option on exercise would be eligible for one Equity Share on payment of exercise price. ESOP 2016 was effective from May 9, 2016.

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
Options granted	0	0	2,688,036	329,000
Pricing Formula	Fair Market Value			
Options Vested	0	0	0	2,239,777
Vesting period from date of grant	Not less than 1 year and not more than 5 years from the date of Grant.			
Basis of vesting	NA			
Options Exercised	0	0	0	12,500
The total number of shares arising as a result of exercise of options	0	0	0	12,500
Options forfeited/lapsed/cancelled	0	0	287,259	30,000
Variation of terms of options	NA			
Money realized by exercise of options (₹.)	0	0	0	0
Total number of options in	0	0	2,400,777	2,687,277

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
force				
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20 (Refer Note 1)	21.43	26.41	26.31	18.82*
Method of Accounting followed for stock options granted to employees	Intrinsic value method			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options) (Amount in millions) (Refer Note 1)	18.05	18.47	341.31	128.13*
Impact on profits of the Company (₹ in millions) (Refer Note 1)	18.05	18.47	341.31	128.13*
Basic EPS (₹) (Refer Note 1)	21.45	26.49	24.04	19.24*
Diluted EPS (₹) (Refer Note 1)	21.17	26.16	22.05	17.35*
Weighted average exercise price of Options granted during the year:				
- Exercise price equals market price on the date of grant	NA	NA	NA	NA
- Exercise price is greater than market price on the date of grant	NA	NA	NA	NA
- Exercise price is less than market price on the date of grant	NA	NA	NA	NA
Weighted average fair value of Options granted during the year:				
- Exercise price equals market price	NA	NA	NA	NA

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
on the date of grant				
- Exercise price is greater than market price on the date of grant	NA	NA	NA	NA
- Exercise price is less than market price on the date of grant	NA	NA	NA	NA
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,	Black Scholes valuation model			
<b>Tranche I</b>				
Risk free interest rate	7.39%	7.39%	7.39%	7.39%
Expected life (in years)	3	3	3	3
Expected volatility	0.4300	0.4300	0.4300	0.4300
Expected dividends	0%	0%	0%	0%
<b>Tranche II</b>				
Risk free interest rate	7.64%	7.64%	7.64%	7.64%
Expected life (in years)	5	5	5	5
Expected volatility	0.4200	0.4200	0.4200	0.4200
Expected dividends	0%	0%	0%	0%
<b>Tranche III</b>				
Risk free interest rate	7.44%	7.44%	7.44%	7.44%
Expected life (in years)	4	4	4	4
Expected volatility	0.4300	0.4300	0.4300	0.4300
Expected dividends	0%	0%	0%	0%
<b>Tranche IV</b>				
Risk free interest rate	6.96%	6.96%	6.96%	6.96%
Expected life (in years)	5	5	5	5
Expected volatility	0.4200	0.4200	0.4200	0.4200
Expected dividends	0%	0%	0%	0%
<b>Tranche V</b>				
Risk free interest rate	7.03%	7.03%	7.03%	7.03%
Expected life (in years)	6	6	6	6
Expected volatility	0.4400	0.4400	0.4400	0.4400
Expected dividends	0%	0%	0%	0%
<b>Tranche VI</b>				
Risk free interest rate	6.76%	6.76%	6.76%	6.76%
Expected life (in years)	6	6	6	6
Expected volatility	0.4400	0.4400	0.4400	0.4400
Expected dividends	0%	0%	0%	0%
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Yes, aggregating approximately up to 12,500 Equity Shares			
Intention to sell Equity Shares arising out of the	None			

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
ESOP Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)				

Note 1: Figures reported for each financial year/period is based on options granted under all the ESOP Schemes.

#### *IndoStar ESOP Plan 2016 - II*

Our Company, pursuant to resolutions passed by the Board and Shareholders on September 21, 2016 and October 17, 2016 respectively, adopted IndoStar ESOP Plan 2016 - II (“**ESOP 2016 - II**”). ESOP 2016 - II was for a total of 3,000,000 stock options for the eligible employees of the Company, its Subsidiaries and the holding company, Indostar Capital. In accordance with ESOP 2016 - II, each option on exercise would be eligible for one Equity Share on payment of exercise price. ESOP 2016 – II was effective from October 17, 2016.

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
Options granted	0	0	2,757,000	262,000
Pricing Formula	Fair Market Value			
Options Vested	0	0	0	273,700
Vesting period from date of grant	Not less than 1 year and not more than 5 years from the date of Grant.			
Basis of vesting	NA			
Options Exercised	0	0	0	52,500
The total number of shares arising as a result of exercise of options	0	0	0	52,500
Options forfeited/lapsed/cancelled	0	0	10,000	106,000
Variation of terms of options	NA			
Money realized by exercise of options (₹.)	0	0	0	13,837,500
Total number of options in force	0	0	2,747,000	2,850,500
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20 (Refer Note 1)	21.43	26.41	26.31	18.82*
Method of Accounting	Intrinsic value method			

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
followed for stock options granted to employees				
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	18.05	18.47	341.31	128.13*
Impact on profits of the Company (₹ in millions)	18.05	18.47	341.31	128.13*
Basic EPS (₹) (Refer Note 1)	21.45	26.49	24.04	19.24*
Diluted EPS (₹) (Refer Note 1)	21.17	26.16	22.05	17.35*
Weighted average exercise price of Options granted during the year:				
- Exercise price equals market price on the date of grant	NA	NA	NA	NA
- Exercise price is greater than market price on the date of grant	NA	NA	NA	NA
- Exercise price is less than market price on the date of grant	NA	NA	NA	NA
Weighted average fair value of Options granted during the year:				
- Exercise price equals market price on the date of grant	NA	NA	NA	NA
- Exercise is greater than market price on the date of grant	NA	NA	NA	NA
- Exercise price is less than market price on the date of grant	NA	NA	NA	NA
A description of the	Black Scholes valuation model			

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,				
<b>Tranche I</b>				
Risk free interest rate	6.83%	6.83%	6.83%	6.83%
Expected life (in years)	5	5	5	5
Expected volatility	0.4200	0.4200	0.4200	0.4200
Expected dividends	0%	0%	0%	0%
<b>Tranche II</b>				
Risk free interest rate	6.88%	6.88%	6.88%	6.88%
Expected life (in years)	5	5	5	5
Expected volatility	0.4200	0.4200	0.4200	0.4200
Expected dividends	0%	0%	0%	0%
<b>Tranche III</b>				
Risk free interest rate	6.96%	6.96%	6.96%	6.96%
Expected life (in years)	5	5	5	5
Expected volatility	0.4200	0.4200	0.4200	0.4200
Expected dividends	0%	0%	0%	0%
<b>Tranche IV</b>				
Risk free interest rate	6.76%	6.76%	6.76%	6.76%
Expected life (in years)	6	6	6	6
Expected volatility	0.4400	0.4400	0.4400	0.4400
Expected dividends	0%	0%	0%	0%
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Yes, aggregating approximately up to 46,500 Equity Shares			
Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	None			

Note 1: Figures reported for each financial year/period is based on options granted under all the ESOP Schemes.

#### *IndoStar ESOP Plan 2017*

Our Company, pursuant to resolutions passed by the Board and Shareholders on April 18, 2017 and April 28, 2017 respectively, adopted IndoStar ESOP Plan 2017 (“**ESOP 2017**”). ESOP 2017 was for a total of 2,000,000 stock options for the eligible employees of the Company, its Subsidiaries and the



holding company, Indostar Capital. In accordance with ESOP 2017, each option on exercise would be eligible for one Equity Share on payment of exercise price. ESOP 2017 was effective from April 28, 2017.

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
Options granted	0	0	0	1,998,500
Pricing Formula	Fair market value			
Options Vested	0	0	0	0
Vesting period from date of grant	Not less than 1 year and not more than 5 years from the date of Grant.			
Basis of vesting	NA			
Options Exercised	0	0	0	0
The total number of shares arising as a result of exercise of options	0	0	0	0
Options forfeited/lapsed/cancelled	0	0	0	7,500
Variation of terms of options	NA			
Money realized by exercise of options (₹)	0	0	0	0
Total number of options in force	0	0	0	1,991,000
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20 (Refer Note 1)	21.43	26.41	26.31	18.82*
Method of Accounting followed for stock options granted to employees	Intrinsic value method			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	18.05	18.47	341.31	128.13*
Impact on profits of the Company (₹ in millions)	18.05	18.47	341.31	128.13*
Basic EPS (₹) (Refer Note 1)	21.45	26.49	24.04	19.24*
Diluted EPS (₹) (Refer Note 1)	21.17	26.16	22.05	17.35*
Weighted average exercise price of Options granted during the year:				
- Exercise price equals market price on the date of grant	NA	NA	NA	NA
- Exercise price is greater than market price on the date of grant	NA	NA	NA	NA
- Exercise price is less than market price on the date of grant	NA	NA	NA	NA
Weighted average fair value of Options granted during the year:				

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
- Exercise price equals market price on the date of grant	NA	NA	NA	NA
- Exercise is greater than market price on the date of grant	NA	NA	NA	NA
- Exercise price is less than market price on the date of grant	NA	NA	NA	NA
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,	Black Scholes valuation model			
<b>Tranche I</b>				
Risk free interest rate	7.29%	7.29%	7.29%	7.29%
Expected life	7	7	7	7
Expected volatility	0.4300	0.4300	0.4300	0.4300
Expected dividends	0%	0%	0%	0%
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	None			
Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	None			

Note 1: Figures reported for each financial year/period is based on options granted under all the ESOP Schemes.

#### IndoStar ESOP Plan 2018

Our Company, pursuant to resolutions passed by the Board and Shareholders on December 12, 2017 and December 15, 2017 respectively, adopted IndoStar ESOP Plan 2018 (“**ESOP 2018**”). ESOP 2018 was for a total of 6,000,000 stock options for the eligible employees of the Company, its Subsidiaries and the holding company, Indostar Capital. In accordance with ESOP 2018, each option on exercise would be eligible for one Equity Share on payment of exercise price. ESOP 2018 was effective from December 15, 2017.

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
Options granted	0	0	0	1,573,500
Pricing Formula	Fair Market Value			
Options Vested	0	0	0	0
Vesting period from date of grant	Not less than 1 year and not more than 5 years from the date of Grant.			

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
Basis of vesting	NA			
Options Exercised	0	0	0	0
The total number of shares arising as a result of exercise of options	0	0	0	0
Options forfeited/lapsed/cancelled	0	0	0	20,000
Variation of terms of options	NA			
Money realized by exercise of options (₹.)	0	0	0	0
Total number of options in force	0	0	0	1,553,500
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20	21.43	26.41	26.31	18.82*
Method of Accounting followed for stock options granted to employees	Intrinsic value method			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	18.05	18.47	341.31	128.13*
Impact on profits of the Company (₹ in millions)	18.05	18.47	341.31	128.13*
Basic EPS (₹)	21.45	26.49	24.04	19.24*
Diluted EPS (₹)	21.17	26.16	22.05	17.35*
Weighted average exercise price of Options granted during the year:				
- Exercise price equals market price on the date of grant	NA	NA	NA	NA
- Exercise price is greater than market price on the date of	NA	NA	NA	NA

Particulars	Details for the financial year ended March 31,			During the period April 1, 2017 to April 25, 2018
	2015	2016	2017	
grant				
- Exercise price is less than market price on the date of grant	NA	NA	NA	NA
Weighted average fair value of Options granted during the year:				
- Exercise price equals market price on the date of grant	NA	NA	NA	NA
- Exercise is greater than market price on the date of grant	NA	NA	NA	NA
- Exercise price is less than market price on the date of grant	NA	NA	NA	NA
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,#	NA	NA	NA	NA
Risk free interest rate	NA	NA	NA	NA
Expected life	NA	NA	NA	NA
Expected volatility	NA	NA	NA	NA
Expected dividends	NA	NA	NA	NA
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	None			
Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	None			

# Not Applicable as ESOPs are issued after audit period of December 31, 2017

Note 1: Figures reported for each financial year/period is based on options granted under all the ESOP schemes.

\*Figures reported are for nine month period ended December 31, 2017.

### Employee-wise Stock Options

#### (i) Senior managerial personnel including Directors and KMPs

S. No.	Name of Employee	Designation	Schemes	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1.	Shailesh Shirali	Managing Director and Head – Corporate Lending and Markets	ESOP 2012	50,000	0	50,000
			ESOP 2016	1,710,777	0	1,710,777
2.	R. Sridhar	Executive Vice Chairman and Chief Executive Officer	ESOP 2017	1,428,500	0	1,428,500
			ESOP 2018	983,000	0	983,000
3.	Prashant Joshi	Chief Operating Officer	ESOP 2016-II	967,000	0	967,000
4.	Pankaj Thapar	Chief Financial Officer	ESOP 2012	192,000	4,200	187,800
			ESOP 2016	500,000	0	500,000
5.	Sanjay Athalye	Chief Risk Officer	ESOP 2016	150,000	0	150,000
6.	Hansraj Thakur	Business Head, SME Finance	ESOP 2016	125,000	0	125,000
7.	A. Gowthaman	Business Head, Vehicle Finance	ESOP 2016 – II	100,000	0	100,000
8.	Prabhat Kumar Tripathy	Business Head, Retail Home Finance	ESOP 2017	100,000	0	100,000
9.	Shreejit Menon	Business Head, Affordable Home Finance	ESOP 2016	100,000	0	100,000
10.	Jitendra Bhati	Company Secretary	ESOP 2012	5,000	1,500	3,500
			ESOP 2016 - II	60,000	6,000	54,000
11.	Bobby Parikh	Independent Director	ESOP 2012	10,000	0	0
12.	Benaifer Palsetia	Chief Human Resources Officer	ESOP 2018	25,000	0	25,000

#### (ii) Any other employee who receives a grant in any one year of options amounting to five per cent or more of the options granted during the year:

S. No.	Name of Employee	Designation	Schemes	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
<b>Financial Year 2012-13</b>						
1.	Vimal Bhandari	Ex-employee / Director of Subsidiary	ESOP 2012	76,000	0	76,000
2.	Deepak Bakliwal	Director – Real Estate and Structured Lending	ESOP 2012	50,000	50,000	0
3.	Nishant Kotak	EVP	ESOP 2012	50,000	50,000	0
4.	Pankaj Thapar	Chief Financial Officer	ESOP 2012	42,000	4,200	37,800
5.	Rohit Talwalkar	Director	ESOP 2012	22,000	22,000	0
6.	Jayant Gunjal	EVP; Head – Debt Capital Markets	ESOP 2012	22,000	0	22,000
7.	Vinod Lund	Ex-employee	ESOP 2012	22,000	0	0
<b>Financial Year 2013-14</b>						
1.	Ravi Narain	Director	ESOP 2012	10,000	0	0

S. No.	Name of Employee	Designation	Schemes	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Financial Year 2014-15						
1.	Vimal Bhandari	Ex-employee / Director of Subsidiary	ESOP 2012	300,000	0	300,000
2.	Pankaj Thapar	Chief Financial Officer	ESOP 2012	150,000	0	150,000
3.	Shailesh Shirali	Managing Director and Head – Corporate Lending and Markets	ESOP 2012	50,000	0	50,000
Financial Year 2016-17						
1.	Shailesh Shirali	Managing Director and Head – Corporate Lending and Markets	ESOP 2016	1,710,777	0	1,710,777
2.	Prashant Joshi	Chief Operating Officer	ESOP 2016-II	967,000	0	967,000
3.	Pankaj Thapar	Chief Financial Officer	ESOP 2016	500,000	0	500,000
4.	Deepak Bakliwal	Director – Real Estate and Structured Lending	ESOP 2016 - II	500,000	0	500,000
5.	Vimal Bhandari	Ex-employee / Director of Subsidiary	ESOP 2012	485,511	0	485,511
6.	Jayant Gunjal	EVP; Head – Debt Capital Markets	ESOP 2012	1,16,743	0	116,743
			ESOP 2016-II	200,000	0	200,000
Financial Year 2017-18						
1.	R. Sridhar	Executive Vice Chairman and CEO	ESOP 2017	1,428,500	0	1,428,500
			ESOP 2018	983,000	0	9,83,000
Financial Year 2018-19						
1.	Benaifer Palsetia	Chief Human Resources Officer	ESOP 2018	25,000	0	25,000

(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant:

S. No.	Name of Employee	Schemes	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1.	Shailesh Shirali	ESOP 2016	Managing Director and Head – Corporate Lending and Markets	1,760,777	0	1,760,777
2.	Prashant Joshi	ESOP 2016 - II	Chief Operating Officer	967,000	0	967,000
3.	R. Sridhar	ESOP 2017	Executive Vice	1,428,500	0	1,428,500

		ESOP 2018	Chairman and CEO	983,000	0	983,000
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- (xii) The details of Equity Shares issued by our Company in the last one year preceding the date of filing of this Red Herring Prospectus are as follows:

S. No.	Name of allottees	Whether allottee belongs to Promoter Group	Date of allotment	Number of Equity Shares	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for allotment
1.	R. Sridhar	No	May 8, 2017	317,460	10	315	Preferential allotment
2.	Pankaj Thapar	No	April 9, 2018	4,200	10	140.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
3.	Rohit Talwalkar	No	April 9, 2018	21,900	10	140.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
				6,000	10	149.37	
4.	Deepak Bakliwal	No	April 9, 2018	49,900	10	145.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
				7,500	10	149.37	
5.	Nishant Kotak	No	April 9, 2018	49,900	10	145.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
				6,000	10	149.37	
6.	Mamata Pradhan	No	April 9, 2018	2,990	10	149.37	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
				10,000	10	255.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016-II
7.	Kirtikant Kaviju	No	April 9, 2018	1,490	10	149.37	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
				2,500	10	255.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016-II
8.	Amit Kumar Gupta	No	April 9, 2018	2,900	10	149.37	Allotment of Equity Shares under the IndoStar

S. No.	Name of allottees	Whether allottee belongs to Promoter Group	Date of allotment	Number of Equity Shares	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for allotment
							ESOP Plan 2012
				10,000	10	255.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016-II
9.	Jitendra Bhati	No	April 9, 2018	1,490	10	149.37	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
				6,000	10	255.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016-II
10.	Vishal Mayekar	No	April 9, 2018	890	10	149.37	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
11.	Lakshmanan Pattani	No	April 9, 2018	890	10	149.37	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
12.	Neeta Bisht	No	April 9, 2018	890	10	149.37	Allotment of Equity Shares under the IndoStar ESOP Plan 2012
13.	Prashant Shetty	No	April 9, 2018	12,500	10	225.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016
				5,000	10	255.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016-II
14.	Khushboo Shahani	No	April 9, 2018	2500	10	255.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016-II
15.	Rajiv Sajeja	No	April 9, 2018	2500	10	255.00	Allotment of Equity Shares under the IndoStar



S. No.	Name of allottees	Whether allottee belongs to Promoter Group	Date of allotment	Number of Equity Shares	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Reason for allotment
							ESOP Plan 2016-II
16.	Hardik Bajaria	No	April 9, 2018	2000	10	255.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016-II
17.	Srikanth Sridharan	No	April 9, 2018	2000	10	255.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016-II
18.	Nilufer Panthaki	No	April 9, 2018	10000	10	300.00	Allotment of Equity Shares under the IndoStar ESOP Plan 2016-II

- (xiii) Our Company, our Directors or the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares or other specified securities of our Company.
- (xiv) Neither the BRLMs nor their respective associates, as defined under the Companies Act, 2013, hold any Equity Shares as on the date of filing of this Red Herring Prospectus. The BRLMs and its affiliates may engage in transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company and/or our Subsidiaries, for which they may in the future receive customary compensation.
- (xv) No person connected with the Offer, including, but not limited to, the BRLMs, the Syndicate Members, the Selling Shareholders, our Company, our Subsidiaries, Directors, Promoter or the members of our Promoter Group, shall offer in any manner whatsoever any incentive, whether direct or indirect, in cash, in kind or in services or otherwise to any Bidder for making a Bid.
- (xvi) Our Company has not issued any Equity Shares out of its revaluation reserves.
- (xvii) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Red Herring Prospectus.
- (xviii) Except for options granted under the ESOP Schemes, there are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares as on the date of this Red Herring Prospectus.
- (xix) Our Company has not allotted any shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or provisions of Section 232 of the Companies Act, 2013.
- (xx) Except for the Fresh Issue, our Company presently does not intend or propose or is under negotiation or consideration to alter the capital structure for a period of six months from the Bid/ Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares whether on a preferential basis or issue of bonus or rights or further public issue of Equity

Shares or qualified institutions placement. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to receipt of necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as consideration for acquisitions or participations in such joint ventures or other arrangements.

- (xxi) Except for the Fresh Issue, and allotments pursuant to exercise of options under the ESOP Schemes, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.
- (xxii) None of the Equity Shares held by our Promoter or by the Promoter Group are pledged.
- (xxiii) During the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus and this Red Herring Prospectus, no financing arrangements existed whereby our Promoter, our Promoter Group, directors of our Promoter, our Directors or their relatives may have financed the purchase of securities of our Company by any other person.
- (xxiv) Our Promoter and members of our Promoter Group will not submit Bids in this Offer.
- (xxv) The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Our Company and the Promoter Selling Shareholder in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis.
- (xxvi) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Promoter Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from any category or combination thereof.
- (xxvii) The Equity Shares issued pursuant to this Offer shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.
- (xxviii) There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
- (xxix) Our Company shall ensure that transactions in the Equity Shares by the Promoter and the Promoter

Group, if any, during the period between the date of registering this Red Herring Prospectus with the RoC and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of the transactions.

- (xxx) Oversubscription to the extent of 10% of the Offer to the public can be retained for the purposes of rounding off to the nearer multiple of minimum Allotment lot.

## OBJECTS OF THE OFFER

The Offer consists of the Fresh Issue and the Offer for Sale.

### Offer for Sale

The Selling Shareholders will be entitled to the proceeds of the Offer for Sale of their respective portions of the Offered Shares, respectively net of their share of the Offer related expenses. Our Company will not receive any proceeds from the Offer for Sale.

### Objects of the Fresh Issue and requirement of funds

The details of the proceeds of the Fresh Issue are summarized below:

(₹ million)	
Particulars	Amount
Gross proceeds of the Fresh Issue	7,000
(Less) Offer related expenses in relation to the Fresh Issue <sup>^(a)</sup>	[●]
<b>Net Proceeds</b>	<b>[●]</b>

<sup>^</sup>To be finalised upon determination of the Offer Price.

<sup>(a)</sup> The fees and expenses relating to the Offer shall be shared in the proportion mutually agreed between the Company and the respective Selling Shareholders in accordance with applicable law and upon successful completion of the Offer as specified in the manner stated in “- Offer related expenses” below.

After deducting our Company’s share of the Offer related expenses, we estimate the proceeds of the Fresh Issue to be ₹ [●] million (“**Net Proceeds**”).

As an NBFC, we are subject to regulations relating to the capital adequacy, which determine the minimum amount of capital we must hold as a percentage of the risk-weighted assets on our portfolio and of the risk adjusted value of off-balance sheet items, as applicable. As per the capital adequacy norms issued by the RBI, we are required to have a regulatory minimum CRAR of 15%. As at December 31, 2017, our Company’s CRAR was 31.6% on a standalone basis, of which Tier I capital was 31.3%. Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements.

Further, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, enhancement of our Company’s brand name and creation of a public market for our Equity Shares in India.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which funds are being raised through the Fresh Issue.

### Proposed schedule of implementation and deployment of the Net Proceeds

The Net Proceeds are currently expected to be deployed in Fiscal Year 2019.

### Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The Offer related expenses include fees payable to the BRLMs and legal counsel, fees payable to the auditors, brokerage and selling commission, commission payable to Registered Brokers, SCSBs’ fees, Registrar’s fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

The fees and expenses relating to the Offer shall be borne by each of our Company and the Selling Shareholders in the manner agreed to among our Company and the Selling Shareholders and in proportion to the number of Equity Shares issued and/or transferred by each of the Company and the Selling Shareholders in the Offer, respectively. Further, the Selling Shareholders shall reimburse our Company for all expenses, other than the listing fee (which shall be solely borne by our Company), incurred by our Company in relation to the Offer for Sale on each of their behalf in proportion to their respective Offered Shares, and in accordance with applicable law.

The estimated Offer expenses are as under:

S. No.	Activity	Estimated amount* (₹ in million)	As a % of total estimated Offer Expenses*	As a % of Offer Size*
1.	Payment of fees to the BRLMs (including brokerage and selling commission)	[●]	[●]	[●]
2.	Selling commission and processing fees for SCSBs <sup>(1)(2)</sup>	[●]	[●]	[●]
3.	Brokerage, selling commission and bidding charges for the members of the Syndicate, Registered Brokers, RTAs and CDPs <sup>(3)(4)(5)</sup>	[●]	[●]	[●]
4.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
5.	Others: i. Listing fees, SEBI filing fees, book building software fees and other regulatory expenses; ii. Printing and stationery expenses; iii. Advertising and marketing expenses for the Offer; and iv. Miscellaneous expenses (including fees to legal counsel, auditors, chartered accountants etc.)	[●]	[●]	[●]
	<b>Total Estimated Offer Expenses</b>	[●]	[●]	[●]

\* To be incorporated in the Prospectus after finalisation of the Offer Price.

<sup>(1)</sup> Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the SCSBs would be as follows:

Portion for Retail Individual Bidders	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	0.20% of the Amount Allotted* (plus applicable taxes)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal identity as captured in the Bid Book of BSE or NSE. No processing fees shall be payable by the Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.

<sup>(2)</sup> Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Brokers/RTAs/CDPs and submitted to SCSB for blocking would be as follows:

Portion for Retail Individual Bidders	₹10 per valid application* (plus applicable taxes)
Portion for Non-Institutional Bidders	₹10 per valid application* (plus applicable taxes)

\* Based on valid applications.

<sup>(3)</sup> Selling commission payable to the members of the Syndicate (including their sub-syndicate members), RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by them would be as follows:

Portion for Retail Individual Bidders	0.35% of the Amount Allotted* (plus applicable taxes)
Portion for Non-Institutional Bidders	0.20% of the Amount Allotted* (plus applicable taxes)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

<sup>(4)</sup> Bidding/uploading Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be ₹10 per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs. The selling commission and Bidding Charges payable to the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

<sup>(5)</sup> Selling commission payable to the Registered Brokers on the portion for Retail Individual Bidders and Non-Institutional Bidders, which are directly procured by the Registered Brokers and submitted to SCSBs for processing, would be as follows:

Portion for Retail Individual Bidders	₹10 per valid application* (plus applicable taxes)
Portion for Non-Institutional Bidders	₹10 per valid application* (plus applicable taxes)

\* Amount of selling commission payable to Registered Brokers shall be determined on the basis of applications which have been considered eligible for the purpose of Allotment.

## Appraisal and Bridge Loans

The above fund requirements have not been appraised by any bank or financial institution.

## **Means of Finance**

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards augmenting its capital base to meet future capital requirements. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue.

## **Interim Use of Net Proceeds**

Pending utilization for the purposes described above, we shall deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board or IPO Committee.

## **Monitoring of Utilization of Funds**

We have appointed HDFC Bank Limited as the Monitoring Agency for the Offer. Our Board and the Monitoring Agency will monitor utilization of the Net Proceeds and the Monitoring Agency will submit a report to our Board under Regulation 16(2) of the SEBI ICDR Regulations.

Further, pursuant to the SEBI Listing Regulations, our Company shall disclose the use and application of the Net Proceeds to the Audit Committee, on a quarterly basis. Additionally, the Audit Committee shall make recommendations to our Board for further action, if appropriate. Till such time as all the Offer Proceeds have been utilized in full, as applicable, our Company shall prepare an annual statement, certified by our Statutory Auditors, of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, our Company will furnish a quarterly statement on deviations and variations, if any, in the use of proceeds from the objects stated in this Red Herring Prospectus to the Audit Committee for review, and post such review, submit the statement with the Stock Exchanges. This statement would also be published in the newspapers, after placing it before the Audit Committee and its explanation in the Directors' report in the annual report of our Company, in accordance with Regulation 47 and other applicable provisions of SEBI Listing Regulations.

## **Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Directors, Key Management Personnel and the members of our Promoter Group or our Group Companies, except in the normal course of business and in compliance with applicable law.

## **Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the objects of the Fresh Issue, unless authorised by our shareholders in a general meeting by way of a special resolution. Pursuant to the Companies Act, 2013, our Promoter or controlling shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, in accordance with our Articles of Association and Chapter VI-A of the SEBI ICDR Regulations.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Promoter Selling Shareholder, in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the upper end of the Price Band. Investors should also refer to the sections “*Our Business*”, “*Risk Factors*”, “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 156, 18, 230 and 301 respectively, to have an informed view before making an investment decision.

### Qualitative Factors

We believe the following are our competitive strengths:

1. Highly motivated, professional and experienced management team
2. Well-established corporate and strong SME lending businesses
3. High asset quality achieved through robust credit assessment and risk management framework
4. Proven track record of delivering results
5. Well diversified funding profile
6. Ownership by institutional investors ensuring international corporate governance standards

For further details, please see “*Our Business*” and “*Risk Factors*” on pages 156 and 18, respectively.

### Quantitative factors

Some of the information presented in this section relating to our Company is derived from the Restated Financial Statements prepared in accordance with the Indian GAAP and the Companies Act and restated as per the SEBI ICDR Regulations. Some of the quantitative factors, which form the basis for computing the Offer Price, are as follows:

1. ***Basic Earnings Per Share excluding exceptional items (Basic EPS) & Diluted Earnings Per Share excluding exceptional items (Diluted EPS)***

#### *On a standalone basis*

Financial Period	Basic EPS (₹) <sup>(1)</sup>	Diluted EPS (₹) <sup>(1)</sup>	Weightage
Financial Year ended March 31, 2017	28.45	26.09	3
Financial Year ended March 31, 2016	26.66	26.33	2
Financial Year ended March 31, 2015	21.72	21.43	1
<b>Weighted Average <sup>(2)</sup></b>	<b>26.73</b>	<b>25.39</b>	-
Nine-month period ended December 31, 2017*	21.58	19.46	-

\* Not annualized

#### *On a consolidated basis*

Financial Period	Basic EPS (₹) <sup>(1)</sup>	Diluted EPS (₹) <sup>(1)</sup>	Weightage
Financial Year ended March 31, 2017	28.69	26.31	3
Financial Year ended March 31, 2016	26.75	26.41	2
Financial Year ended March 31, 2015	21.72	21.43	1
<b>Weighted Average <sup>(2)</sup></b>	<b>26.88</b>	<b>25.53</b>	-
Nine-month period ended December 31, 2017*	20.87	18.82	-

\* Not annualized

#### **Notes:**

<sup>(1)</sup> Basic EPS and Diluted EPS calculations are in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share', notified under Section 133 of Companies Act, 2013 read together along with Companies (Accounting Standards) Amendment Rules, 2016.

- a. Basic EPS (in ₹) = Net profit, after tax, as restated for the year/ period, attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year/ period

- b. Diluted EPS (in ₹) = Net profit, after tax, as restated for the year/ period, attributable to equity shareholders/ Weighted average number of dilutive equity shares outstanding during the year/ period
- (2) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]

**2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share of ₹10 each**

Financial Period	P/E ratio at the lower end of the Price Band (no. of times)*	P/E ratio at the upper end of the Price Band (no. of times)*
Based on Basic EPS for the financial year ended March 31, 2017 – standalone basis	[●]	[●]
Based on Diluted EPS for the financial year ended March 31, 2017 – standalone basis	[●]	[●]
Based on Basic EPS for the financial year ended March 31, 2017 – consolidated basis	[●]	[●]
Based on Diluted EPS for the financial year ended March 31, 2017 – consolidated basis	[●]	[●]

\*will be populated in the Prospectus

**Industry P/E ratio**

Financial Period	P/E*
Highest	36.67
Lowest	20.21
Average	28.66

\*The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section below.

**3. Price/Book (P/B) Ratio**

Price / Book (P/ B) Ratio as on March 31, 2017 and December 31, 2017 on a consolidated basis is [●] and [●], respectively.

Notes:

1. Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
2. Price / Book Ratio = Offer Price/ NAV per Equity Share

**Industry P/B ratio**

Name of Company	P/B*
Highest	5.51
Lowest	2.78
Average	3.50

\*The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average P/B of the industry peer set disclosed in this section below.

**4. Return on Net Worth (RoNW)**

As per the Restated Standalone Financial Statements of our Company:

Financial Period	RoNW (%)	Weightage
Financial Year ended March 31, 2017	11.00%	3
Financial Year ended March 31, 2016	12.39%	2
Financial Year ended March 31, 2015	11.60%	1
<b>Weighted Average</b>	<b>11.56%</b>	
Nine-month period ended December 31, 2017*	8.16%	

\*Not annualized

As per the Restated Consolidated Financial Statements of our Company:

Financial Period	RoNW (%)	Weightage
Financial Year ended March 31, 2017	11.08%	3



Financial Period	RoNW (%)	Weightage
Financial Year ended March 31, 2016	12.43%	2
Financial Year ended March 31, 2015	11.60%	1
<b>Weighted Average</b>	<b>11.62%</b>	
Nine-month period ended December 31, 2017*	7.90%	

\* Not annualized

**Notes:**

- (1) Weighted average = Aggregate of year-wise weighted Net Worth divided by the aggregate of weights i.e. [(Net Worth x Weight) for each year] / [Total of weights]
- (2) Return on Net Worth (%) = Net profit after tax divided by Net worth excluding revaluation reserve at the end of the year / period.
- (3) Net worth represents the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

**5. Minimum Return on Net Worth after Offer to maintain Pre-Offer EPS (excluding exceptional items) for the financial year ended 2017 \***

Financial Period	At Floor Price	At Cap Price
<b>To maintain pre-Offer basic EPS</b>		
On standalone basis	[●]%	[●]%
On consolidated basis	[●]%	[●]%
<b>To maintain pre-Offer diluted EPS</b>		
On standalone basis	[●]%	[●]%
On consolidated basis	[●]%	[●]%

\* will be populated in the Prospectus

**6. Net Asset Value per Equity Share of face value of ₹10 each**

- (i) As of December 31, 2017, our net asset value per Equity Share was ₹ 264.38 and ₹ 263.96, on a standalone and consolidated basis, respectively, as per our Restated Financial Statements. As of March 31, 2017, our net asset value per Equity Share was ₹ 242.52 and ₹242.82, on a standalone and consolidated basis, respectively, as per our Restated Financial Statements.
- (ii) After the Offer on an standalone basis: \*
- (a) At the Floor Price: ₹ [●]
- (b) At the Cap Price: ₹ [●]
- (iii) After the Offer on a consolidated basis: \*
- (a) At the Floor Price: ₹ [●]
- (b) At the Cap Price: ₹ [●]
- (iv) Offer Price: ₹ [●]\*

\* will be populated in the Prospectus.

**Notes:**

- (1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
- (2) Net asset value per equity share = Net worth excluding revaluation reserve as at the end of the year / period divided by number of equity shares outstanding at the end of the year / period.
- (3) Net worth represents the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

**7. Comparison of Accounting Ratios with Listed Industry Peers**

Name of Company	Face Value (₹ per share)	Earnings (₹ per share)		Net Asset Value (₹ per share) <sup>(2)</sup>	P/B <sup>(3)</sup>	P/E <sup>(4)</sup>	RoNW (%) <sup>(5)</sup>
		Basic	Diluted				
Indostar Capital Finance Limited*	10.00	28.69	26.31	242.82	[●] <sup>#</sup>	[●] <sup>^</sup>	11.08

Name of Company	Face Value (₹ per share)	Earnings (₹ per share)		Net Asset Value (₹ per share) <sup>(2)</sup>	P/B <sup>(3)</sup>	P/E <sup>(4)</sup>	RoNW (%) <sup>(5)</sup>
		Basic	Diluted				
Peer Group							
L&T Finance Holdings Ltd	10.00	5.21	5.14	51.87	3.30	32.86	11.44%
Piramal Enterprises Ltd	2.00	72.57	72.57	862.44	3.09	36.67	8.41%
Aditya Birla Capital Ltd	10.00	6.35	6.35	53.52	2.94	24.76	8.04%
Capital First Ltd	10.00	25.56	23.97	236.48	2.78	25.69	10.37%
Shriram Transport Finance Co. Ltd.	10.00	55.78	55.78	499.46	3.17	28.38	11.17%
Sundaram Finance Ltd.	10.00	61.52	61.52	433.47	3.92	27.62	14.19%
Cholamandalam Investment and Finance Company Ltd.	10.00	46.05	46.03	276.79	5.51	33.10	16.63%
Repco Home Finance Ltd	10.00	30.00	30.00	183.75	3.30	20.21	16.32%
Average					3.50	28.66	

**\*Source:** Restated Consolidated Financial Statements for the year ended March 31, 2017 of the Company, except for P/B and P/E.

# Price / Book Ratio = Offer Price/ NAV per Equity Share. Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

^ Price / Earnings Ratio = Offer Price/ Basic EPS. Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

**Notes:**

1. All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the annual report of the respective companies for the year ended March 31, 2017 unless provided otherwise
2. NAV per share is calculated as Net Worth as on March 31, 2017/ Equity Shares outstanding as on March 31, 2017
3. P/ B ratio is calculated as closing share price on April 6, 2018, quoted on BSE / NAV per share for the year ended March 31, 2017
4. P/ E ratio is calculated as closing share price on April 6, 2018, quoted on BSE / Basic EPS for the year ended March 31, 2017
5. Return on Net Worth is calculated as Net Profit after tax for the year ending March 31, 2017/ Net Worth as on March 31, 2017

**8. Average Cost of Acquisition per Equity Share by our Promoter and the Other Selling Shareholders**

The average cost of acquisition per Equity Share by our Promoter and by the Other Selling Shareholders, calculated by taking the average of the amounts paid to acquire Equity Shares, is stated below, as certified by Ramanand & Associates, Chartered Accountants pursuant to certificate dated February 9, 2018.

S. No.	Name	Average cost of acquisition (in ₹)
1.	Indostar Capital	133.27
2.	Vimal Bhandari	130.75
3.	Shailesh Shirali	130.00
4.	Jayant S. Gunjal	131.00
5.	Vivek Agarwall	131.00
6.	Sandeep Baid	130.00

## STATEMENT OF TAX BENEFITS

### STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

The Board of Directors  
IndoStar Capital Finance Limited  
20th -Floor, Tower 2A,  
One Indiabulls Centre,  
Senapati Bapat Marg,  
Mumbai – 400013

Dear Sirs,

#### **Statement of Possible Tax Benefits available to IndoStar Capital Finance Limited and its shareholders under the Indian tax laws**

1. We hereby confirm that the enclosed Annexure, prepared by IndoStar Capital Finance Limited ('the Company'), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2018, i.e. applicable for the Financial Year 2018-19 relevant to the assessment year 2019-20, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

The Central Board for Direct Taxes ('CBDT') has constituted a Committee to suggest framework to compute book profit which constitutes the tax base for Minimum Alternate Tax ('MAT') levy for companies converging to IND-AS. Till date the Committee has made two reports, which are yet to be accepted by the Government. Since the Committee recommendations do not carry any weightage in law as they may or may not be accepted, we have not expressed our opinion on the transitional impact of Ind-AS, which maybe applicable to the Company from FY 2018-19 onwards.

2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
3. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.

4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

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**per Jayesh Gandhi**

Partner

Membership Number: 037924

Place of Signature: Mumbai

Date: April 11, 2018

## **STATEMENT OF TAX BENEFITS AVAILABLE TO INDOSTAR CAPITAL FINANCE LIMITED (‘THE COMPANY’) AND ITS SHAREHOLDERS**

**UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as ‘the Act’)**

### **1. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT**

- 1.1.** The Company, being a Non-Banking Financial Company (NBFC), is entitled for a deduction of bad and doubtful debts in consonance with the provisions of section 36(1)(viia) of the Act in computing its income under the head “Profits and gains of business or profession”.

The Company is entitled to claim a deduction in respect of any provision for bad and doubtful debts made by the Company of an amount not exceeding 5% of the total income (computed before making any deduction under this clause and Chapter VIA of the Act).

However, subsequent claim of deduction of actual bad-debts under section 36(1)(vii) of the Act shall be reduced to the extent of deduction already allowed under section 36(1)(viia) of the Act.

### **2. Special Tax Benefits available to the Shareholders under the Act**

There are no special tax benefits available to the shareholders of the Company.

#### **Notes:**

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
3. The above statement of possible tax benefits are as per the current direct tax laws relevant for the assessment year 2019-20. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.
4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
5. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
6. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information contained in this section is derived from the CRISIL Report titled “NBFC Overview” (“NBFC Overview”) and “NBFC Report” (“NBFC Report”), dated November 2017 and data dated January 18, 2018 titled “Market Segmentation of Vehicle Finance, Loan Against Property and Housing Finance” (“CRISIL Update”), “Indian Economic Scenario and Credit Growth” (“CRISIL Economic Report”), “Interest Rate Scenario” (“Interest Rate Report”) and other publicly available sources. Neither we, nor any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

*The CRISIL Report, content of which has been used in this Red Herring Prospectus is subject to the following disclaimer from CRISIL:*

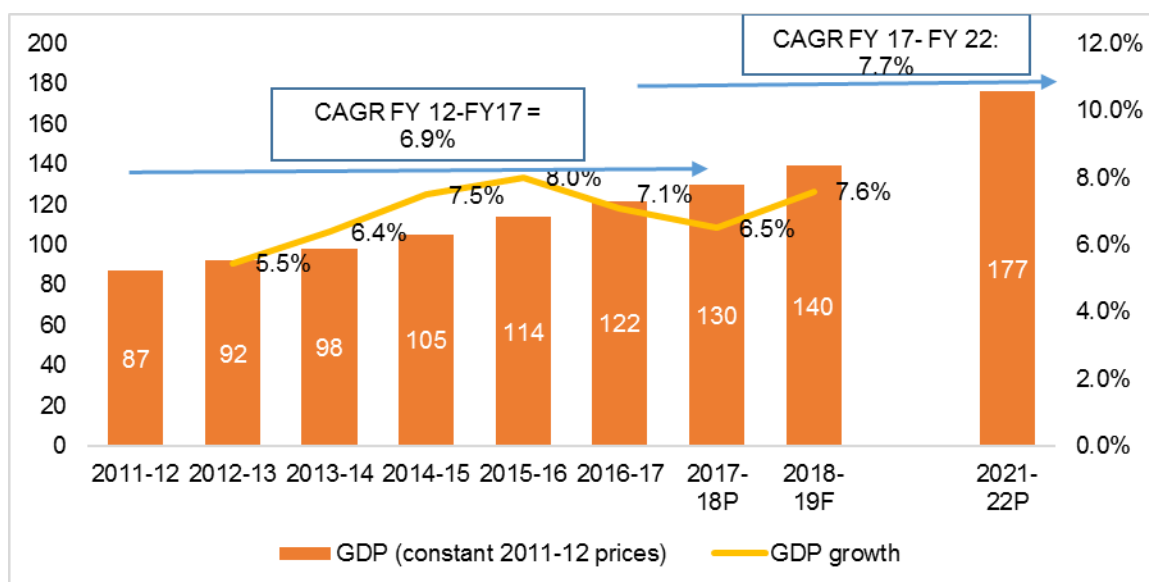
*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing the CRISIL reports above (“Reports”) based on the information obtained by CRISIL from sources which it considers reliable (“Data”). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Reports and is not responsible for any errors or omissions or for the results obtained from the use of Data / Reports. The Reports are not a recommendation to invest / disinvest in any entity covered in the Reports and no part of the Reports should be construed as expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of the Reports. Without limiting the generality of the foregoing, nothing in the Reports is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Indostar Capital Finance Limited will be responsible for ensuring compliance and consequences of non-compliance for use of the Reports or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (“CRIS”), which may, in their regular operations, obtain information of a confidential nature. The views expressed in the Reports are those of CRISIL Research and not of CRISIL’s Ratings Division / CRIS. No part of the Reports may be published/reproduced in any form without CRISIL’s prior written approval.*

#### Overview of the Indian Economy

India has the fourth largest economy in the world by purchasing power parity. (Source: Central Intelligence Agency, *The World Factbook*, accessed on January 2, 2018) Real GDP growth in the first half of the financial year 2017 decreased to 7.2%, from 7.6% in the second half of the financial year 2016, although India still maintains its position as one of the world’s fastest growing major economies.

Consumption and investment are the major drivers of any economy. In recent years, India has grown primarily on the engine of consumption, while the other engine, investment, has been decelerating. GDP (at constant financial year 2012 prices) grew at a 6.9% CAGR between financial years 2012 to 2017. It grew at a slower pace between financial years 2012 to 2014, mainly because of sluggish income growth, persistently rising inflation and high interest rates. Industrial output grew at a slower pace, affecting GDP growth. After financial year 2014, improving industrial activity, lower crude oil prices and supportive policies led to a recovery in GDP growth. The growth slowed down in financial year 2017, due to demonetization, dwindling private investment and slower global growth.

*Real GDP Growth in India*



Note: P-Projected

(Source: CRISIL Economic Report)

CRISIL Research believes the disruption related to goods and services tax (“GST”) would limit the growth upside for a few more quarters, as there are uncertainties around the possibility of changes to the given tax structure, and as businesses adjust to the new regime. At the same time, the benefit of extremely low commodity prices last year may not be available to corporates this year, and hence the bottom lines may remain under pressure.

On the external front, factors such as falling trade intensity, geopolitical risks and uncertainties surrounding the pace of normalization of monetary policy in advanced nations, and appreciation of the rupee would mean that the contribution of exports to domestic economic growth would be limited.

On the whole, GDP growth in financial year 2018 is estimated at 6.5%, compared with 7.1% in the previous financial year, with downside risks in the form of greater-than-anticipated GST-related disruptions. GDP growth in financial year 2019 is expected to be 7.6% aided by robust consumption demand.

CRISIL Research expects the pace of economic growth to pick up in the medium term, as structural reforms, such as GST and the bankruptcy code, aimed at de-clogging the economy and raising growth, begin to affect the economy. Assuming that the monetary and fiscal policies remain prudent, these reforms would lead to efficiency gains and improve the prospects for sustainable high growth in the years to come. Improving macroeconomic indicators such as softer interest rates and stable inflation, urbanization, a rising middle class, and business-friendly government reforms will drive growth in the long term. As per the International Monetary Fund, the Indian economy is projected to grow at a 7.7% CAGR over the next five years. Growth will be higher than many emerging as well as developed economies, such as Brazil, Russia and China.

The growth rates in GDP (constant prices) for certain developed and developing economies for each of the calendar years 2013 to 2017 are set out below:

Countries (in percentage)	2013	2014	2015	2016	2017 (estimated)
China.	7.8	7.3	6.9	6.7	6.8
<b>India</b>	<b>6.4</b>	<b>7.5</b>	<b>8.0</b>	<b>7.1</b>	<b>6.7</b>
Russia	1.8	0.7	(2.8)	(0.2)	1.8
Brazil	3.0	0.5	(3.8)	(3.6)	0.7
South Africa	2.5	1.7	1.3	0.3	0.7
United States	1.7	2.6	2.8	1.5	2.2
Japan	2.0	0.3	1.1	1.0	1.5
United Kingdom	1.9	3.1	2.2	1.8	1.7

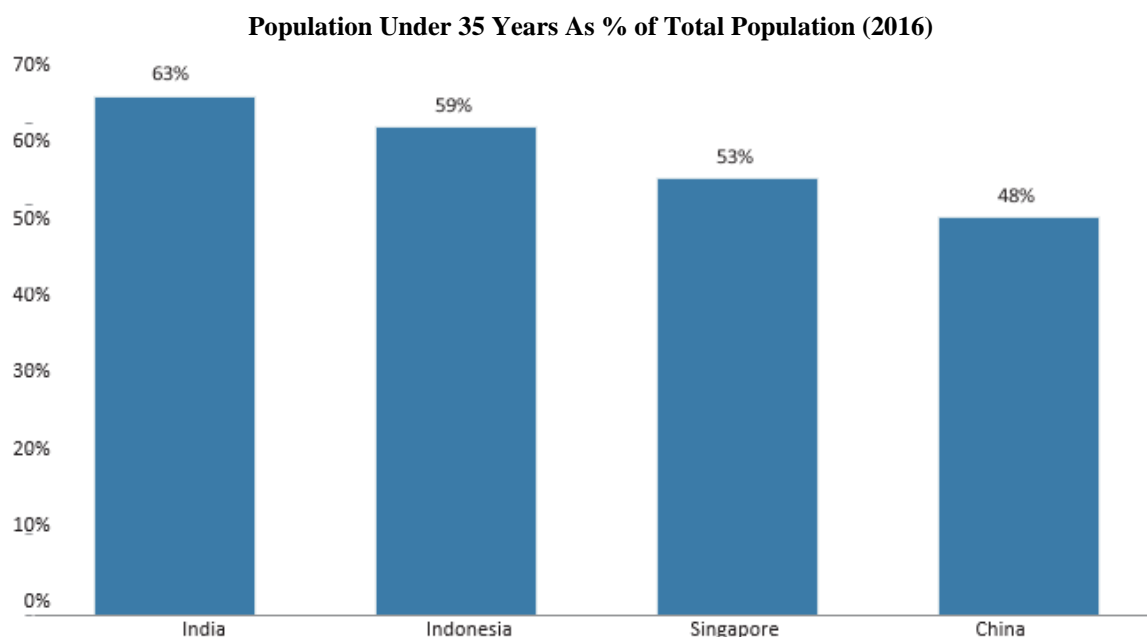
(Source: International Monetary Fund, World Economic Outlook Database, October 2017)

India’s GDP per capita increased from US\$6,252 in 2015 to US\$6,694 in 2016. The GDP per capita (constant prices) for certain developed and developing economies for each of the calendar years 2013 to 2017 are set out below:

Countries (in US\$, in PPP dollars per person)	2013	2014	2015	2016	2017 (estimated)
China	12,265	13,327	14,330	15,395	16,624
<b>India</b>	<b>5,371</b>	<b>5,802</b>	<b>6,252</b>	<b>6,694</b>	<b>7,174</b>
Russia	26,467	27,130	26,643	26,926	27,900
Brazil	16,077	16,307	15,731	15,238	15,500
South Africa	12,930	13,185	13,295	13,291	13,403
United States	52,742	54,668	56,437	57,608	59,495
Japan	38,478	39,366	40,280	41,220	42,659
United Kingdom	38,873	40,476	41,483	42,421	43,620

(Source: International Monetary Fund, World Economic Outlook Database, October 2017)

India is also the world's second largest country by population size with an estimated population of 1.28 billion people as of July 2017. (Source: Central Intelligence Agency, *The World Factbook*, accessed on January 26, 2018) In 2016, India's population between the ages 15 to 64 constituted 66% of its total population (Source: World Bank, *World Development Indicators*, December 22, 2017). India is said to be in a demographic sweet spot with its working-age population projected to grow by a third over the next three decades (Source: Ministry of Finance, *Economic Survey 2016-17*, January 2017). The following chart shows a comparison between India and some other Asian countries.



(Source: US Census International Data Base)

### Interest Rates

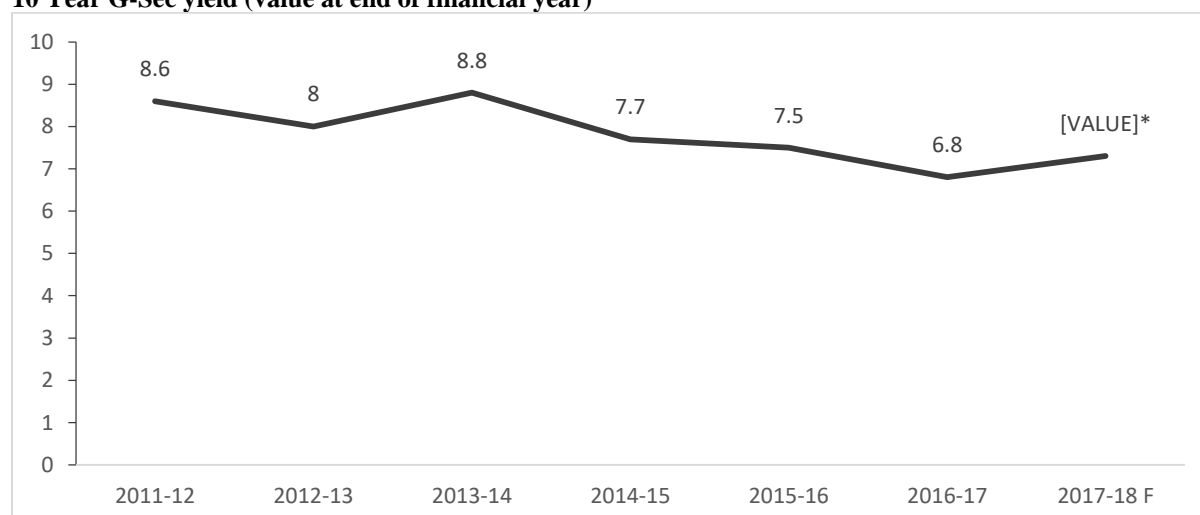
Interest rates in the Indian economy have declined in the last few years as inflation has eased and consequently the RBI has cut interest rates. The ten-year Government securities ("G-sec") yield has gradually come down from a high of 8.6% at the end of financial year 2012 to 6.8% at the end of financial year 2017. The financial year 2018 has seen large volatility in the long-term G-sec yield. Since the beginning of this financial year 2018, the yield moved to 6.97% in May 2017 and then fell to around 6.4% in July-August 2017. Since then, yields have been on an upward trajectory.

Looking ahead, while inflation is expected to remain within the central bank's target, it faces upside pressures, buttressed by a sharp rise in international oil prices, recent increase in housing inflation due to revisions in house rent allowances paid to government employees, an uptick in vegetables inflation and signs of some return of pent-up demand. These may constrain the RBI from cutting rates in the near future and may lead to upside pressure on yields. Widespread concerns of fiscal slippage by the Government have given further push to the yields. CRISIL Research therefore expects the ten-year G-sec yields to be at approximately 7.3% by the end of financial year 2018. Interest rates are not expected to materially increase in financial year 2019 as inflation is



expected to remain within the RBI's target band; thus, the RBI is not expected to be aggressive and the Government is expected to be fiscally prudent.

#### 10 Year G-Sec yield (value at end of financial year)



Note: \* subject to revision

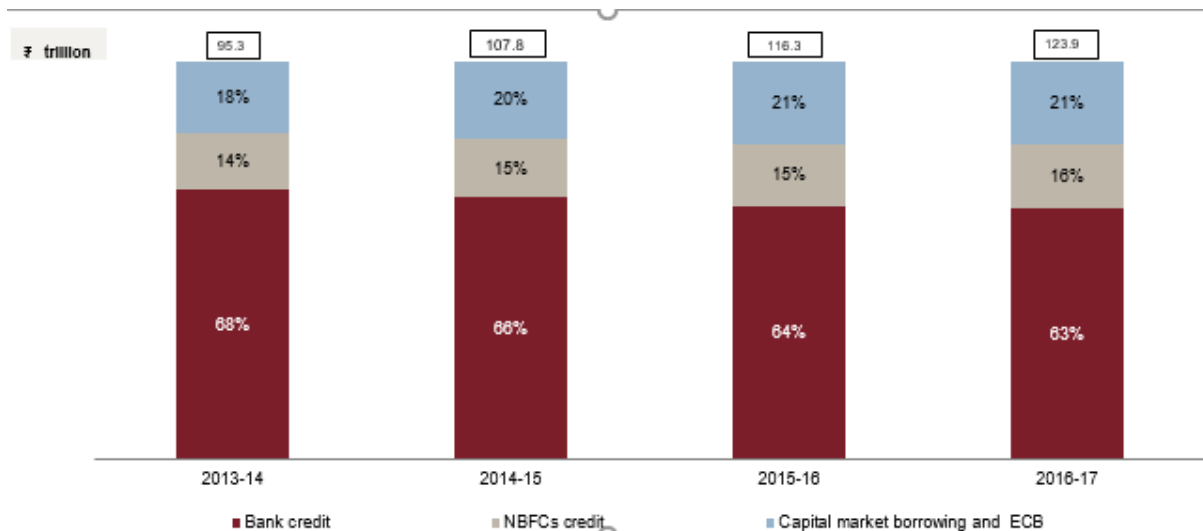
Source: Interest Rate Report

#### NBFCs

Non-Banking Financial Companies (“NBFCs”) have played an important role in the Indian financial system by complementing and competing with banks, and by bringing in efficiency and diversity into financial intermediation. NBFCs have evolved considerably in terms of operations, heterogeneity, asset quality and profitability, and regulatory architecture. (Source: Reserve Bank of India, *Non-Banking Finance Companies in India's Financial Landscape*, October 2017) A NBFC is engaged in the business of loans and advances, acquisition of shares/stock/bonds/debentures/securities issued by the government or local authority or other securities of like marketable nature, leasing, hire-purchase, insurance business, and chit business, but does not include any institution whose principal business is that of agriculture activity, industrial activity, or the sale/purchase/construction of immovable property. A non-banking institution which is a company and which has its principal business of receiving deposits under any scheme or arrangement or any other manner, or lending in any manner is also a NBFC (residuary non-banking company). (Source: Reserve Bank of India, *Frequently Asked Questions: Non-Banking Financial Companies*, January 2017)

India's financing requirements have risen in sync with the economy's notable growth over the past decade. NBFCs have played a major role in meeting this need by providing financial services with respect to products as well as customer and geographic segments at the grassroots level, making them a critical cog in the financial machine. They also cater to the unbanked masses in rural and semi-urban areas, and lend to the informal sector and people without credit histories. This key service has enabled the Government and regulators to realize the mission of financial inclusion. As of March 31, 2017, they accounted for 16% of the overall systemic credit.

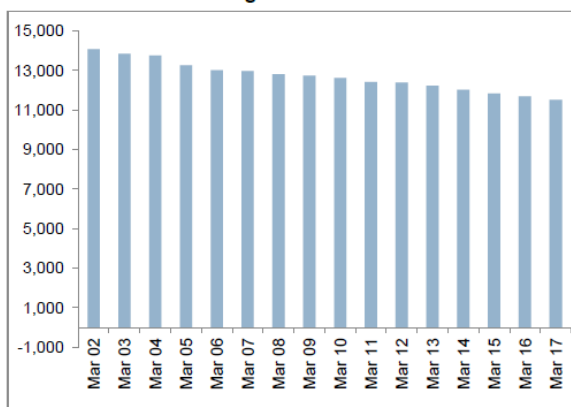
#### NBFCs' share in systemic credit increasing



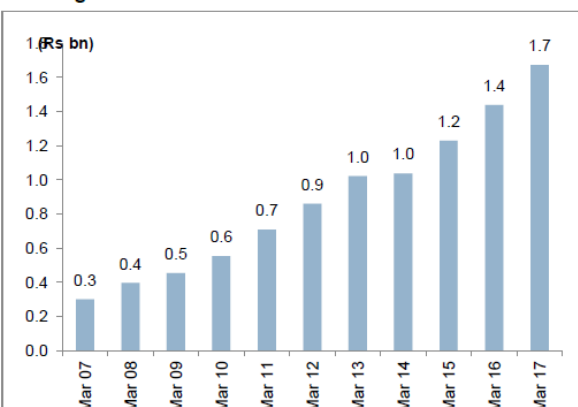
Note: 1. Banks' credit includes outstanding of regional rural banks (RRBs) and cooperative banks  
 2. Capital market borrowing and external commercial borrowing (ECB) includes corporate bonds and commercial papers outstanding, but excludes amount raised by banks and NBFCs  
 (Source: CRISIL Update)

In recent years, the NBFC sector has seen a fair degree of consolidation, leading to the emergence of larger companies with diversified activities. Consolidation and acquisition have increased the number of NBFCs with asset base in excess of ₹ 5 billion.

**Number of NBFCs registered with RBI**



**Average asset size of NBFCs**



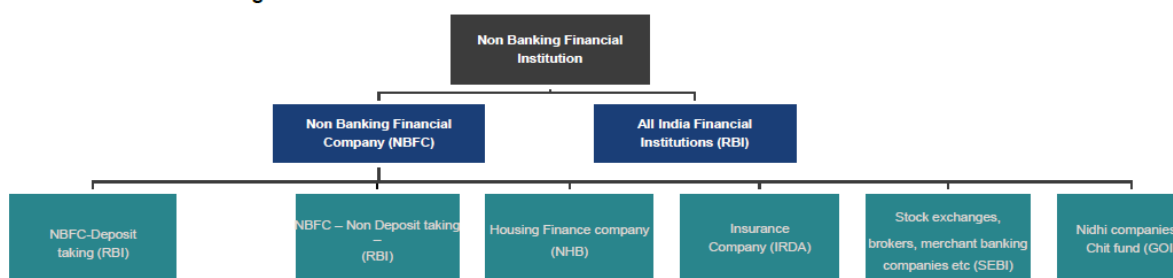
(Source: NBFC Overview)

As of November 30, 2017, there were 172 NBFCs in India registered to accept public deposits. Further, as of November 30, 2017, there were 11,284 NBFCs in India that do not accept public deposits. (Source: Reserve Bank of India, Non-Banking Financial Companies, accessed on January 26, 2018)

### Structure of NBFCs in India

The diagram below shows non-banking financial institutions in India, including NBFCs:

#### Structure of non-banking financial institutions in India



Note: The regulatory authority for the respective institution is indicated within the brackets.

All-India Financial Institutions include National Bank for Agriculture and Rural Development, Small Industries Development Bank of India and Export-Import Bank of India.

Source: NBFC Overview

Based on deposit mobilization, NBFCs are classified into two major categories: NBFCs-D (deposit taking) and NBFCs-ND (non-deposit taking). In view of the phenomenal increase in their number and deposits, a comprehensive legislative framework for NBFCs-D was introduced in 1997 to protect the interests of depositors. A conscious policy was pursued to discourage acceptance of deposits by NBFCs so that only banks could accept public deposits. Hence, no new license has been given to NBFCs-D after 1997. NBFCs-ND were sub-divided into two categories in 2006 - Systemically Important Non-Deposit taking NBFCs (NBFCs-ND-SI) and other Non-Deposit taking NBFCs (NBFCs-ND) based on asset size. NBFCs with an asset size greater than ₹ 1 billion were considered as NBFC-ND-SI. The threshold for recognition of NBFCs-ND-SI was increased to ₹ 5 billion in 2014. This classification was made to ensure greater regulatory control over NBFCs-ND-SI, which were expected to pose greater systemic risks on account of their larger size. NBFCs-ND-SI, as a result, were subjected to stricter prudential regulations as compared to NBFCs-ND. (Source: Reserve Bank of India, *Non-Banking Finance Companies in India's Financial Landscape*, October 2017)

Based on activities undertaken, NBFCs are classified into 12 major categories. While loan companies and investment companies have traditionally been the two core categories of the NBFC sector, newer categories have been added to this sector over time in recognition of the growing diversification of financial intermediation and the need for better regulatory oversight. Illustratively, in 2006, 'hire purchase' and 'equipment leasing' categories were merged and categorized as Asset Finance Companies ("AFCs") – the third major category in the NBFC sector. Infrastructure Finance Companies (NBFC-IFC) were defined as a separate category in 2010. NBFC-IDFs were set up in 2011 to increase long-term debt financing of infrastructure projects as well as to alleviate asset liability mismatches arising out of financing such projects. They were envisaged to take over loans provided for infrastructure projects based on Public Private Partnership (PPP) route which had completed one year of commercial operation. NBFCs-MFI were also set up in 2011 to serve the needs of the micro finance sector and the underserved segments more effectively. The focus of the regulations was more on strengthening the lending and recovery practices in the sector, especially with regard to the pricing of credit and multiple lending operations leading to over borrowing. NBFC-Factors were notified in accordance with the Factoring Regulation Act, 2011 as they were required to be registered with the RBI as NBFCs to commence their operations.

#### Classification of NBFCs based on activities undertaken

Types of NBFCs	Activity
1. Asset Finance Company (AFC)	Financing of physical assets supporting productive / economic activity, including automobiles, tractors and generators
2. Loan Company	Providing finance by extending loans or otherwise for any activity other than its own but does not include an AFC
3. Investment Company	Acquiring securities for the purpose of selling
4. Infrastructure Finance Company (NBFC-IFC)	Providing infrastructure loans
5. Systemically Important Core Investment Company (CIC-ND-SI)	Acquiring shares and securities for investment in mainly equity shares
6. Infrastructure Debt Fund (NBFC-IDF)	For facilitating flow of long-term debt into infrastructure projects
7. Micro Finance Institution (NBFC-MFI)	Extending credit to economically disadvantaged groups as well support Micro, Small and Medium Enterprises
8. Factor (NBFC-Factor)	Undertaking the business of acquiring receivables of an assignor or extending loans against the security interest of the receivables at a discount
9. NBFC Non-Operative Financial Holding Company	For permitting promoter / promoter groups to set up a new

Types of NBFCs	Activity
(“NOFHC”)	bank
10. Mortgage Guarantee Company (“MGC”)	Undertaking mortgage activities
11. Account Aggregator (“NBFC-AA”)	Collecting and providing the information of customers’ financial assets in a consolidated, organised and retrievable manner to the customer or others as specified by the customer
12. Non-Banking Financial Company – Peer to Peer Lending Platform (NBFC-P2P)	Providing an online platform to bring lenders and borrowers together to help mobilise unsecured finance

(Source: Reserve Bank of India, Non-Banking Finance Companies in India’s Financial Landscape, October 2017)

Notwithstanding the addition of newer categories over time, loan companies remain the single largest category, with a share of 36.2% in total assets of NBFCs as of March 31, 2017. NBFCs-IFC emerged as the second-largest category following the growing thrust on infrastructure financing. AFCs occupied the third position constituting 13.7% of total assets of NBFCs followed by investment companies. NBFCs-MFI, although accounting for only about 3% of the NBFC sector’s assets as of March 31, 2017, have shown a steady rise in share since their inception.

#### Shares of NBFCs classified by activities in total assets of the NBFC sector

Category (%)	As of March 31,					
	2012	2013	2014	2015	2016	2017
Loan companies	31.2	28.9	28.6	28.0	33.2	36.2
NBFCs-IFC	30.8	32.1	34.0	35.4	27.1	31.5
AFCs	12.6	14.2	14.3	13.9	13.2	13.7
Investment companies	22.3	21.4	19.7	17.7	22.4	12.6
NBFCs-MFI	1.6	1.9	1.9	2.4	2.8	3.0
CICs ND-SI	1.0	1.2	1.2	2.2	0.9	2.2
NBFCs-Factor	0.5	0.3	0.3	0.2	0.2	0.1
IDF-NBFCs	0.0	0.0	0.0	0.1	0.3	0.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: 1. Data are provisional; 2. NOFHC, MGC and NBFC-AA data are not captured in the table as they have a minuscule share in the total assets of the NBFC sector.

(Source: Reserve Bank of India, Non-Banking Finance Companies in India’s Financial Landscape, October 2017)

#### Competitive advantage of NBFCs

By virtue of access to low-cost funds and an extensive branch network, banks compete with NBFCs, especially on the cost front. However, with their strategic presence in lending segments as well as geographies, NBFCs have carved out a niche for themselves to effectively compete with banks. The niche product focus of NBFCs enables them to make customized offerings. Currently, NBFCs dominate construction equipment finance, with steady gains in market share in housing and loan against property (“LAP”) segments. In emerging segments such as wholesale finance, NBFCs have doubled their market share in the past five years even though these are still at low levels.

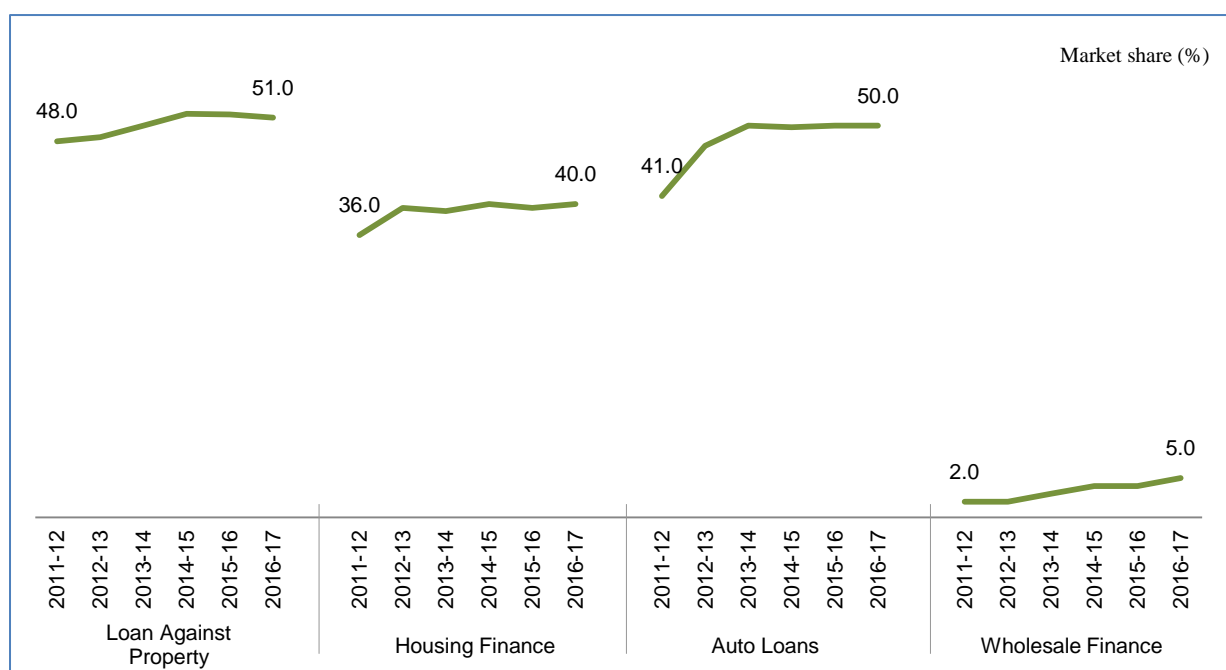
The table below gives the competitive position of NBFCs and housing finance companies (“HFCs”) vis-à-vis banks in selected sub-segments.

NBFC segment	Market share (based on disbursements) vis-a-vis banks (2016-17 E)	Competitive positioning
Housing Finance	40%	• Competitive interest rates, better customer service; focusing on

NBFC segment	Market share (based on disbursements) vis-a-vis banks (2016-17 E)	Competitive positioning
		higher-yielding segments like LAP and developer loans
Low-cost housing*	n/a	<ul style="list-style-type: none"> <li>Strong local knowledge, geographical focus, differentiated credit appraisal methodology</li> </ul>
Auto finance	50%	<ul style="list-style-type: none"> <li>Catering to relatively less creditworthy customers, strong presence in used vehicles, faster processing, lower documentation, customized offering</li> </ul>
Loan against property	51%	<ul style="list-style-type: none"> <li>Strong origination skills, superior customer knowledge, better collection mechanisms, faster loan processing, cash flow-based credit appraisal</li> </ul>
Wholesale finance	5%	<ul style="list-style-type: none"> <li>Strong origination skills, customized product offering, focus on real estate funding and structured products</li> </ul>

\*Low-cost housing is a subset of housing finance  
(Source: NBFC Overview)

#### Trends in movement in market share of NBFCs vis-a-vis banks



Note: 1. CE market share (y-axis) is based on disbursements

2. Housing loans include only retail housing loans; low-cost housing is a subset of housing finance.

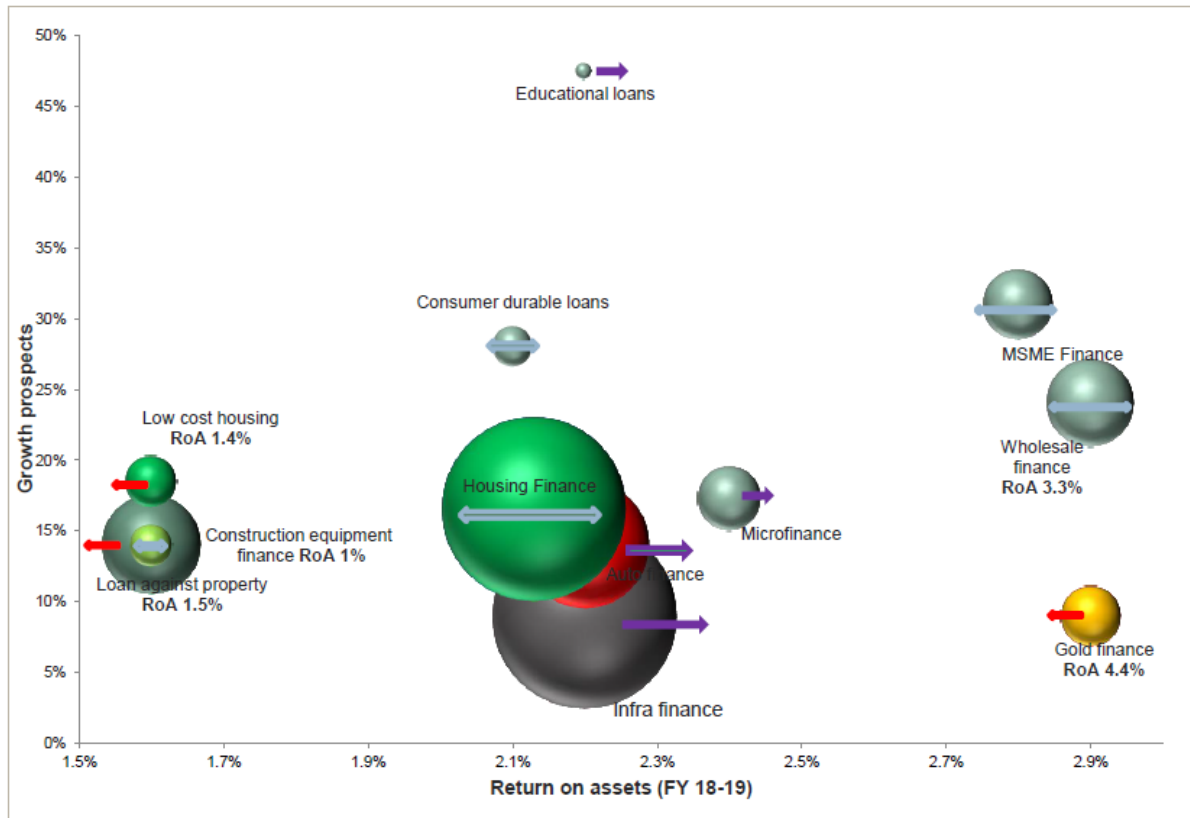
(Source: NBFC Overview)

#### Outlook on NBFCs

CRISIL Research estimates the loan book of NBFCs to post 15% CAGR growth between financial year 2018 and financial year 2019. So far, NBFCs have gained market share at the expense of banks owing to focused lending, widening reach, and resource-raising ability. With slowing corporate demand for loans, banks have shifted their focus to retail assets, thereby increasing competition for NBFCs. In CRISIL Research's view, low penetration in Tier II and Tier III cities, product and process innovation, and continued focus on core businesses will be the key enablers for steady growth for NBFCs.

The attractiveness of a sub-segment can be gauged from the relative expected business growth and profitability. CRISIL Research has mapped business growth (assets under management or "AUMs") over the next two years on the Y-axis and expected profitability as return on assets ("RoA") on the X-axis. As one moves from the top right to bottom left, the relative attractiveness of a sub-segment in the near-term diminishes. For example, educational loans and consumer durable loans have the best growth prospects among the segments analyzed in this report, while growth prospects for gold finance and infrastructure finance is low.

### Comparative matrix of different NBFC segments



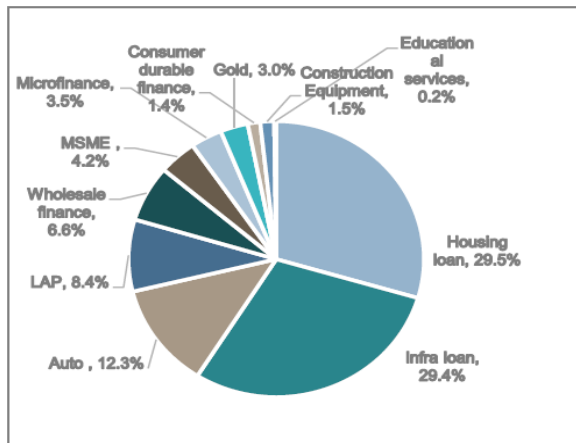
Note: 1. Expected RoA in fiscal 2019 of gold finance is 4.4% and construction equipment financing is 1%. 2. Size of the bubble denotes the relative asset size of the segment. Growth prospects indicate expected growth in business over the next two years; 3. Profitability based on RoA analysis 4. Microfinance excludes Andhra Pradesh portfolio for profitability calculations; 5. Low-cost housing is a subset of housing finance; 6. → RoA improving, ↔ RoA remains stable, ← RoA declining from current level

(Source: NBFC Overview)

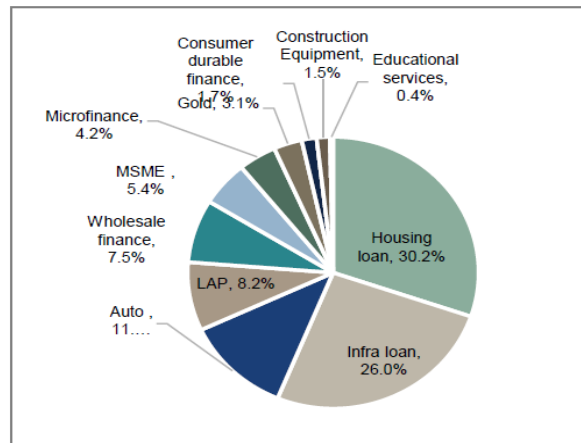
### Projected Asset Class Distribution of NBFCs

The rankings of the loan segments in the NBFC sector will remain relatively the same between financial year 2017 and financial year 2019, but their shares in the overall pie will see considerable change. While the share of the housing loan segment will expand further, the automobile loan and LAP segments will see their shares contract. Wholesale finance loan and micro, small and medium enterprises loan (including loans to small and medium enterprises or “SMEs”) will, in contrast, see their shares in the overall disbursement pie increase.

Asset class-wise distribution of NBFCs (2016-17)



Asset class-wise distribution of NBFCs (2018-19 P)



P: Projected

Note: Low-cost housing is a subset of housing finance.

(Source: NBFC Overview)

## Overview of Selected Sectors

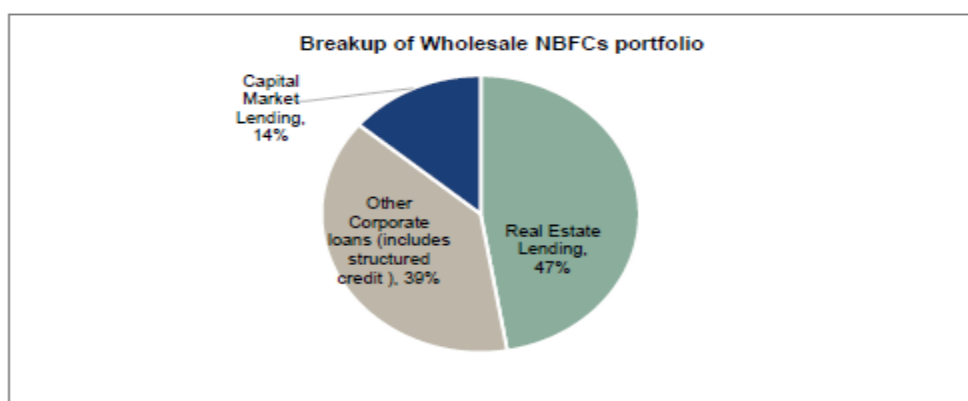
### Wholesale Finance

Wholesale finance represents lending services to medium-to-large-sized corporates, institutional customers, real estate developers by banks and other financial institutions. It encompasses long- and short-term funding, with long-term loans accounting for a majority of the loan book.

The below analysis excludes lending to the infrastructure sector, and covers only loans offered to large corporates in non-infrastructure segments.

Wholesale finance NBFCs provide loans which are industry-specific (such as real estate finance), structured and customized as per the needs of the client and risk appetite of the NBFC. They offer products such as promoter funding, mezzanine funding, structured and acquisition financing, and lending to real estate developers. For wholesale NBFCs, developer finance (or real estate lending) accounts for approximately 47% of the loan book, as a majority of the large players have significant exposure to the same.

**Real estate financing accounts for majority share in overall wholesale credit (FY17)**



(Source: NBFC Report)

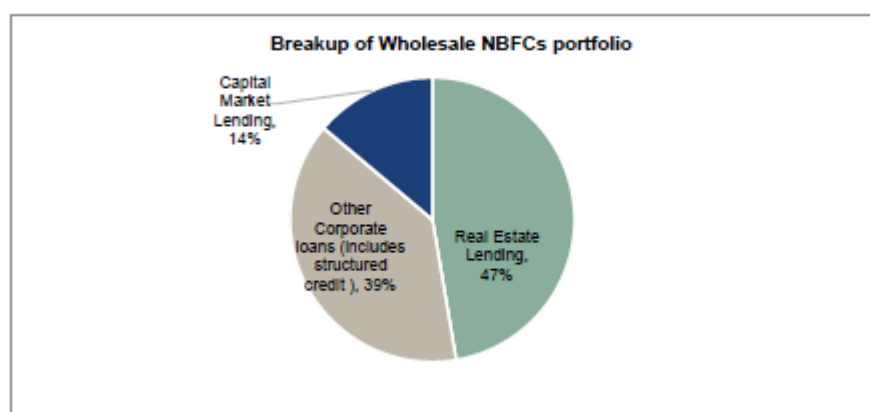
Wholesale finance offered by NBFCs is segmented as follows:

Real estate lending	Secured corporate loans (includes structured finance)	Capital market lending
<ul style="list-style-type: none"> <li>Provides customised and structured loans to real estate developers for pre-approval/land financing and construction of commercial and residential properties</li> <li>Last stage financing for inventory funding</li> </ul>	<ul style="list-style-type: none"> <li>Customized financing solutions to meet working capital and growth finance needs of corporate clients</li> <li>It includes : <ul style="list-style-type: none"> <li>Vanilla term loans</li> <li>Working capital loans</li> <li>Structured finance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Provides finance against capital market securities to customers to meet their liquidity requirements</li> <li>It includes: <ul style="list-style-type: none"> <li>Promoter funding</li> <li>IPO funding</li> <li>Mezzanine financing</li> <li>Special situation and acquisition financing</li> </ul> </li> </ul>

(Source: NBFC Report)

The chart below shows that real estate financing accounts for a majority share in overall wholesale credit in financial year 2017:

### Real estate financing accounts for majority share in overall wholesale credit (FY17)



(Source: NBFC Report)

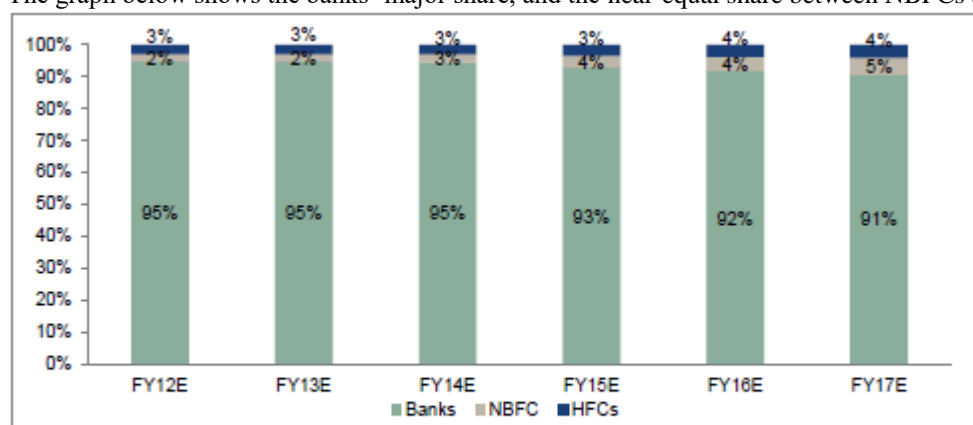
### Market Size and Share

CRISIL Research estimates the market size of wholesale financing (including lending by banks, NBFCs and HFCs) to be ₹ 25 trillion as of March 2017. The market has grown at a CAGR of 9% between financial years 2012 and 2017, reflecting the increasing caution of banks in funding corporates, given high delinquencies and capital constraints.

CRISIL Research expects credit growth of banks in the corporate sector to remain muted over the next two years as banks are still grappling with high gross non-performing assets (“GNPAs”) in the corporate sector.

On the other hand, NBFCs’ and HFCs’ developer loan portfolios continue to see strong growth in their wholesale financing books. Between financial years 2012 and 2017, wholesale loans outstanding of NBFCs and HFCs together grew at a CAGR of 23%. Consequently, their market share expanded to 9% from 5% during the period.

The graph below shows the banks’ major share, and the near-equal share between NBFCs and HFCs:



E: Estimated

Note: HFC portfolio includes only developer loan and other corporate loan

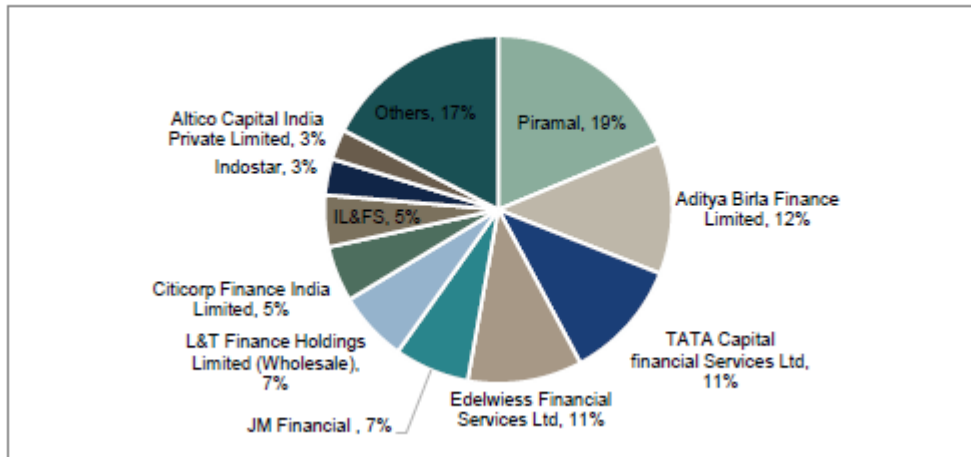
(Source: NBFC Report)



## Key Players

The top four NBFCs in wholesale financing are Piramal Group (includes Piramal Enterprise and Piramal Finance Private), Aditya Birla Finance, Tata Capital Financial Services, and Edelweiss Financial Services. These four players together account for more than half of the overall wholesale financing by NBFCs.

### Top four players constitute over 50% of the market among NBFCs



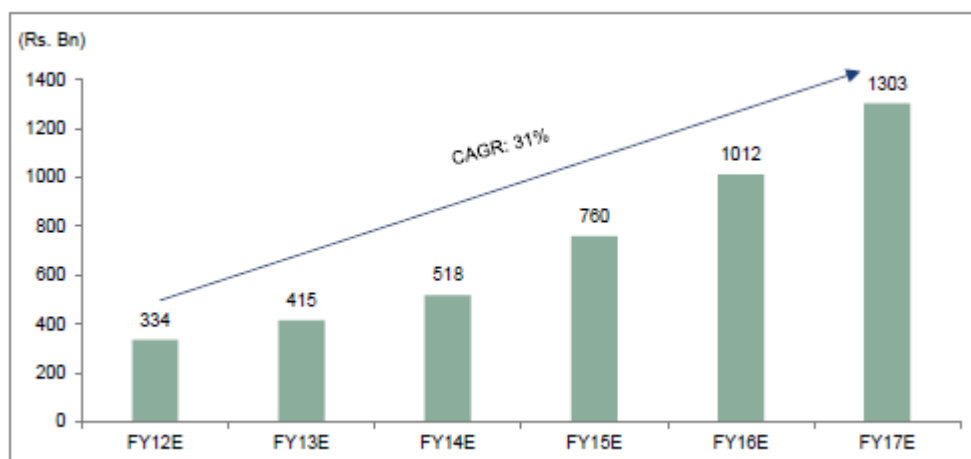
(Source: NBFC Report)

## Key Growth Drivers

The AUM of wholesale financing NBFCs (excluding HFCs) has grown at a robust CAGR of 31% over the past five years, to touch ₹ 1.3 trillion by March 2017. Though banks' interest rates are lower by 250-350 basis points, NBFCs retain an edge over banks by offering more complex and structured deals. Majority of the portfolio of NBFCs is from Tier I cities as exit options are difficult in smaller cities, especially in the real estate segment which forms a significant chunk of overall portfolio of the wholesale finance market.

CRISIL Research anticipates wholesale financing by NBFCs to grow at 23-26% CAGR over the next two years to ₹ 2.0 trillion by financial year 2019. Increasing need for funds post implementation of the Real Estate (Regulation and Development Act), 2016 ("RERA") and the inability of PSBs to lend aggressively would act as key growth catalysts in the near term.

### Strong growth in NBFC loan outstanding



E: Estimated; Note: Excludes HFC portfolio

(Source: NBFC Report)

## Customized solutions

NBFCs offer customized loan structures with features such as interest moratorium and bullet repayment schedules, which are not offered by banks. In addition, NBFCs also often extend credit to developers for land financing and early-stage project financing.

#### *Lower turnaround time*

Customers often require funds in a timely manner for funding business growth or managing liquidity crunch. NBFCs are able to meet the requirement of such clients due to their faster turnaround time. On average, NBFCs disburse a large-ticket loan to a new customer within 45 to 60 days.

#### *Slow decision-making process in public sector banks*

Decision-making cycles in some PSBs has elongated considerably, owing to risk aversion and fragile capital position. This has also contributed to the growth of NBFCs.

#### *Strong client relationships*

Some NBFCs in this space have strong client relationships due to their presence in allied businesses, or because they are supported by well-established parent companies. This aids them in both securing business and in risk assessment.

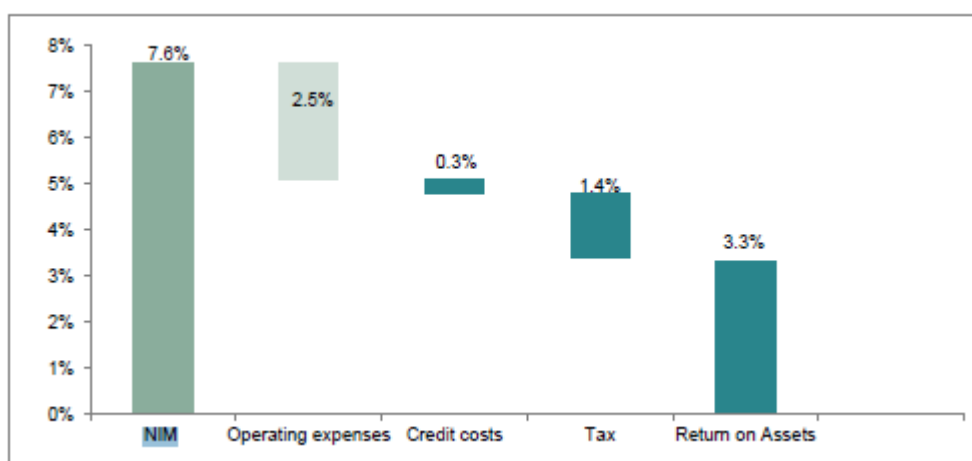
#### *Profitability to be stable over near term*

Profitability in the wholesale financing segment is high on account of low credit cost and high yields. Majority of the wholesale finance products charge interest between 11%-19%, with real estate financing and structured finance products being charged at a higher rate of interest due to their riskier and complex nature of business. Key considerations influencing the interest rate include the promoter's background, financial health, payment structure and collateral offered. Business is generally sourced through the in-house sales team which constitutes 90%-95% of overall sourcing.

Since gross non-performing asset levels in overall wholesale finance is low for NBFCs, their credit cost is also low. Average loan tenure is 36 months while some NBFCs offer loans up to five years.

Meanwhile, CRISIL expects return on assets ("ROA") to be stable at 3.0-3.5% over financial year 2018 and financial year 2019; despite lower yields, it will be offset by lower credit cost and reducing cost of funds. ROA varies considerably for each player due to the difference in products offered.

**Low credit cost and high yielding products kept profitability levels high**



NIM: Net Interest Margin  
(Source: NBFC Report)

#### **Impact of RERA**

RERA has brought in a sense of concern to the real estate sector, already grappling with lower sales and lengthening of working capital cycles. This uncertainty is likely to continue for another six to 12 months as the

market adjusts to RERA implementation. Meanwhile, funding opportunities for property developers would increase as:

- Developers need to set aside 70% of the sale proceeds from a particular project only for constructing that particular project; for new projects or for growth capital, fresh funding would be required.
- Unlike earlier, developers cannot sell a project before getting the requisite approvals; this would also increase the need for funding at the pre-approval stage.
- Some developers, whose projects are at an advanced stage of construction, are opting for additional funding to celebrate project completion and begin sales thereafter (as projects with occupation certificate are not subject to GST, whereas GST of 12% is payable on under construction projects).

In the long-term, effective implementation of RERA is expected to benefit the real estate sector, as it is expected to result in improved transparency and timely delivery. RERA is also expected to put an end to fund diversion and transform the realty sector into a more organized and trustworthy one, helping re-instill the confidence of end users towards the market. Furthermore, financial institutions will have more confidence in lending to builders/developers on account of the regulatory authority, and the stringent compliances to be followed by them.

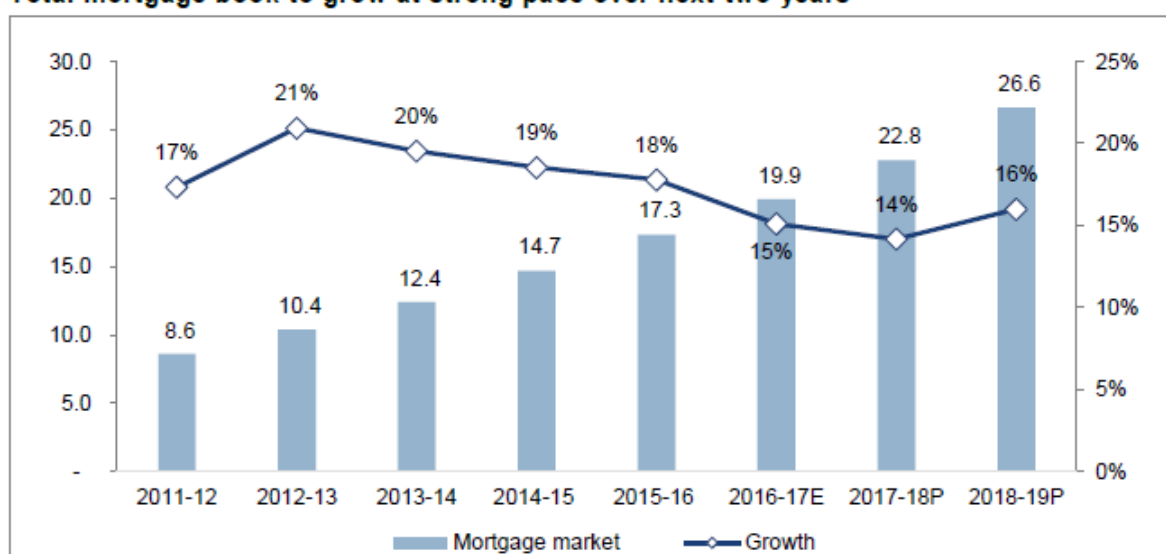
## Housing and Low-Cost Housing Finance

### Mortgage Market Size and Share

The Indian housing finance market has grown rapidly, with mortgage lending significantly contributing to growth in construction and demand for housing. HFCs have been at the forefront, clocking CAGR growth of approximately 22% in loan outstanding between financial year 2012 and financial year 2017 vis-a-vis the industry's (banks and HFCs) 18-19%.

HFCs' loan outstanding is projected to clock 17-19% CAGR growth from ₹ 7.8 trillion in financial year 2017 to ₹ 10.8 trillion in financial year 2019, aided by higher finance penetration and demand for affordable housing. CRISIL Research expect all three segments (housing loan, developer loan and LAP portfolios) to grow at a healthy pace.

### Total mortgage book to grow at strong pace over next two years



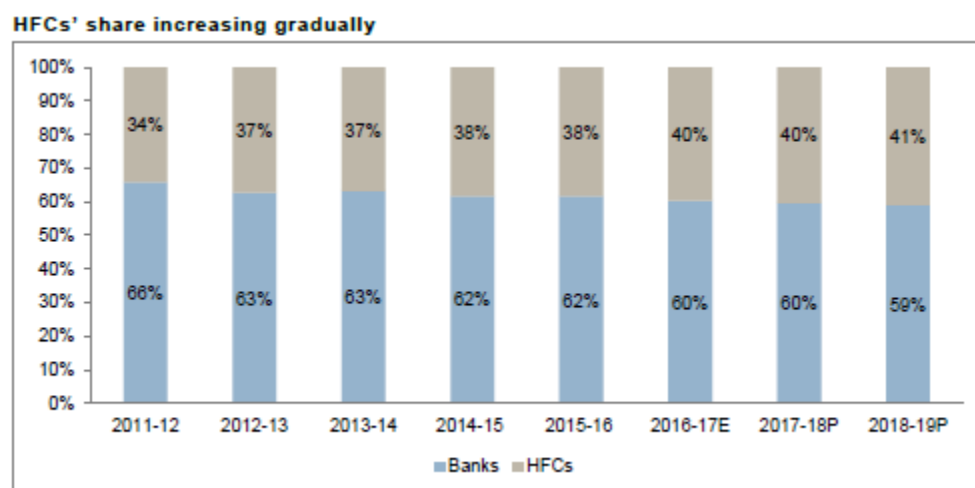
**Note:** Includes the overall portfolio of HFC and only housing loans and developer loans of banks

\*Total mortgage book is in terms of loan outstanding in ₹ trillion

(Source: NBFC Report)

Both banks and HFCs offer mortgage loans. Banks currently have a lion's share in loan assets (60% as of financial year 2017). However, the share of HFCs has increased steadily from 34% to 40% over the past five years, mainly supported by their sharper focus on LAP and developer loan segment.

The following chart sets forth the HFCs' share as compared to the banks':



(Source: NBFC Report)

## ***Retail Housing Finance***

### ***Disbursement and outstanding growth***

Higher government support for the affordable housing segment (in terms of interest rate subsidy), as well as a declining interest rate scenario, is expected to boost the overall housing loan demand over the next two to three years. On June 8, 2017, the RBI reduced the risk weights (for the home loans over ₹ 3 million category) and standard assets provisioning (from 0.40% to 0.25%), which is expected to release capital for the banking industry and further reduce home loan rates. Also, an increase in LTV for various loan buckets should increase the housing portfolio of banks.

As per the government data, as of October 2017, approximately 200,000 houses had been constructed under the Pradhan-Mantri Awas Yojana, or PMAY. To achieve the target of constructing 20 million houses across India by 2022, the pace of construction work will increase and subsequently lead to higher demand for loans. The inclusion of the middle income group (with a household income between ₹ 0.6 million to ₹ 1.8 million per annum), under the credit linked interest subsidy scheme, is expected to lead to an increase in loan disbursements in the medium to long term.

The awarding of infrastructure status to affordable housing is expected to push more developers to enter the segment, as they will have an easier access to institutional credit and be able to help reduce their cost of borrowing for affordable projects, thus leading to a greater supply of units at reasonable prices. Also, the Real Estate (Regulatory and Development) Act, 2016, will lead to more structure, transparency and discipline in the sector in the future.

Other factors increasing disbursements include:

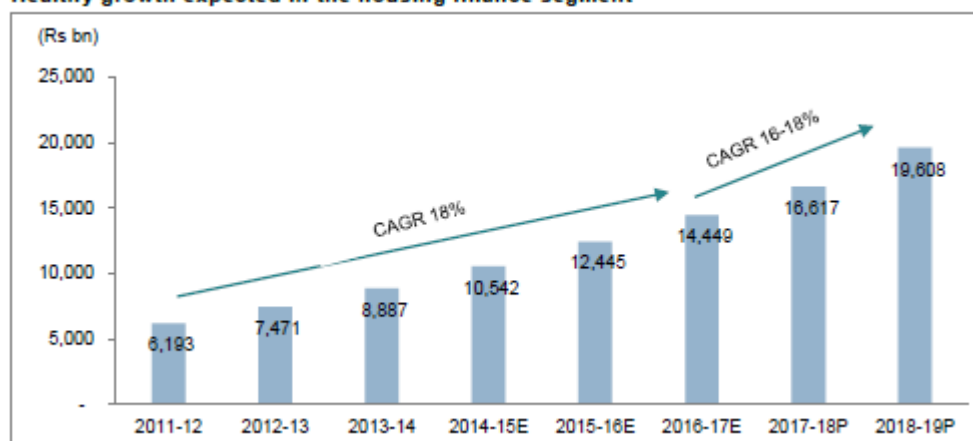
- low current mortgage penetration;
- rising urbanization, families becoming more nuclear and an increase in the number of affordable housing projects; and
- easier availability of home loans, lower interest rates and faster loan sanctions.

Housing loans disbursements are expected to grow at a healthy CAGR of 16% to 18% over the next two years, between financial years 2017 and 2019.

During financial years 2011 to 2015, the share of HFCs increased fast, from 35% to 40%. CRISIL Research expects the share of HFCs in the housing finance market to be in the 40-41% range in financial year 2019.

CRISIL Research expects HFCs' loan portfolios to grow at a slower pace of 16-18% CAGR in financial years 2018 and 2019 due to the RERA. Thereafter, growth is expected to accelerate, leading to 18-20% CAGR growth over the next five financial years, led by HFCs' strong origination skills, focused approach (catering to a particular category of customers), relatively superior customer service and diverse channels of business sourcing. The push towards affordable housing will also buoy growth.

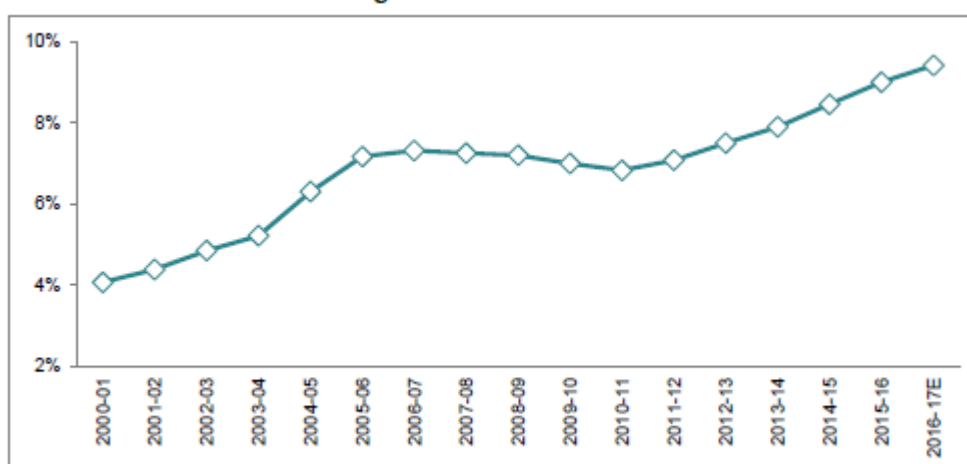
**Healthy growth expected in the housing finance segment**



(Source: NBFC Report)

The share of retail loan to GDP ratio has grown consistently for more than a decade as it is a low-risk and fast-growing business; it has maintained sustainable and healthy double-digit annual growth for over a decade. Traditionally, the housing finance market has been largely catered to by banks and HFCs, and both players complement and grow each other because of their own inherent strengths and weaknesses. Together, they play a significant role in promoting competition, market efficiency and consumer choice.

**Share of retail loan outstanding to GDP ratio**



Note: GDP base year up to 2010-11 is 2004-05 and after that base year is 2011-12. GDP is at current price

## Key Growth Drivers

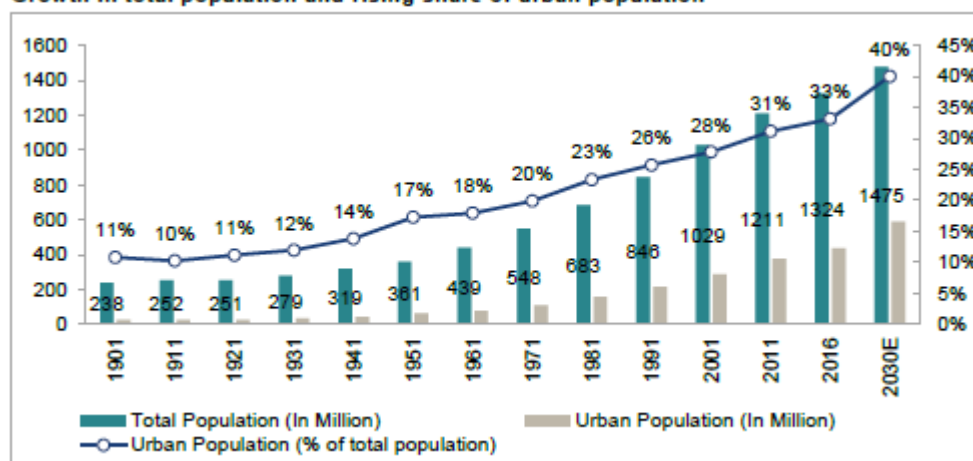
### *Urbanization and Population Growth*

Despite a flourishing housing finance industry, India still faces a huge shortage of houses, especially in the urban areas. The share of the urban population rose steadily from 28.8% in calendar year 2004 to approximately 33.5% in calendar year 2017. CRISIL Research expects urbanization to accelerate, and the proportion of urban population to reach approximately 40% in calendar year 2030. Further, the increase in urbanization will also aid

a rise in GDP per capita, as suggested by the experience in the previous five years (calendar years 2013 to 2017).

Urbanization has a twin impact on housing demand: it results in a rise in the number of nuclear families, leading to the formation of more urban households, and reduces the area requirement per household.

**Growth in total population and rising share of urban population**



(Source: NBFC Report)

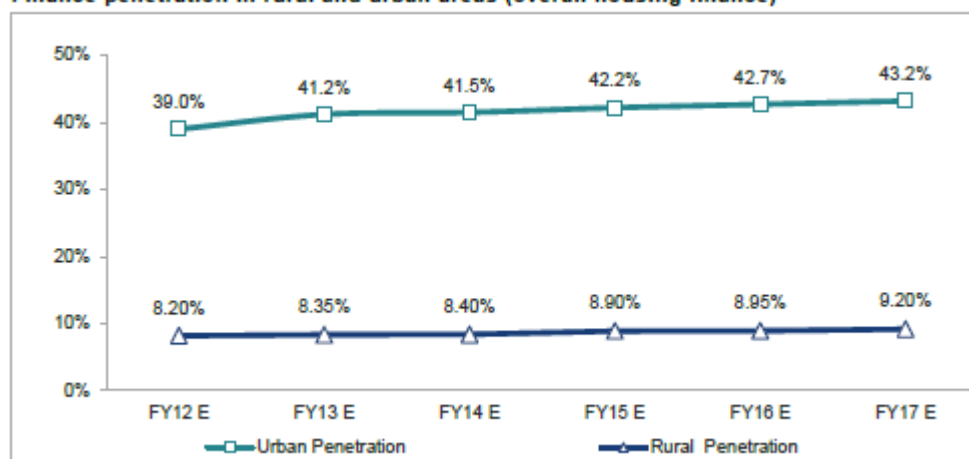
#### *Emergence of Tier II and Tier III cities and smart cities*

Rising demand for housing from Tier II and Tier III cities, and a subsequent surge in the construction activity, have increased the focus of financiers on these geographies. In addition, 100 smart cities are expected to be developed in the next five years.

Consequently, finance penetration in urban areas is estimated to have increased to approximately 43% in financial year 2017, from approximately 39% in financial year 2012, while penetration in rural areas is estimated to have risen only slightly.

However, even in urban areas, the self-employed population is not catered to by several HFCs. CRISIL Research expects finance penetration to increase gradually from these levels, driven by the thrust on affordable housing, improved data availability, and rising competition.

**Finance penetration in rural and urban areas (overall housing finance)**



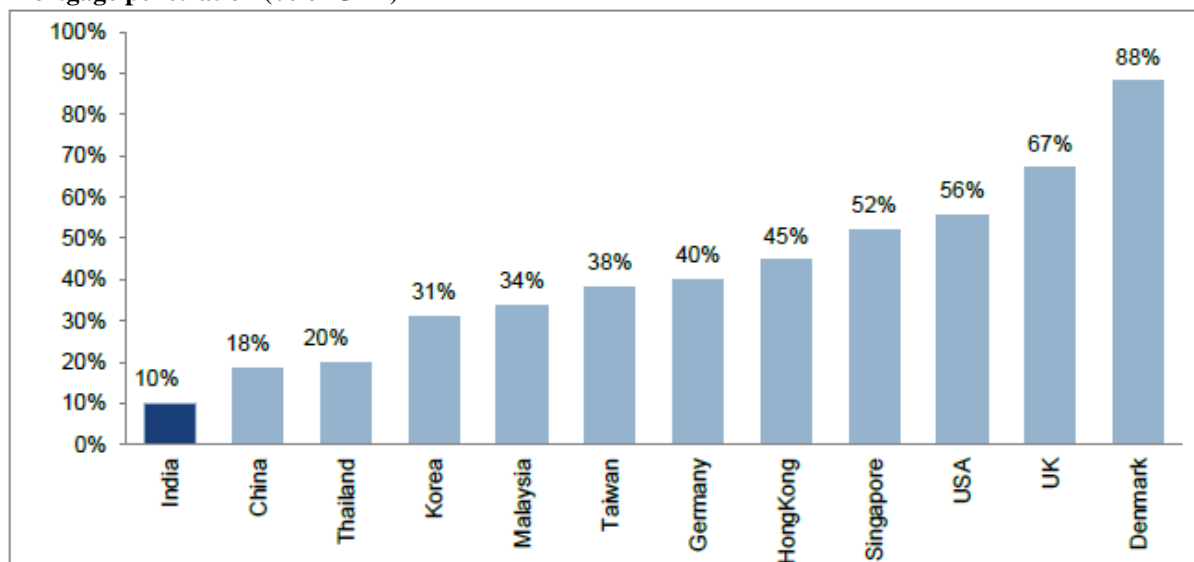
(Source: NBFC Report)

CRISIL Research expects rural areas to witness considerable improvement in finance penetration, led by the government's efforts to provide housing for all. However, operational challenges, such as timely collection of payments, lower ticket sizes, and higher delinquencies in comparison with the urban markets, will pose headwinds to rural expansion.

### *Indian Mortgage Market to Follow the Global Path*

India's mortgage-to-GDP ratio was still low at 10% in financial year 2016 compared with other developing countries, but it has improved from 7.4% in financial year 2010, given rising incomes, improving affordability, growing urbanization and nuclearization of families, emergence of Tier II and Tier III cities, ease of financing, tax incentives, and widening reach of financiers.

#### **Mortgage penetration (% of GDP)**



Note: India data for FY16, Other countries data for CY15  
(Source: NBFC Report)

Based on CRISIL Research's analysis, mortgage penetration in India is nine to 11 years behind other regional emerging markets, such as China and Thailand. However, due to various structural drivers, such as a young population, smaller family sizes, urbanization and rising income levels, CRISIL Research believes that growth rates in the mortgage segment should remain healthy over the long term.

#### *Availability of Credit*

HFCs have a well-diversified and stable resource base, comprising fixed deposits, bank borrowings, debentures, bonds and foreign currency borrowings. This lends flexibility to their borrowings, allowing them to manage costs.

It is believed that players' access to funds will improve, as the Government and the RBI have announced several measures to ensure adequate funding. Also, the new marginal cost of lending rate ("MCLR") scheme has reduced borrowing costs. Bank lending for housing loans has declined 100 to 120 basis points ("bps") since banks switched to MCLR from the previous base-rate system. Also, initiatives such as raising the investment limit of debt mutual funds in HFCs by 10%, opening up of external commercial borrowings route to HFCs by the RBI, and the setting up of the Urban Housing Fund ("UHF") to support refinancing of affordable housing projects, will reduce funding costs.

#### *Housing for all programs*

The recent push by the Government to provide 'Housing for All' by 2022 at an affordable cost and its implementation is expected to boost sales of affordable, low-cost housing units and consequently their financing.

The government has implemented the credit-linked subsidy component under the "Housing for All" mission as a demand-side intervention to expand institutional credit flow to meet housing requirements of people residing in urban regions. Under the mission, affordable housing through the Credit-Linked Subsidy Scheme ("CLSS") will be implemented through banks or financial institutions. Credit-linked subsidy will be provided on home loans availed of by the eligible urban population for acquisition and construction of houses. The Housing and

Urban Development Corporation and the National Housing Bank (“**NHB**”) have been identified as the central agencies to direct this subsidy to the lending institutions, and monitor the progress of this component.

The following table sets forth the details of the revised CLSS:

Category	Annual Household Income (₹ million)	Loan amount (₹ million)	Interest subsidy (%)	Size of the proposed house (carpet area; m <sup>2</sup> )
Economically weaker sections	Up to 0.3	0.6	6.5	30
Lower income group	Between 0.3-0.6	0.6	6.5	60
Middle income group 1	Between 0.6-1.2	0.9	4.0	120*
Middle income group 2	Between 1.2-1.8	1.2	3.0	150*

Note: (\*) as per government notification of November 16, 2017

(Source: NBFC Report)

For all income slabs (annual household income), any additional loan taken by the beneficiary up to a maximum tenure of 20 years, will be at non-subsidized rates.

Keeping no maximum loan limit, the Government has increased the subsidized loan amount to ₹ 1.2 million and salary slab to ₹ 1.8 million. It has also increased the repayment tenor to 20 years, which will ease the equated monthly instalment (EMI) burden and draw more people into the ambit of this scheme.

#### *Infrastructure status to affordable housing companies*

The Government granted infrastructure status to the affordable housing sector, which implies lower financing costs for the same. The grant of infrastructure and priority-sector statuses to retail loans for affordable housing projects by RBI has provided adequate demand and supply-side impetus to the sector. Typically, sectors enjoying infrastructure status can also avail of loans under the external commercial borrowings route. However, this facility was already granted to the affordable housing sector in financial year 2012 by RBI.

#### *RERA*

Enacted in 2016, the RERA was brought into force on May 1, 2017. It was introduced to protect the interests of homebuyers and boost investments in the real estate sector. However, the RERA is likely to have a short-term negative impact on the industry as it has forced developers to focus on completing existing projects. This, coupled with sluggish demand, has resulted in fewer new launches. Over the medium to long term, though, the RERA is expected to increase transparency and accountability among developers, which will enhance buyers’ trust and confidence, particularly at a time when the Government has embarked on its ambitious ‘Housing for All 2022’ mission.

#### *Atal Mission for Rejuvenation and Urban Transformation (“AMRUT”)*

The purpose of AMRUT is to provide basic services to households and build amenities in cities, and to improve the quality of life for all, especially the poor and the disadvantaged.

The key components of the mission are:

- To ensure that every household has access to a tap, with assured supply of water and a sewerage connection;
- To increase amenities in cities by developing greenery and well-maintained open spaces; and
- To reduce pollution by switching to public transport or constructing facilities for non-motorized transport.

#### *NHB’s refinancing*



While access to debt markets allows large HFCs to mobilize resources at competitive rates, niche HFCs have benefited from the NHB's refinance schemes. NHB runs various schemes under which it refinances banks and HFCs. For example, the Credit Risk Guarantee Fund Trust provides credit risk guarantee to lending institutions against their urban housing loans up to ₹ 0.5 million.

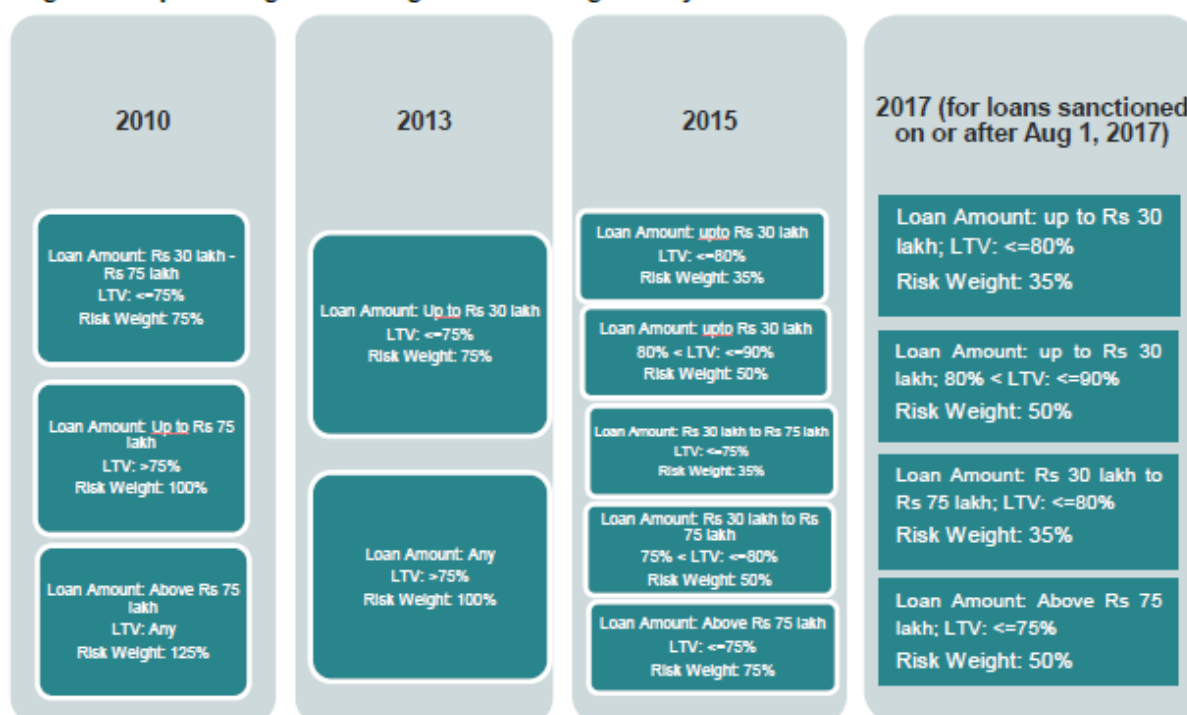
#### *NHB's revision of interest spread cap for the Rural Housing Fund ("RHF")*

The NHB has been allocated a sum of ₹ 60 billion under RHF for financial year 2018 and ₹ 30 billion under the UHF. The NHB has revised the interest rate and on-lending cap under the RHF. CRISIL Research believes the on-lending cap of 3.5% is better, as the previous 2% cap made financing unattractive, because of higher operating costs incurred to serve rural areas.

#### *Lowering risk-weights for banking home loans*

The regulators (RBI for banks, and NHB for HFCs) have been progressively reducing the risk weights for housing loans, taking into cognizance the healthy asset quality of the asset class. The following chart captures the reduction in risk weights for HFCs over the years:

#### **Regulations pertaining to risk weights for housing loan by HFCs**



(Source: NBFC Report)

#### *Grant of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI") License to HFCs*

Access to the SARFAESI means that HFCs do not have to seek recourse through the tedious and time-consuming conventional legal route. This allows HFCs to lend more freely and permits them to increase their exposure to the affordable informal sector customers, who are mostly situated in small towns where legal action is costly and time-consuming. Further, SARFAESI will act as a deterrent to defaulters.

#### *Other Regulatory Incentives*

To encourage infrastructure development and affordable housing, the RBI in July 2014 exempted long-term bonds from regulatory mandatory norms such as cash reserve ratio and statutory liquidity ratio if the money raised is used to fund such projects. Banks are allowed to raise bonds of minimum maturity of seven years for lending to long-term projects in infrastructure sub-sectors and affordable housing.

## Market Segmentation

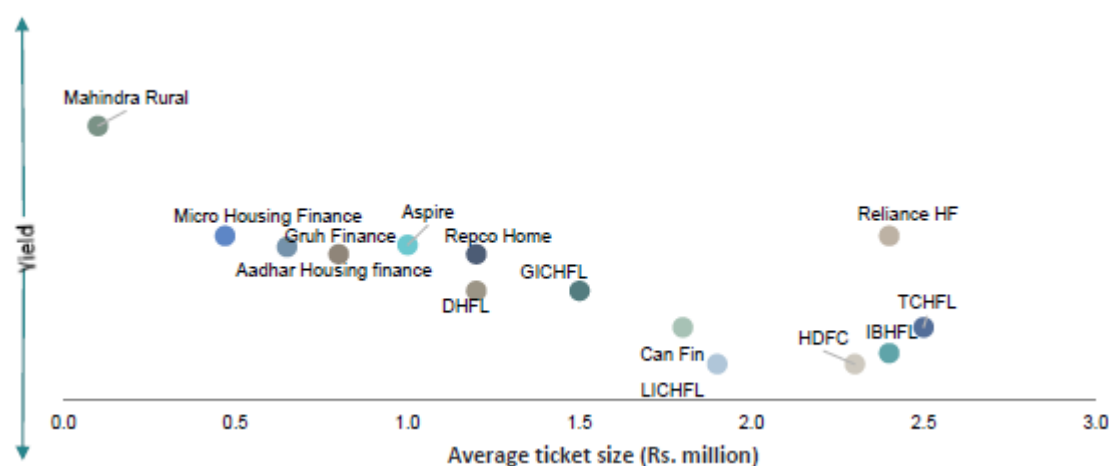
The table below shows the different segments within housing finance, which had AUM of ₹ 14,450 billion in financial year 2017:

Location	Parameters	Details
Metro	Market share	47%
	Average ticket Size	₹ 3.2-3.5 million
	Yield	8.5-10%
Urban	Market share	28%
	Average ticket Size	₹ 2.0-2.2 million
	Yield	8.5-10.5%
Rural + Semi urban	Market share	25%
	Average ticket Size	₹ 0.8-1 million
	Yield	10-13%

Note: Metro: Cities with population > 1 million; Urban: Cities with population between 0.1 to 1 million; Rural + Semi urban: Cities with population < 0.1 million  
(Source: CRISIL Update)

## Key Players

HFCs are present across ticket size and yield spectrum. The chart below shows the HFCs' positioning in terms of average ticket size and yield:



(Source: NBFC Report)

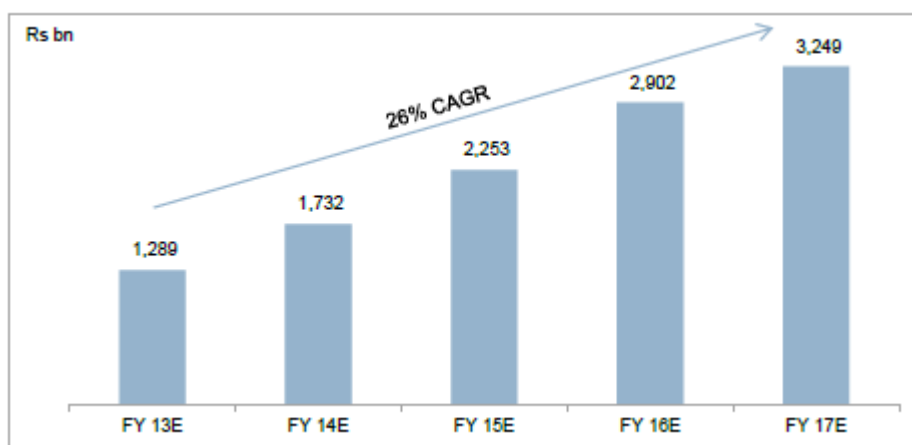
## SME Lending Through Loans against Property or LAP

A LAP is availed of by mortgaging a residential or commercial property with the lender. The end-use of the loan amount is not closely monitored and could be used for either business or personal purposes. This type of loan can be availed of by both salaried and self-employed individuals. A LAP is a secured loan, as it provides collateral to the financier in the form of property. Financiers are comfortable with this product, as it offers better security compared with unsecured personal loans.

## Market Size and Growth

CRISIL Research estimates the total outstanding LAP to have grown at a 26% CAGR to ₹ 3,249 billion between March 2013 and March 2017. The growth was led by a higher number of balance-transfer cases, rising property prices, higher risk appetite of NBFCs in terms of higher LTV ratios, better product awareness, higher capital requirement among small businesses, and greater focus by financiers.

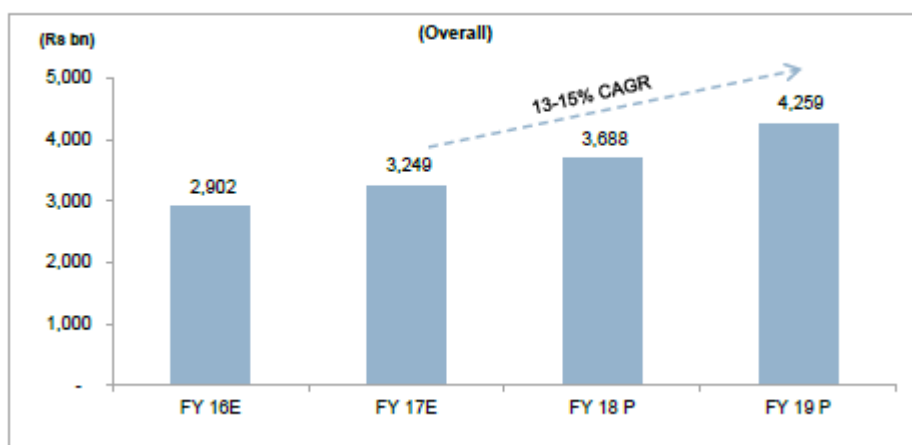
### Rising property prices led to higher LAP market growth



(Source: NBFC Report)

CRISIL Research expects the LAP outstanding to grow at a moderate pace of 13% to 15% CAGR to ₹ 4,259 billion during financial year 2018 and financial year 2019. The LAP market includes banks, NBFCs and HFCs. Among non-banks, HFCs are expected to grow faster compared with NBFCs, as they are able to lend at a much lower rate due to their lower borrowing costs. Among banks, private lenders are estimated to grow at a faster pace in this space, compared with public players, given their shorter turnaround times and aggressive market-share strategies. CRISIL Research expects some financiers to have reduced their focus on this segment, due to rising risks (pressure on yields, rising LTVs, and increase in commercial property mortgages), leading to an overall slowdown in the LAP market.

### LAP market growth to come down to 13-15% between 2017-18 and 2018-19



(Source: NBFC Report)

## Key Growth Drivers

### *Increasing customer awareness to drive offtake*

While the popularity of LAP as a product is slowly growing, it is still viewed as a last resort by end-users, because businesses traditionally opt for overdraft or cash credit facilities, while individuals tend to opt for pricier personal loans. Nevertheless, LAP is expected to eventually eat into the market share of other loan facilities, due to lower interest rates and rising property prices.

### *Higher yields versus home loans*

A LAP is midway between a home loan and a personal loan. While it is pricier than a home loan (by 100-150 bps), it also offers higher returns (though the return differential has narrowed). However, the product is also riskier than a home loan, as its end-use is not monitored, and self-employed individuals without a stable income

are the ones who mostly opt for this product. However, a LAP is less risky compared with personal loans. Thus, if delinquencies are controlled, the favorable risk-return is expected to be attractive for financiers, prompting them to expand in this segment.

#### *Favorable real estate prices in Tier II cities and smaller towns*

The demand for LAP is closely linked to property prices and the real estate market. During the economic crisis of financial year 2008 and financial year 2009, the demand for LAP slumped in the Delhi-National Capital Region area. This was attributed to sluggish real estate demand at the time. Currently, real estate prices in Tier II cities and smaller towns are either increasing or stable, unlike prices in metros, where financiers are feeling the heat in terms of stagnant property prices. Hence, financiers are focusing more on non-metros to increase the share of LAPs.

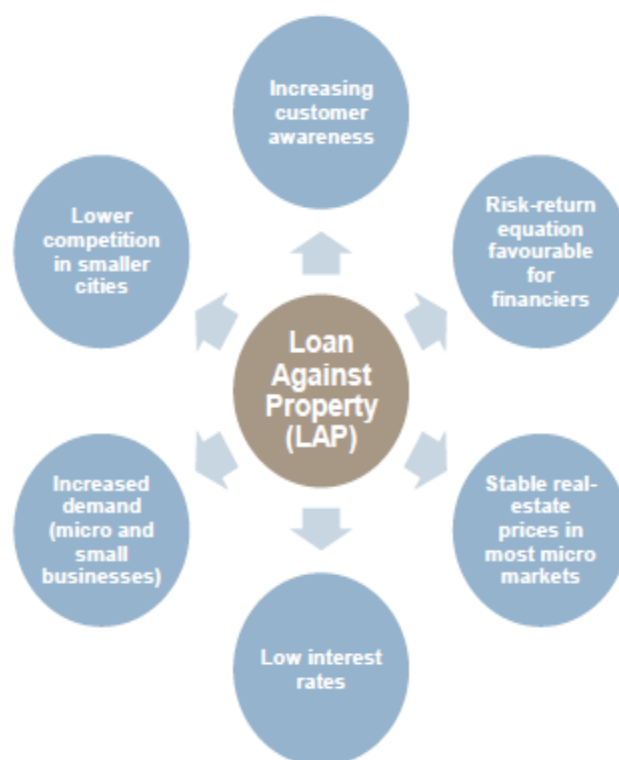
#### *Competitive interest rates to attract borrowers*

As a LAP is secured by a residential or commercial property, the product carries lower interest rates compared with personal loans. It also helps small businesses leverage on the steadily rising value of their real estate. In the past two years, the yield differential between housing loans and LAPs has also narrowed sharply, leading to higher inclination of borrowers towards this product.

#### *Higher finance penetration from organized channels to drive disbursements*

A LAP is usually extended to self-employed borrowers running small businesses, which mainly utilize funds for the purchase of assets, expansion and working capital. Due to the lack of formal funding options, businesses were either borrowing from money lenders at exorbitant interest rates or were running businesses with insufficient funds. However, because of higher finance penetration from organized players, most small self-employed borrowers are now opting for the formal channel to fulfil the funding needs, leading to higher disbursements.

#### **Higher traction in the SME segment to drive LAP demand**



(Source: NBFC Report)

#### **Market Segmentation**

##### *By type of property*

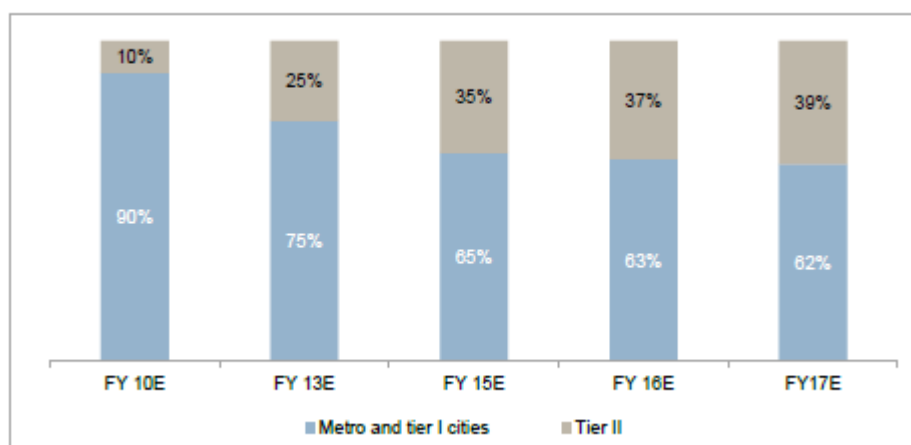
The table below shows the different segments within LAP, which had AUM of ₹ 3,250 billion in financial year 2017:

Location	Parameters	Backed by residential property AUM – ₹ 2,275 billion Market share - 70%	Backed by commercial property AUM- ₹ 975 billion Market share - 30%
Metro	Market share	64%	77%
	Average ticket size	₹ 7-9 million	₹ 10-30 million
	Yield	10-13%	11-14%
Urban	Market share	32%	23%
	Average ticket size	₹ 4-5 million	₹ 5.5-6.5 million
	Yield	11-14%	13-15%
Rural + Semi urban	Market share	4%	Negligible share
	Average ticket size	₹ 1-2.5 million	
	Yield	13-16%	

Note: Metro: Cities with population > 1 million; Urban: Cities with population between 0.1 to 1 million; Rural + Semi urban: Cities with population < 0.1 million  
(Source: CRISIL Update)

LAPs are currently popular in metros and Tier I cities, due to the high concentration of businesses. Four metro and Tier I cities contribute about 60% to 65% of the AUM for LAPs. However, players have been expanding to smaller Tier II cities, where competition is lower.

#### Growth accelerating in tier-II cities for HFCs/NBFCs

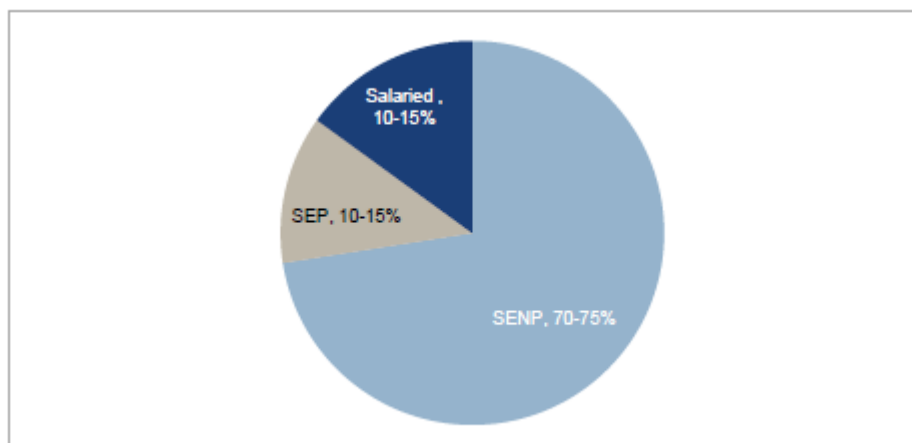


(Source: NBFC Report)

#### By type of customer

Self-employed borrowers account for almost 80 to 85% of LAP disbursements, of which approximately 70 to 75% are self-employed non professionals (“SENPs”), while the rest are self-employed professionals (“SEPs”). The salaried class accounts for the remaining 15%, primarily availing of LAPs to meet personal expenses related to marriage, healthcare and repayment of previous loans.

### SENP account for the majority of NBFCs/HFCs' LAP borrower base



**SENP: Self-employed non-professionals, SEP: Self-employed professionals**

(Source: NBFC Report)

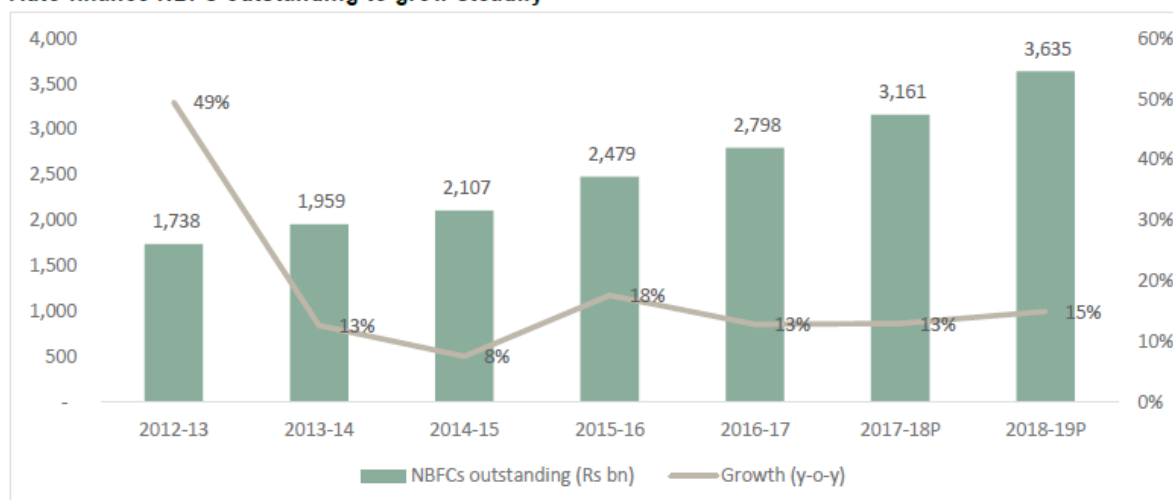
SEPs comprise doctors, chartered accountants and architects, who mainly need funds for the expansion of clinics and offices. SENPs, on the other hand, comprise small manufacturers and traders, who avail of a LAP as a term loan to meet capacity expansion, debt repayment, business diversification or working capital.

While NBFCs/HFCs target riskier self-employed customers, banks focus more on salaried individuals and self-employed individuals with better credit profiles. For borrowers who have earlier taken several personal and business loans at higher interest rates, LAPs offer an attractive option, helping them foreclose old loans and take a single loan (a LAP) at comparatively lower interest rates.

### Vehicle Finance

CRISIL Research expects the loan outstanding of NBFCs in the auto finance industry to grow at a CAGR of 14% over the next two years, compared to 13% in financial year 2017. Improved industrial activity, faster project clearances, and favorable monsoons will drive vehicle sales resulting in disbursement growth. Disbursements are also expected to increase with an increase in vehicle prices, rising finance penetration, higher LTV and better availability of credit bureau data.

### Auto finance NBFC outstanding to grow steadily



P: Projected

(Source: NBFC Report)

### Size and Growth

In financial year 2017, automobile sales grew 8%, supported by interest rate cuts, strong growth in sales of utility vehicles (“UVs”), new model launches by manufacturers, and advance buying by consumers due to the enforcement of BS-IV norms in the fourth quarter of financial year 2017.

#### *Cars and UVs*

Passenger vehicle (“PV”) sales grew by 9% during financial year 2017, driven by low inflation, interest rate cuts and new model launches by manufacturers. Sales of cars grew by 4%, and that of UVs by 23% during this time. After healthy growth in the first half of financial year 2017, PV sales were restricted due to demonetization in the second half of the year. In financial year 2017, growth in disbursements in the cars and UVs segment was healthy at 18%. Disbursements slowed in November and December 2016 due to the government ban on ₹ 1,000 and ₹ 500 notes. The impact of demonetization was largely felt in the self-employed segment due to the cash-intensive nature of the business.

In financial year 2018, cars and UV sales are expected to grow at 11%, on the back of a near-normal monsoon and lower rate of interest on car loans. The seventh pay commission payouts in financial year 2018 and lower volumes due to demonetization in financial year 2017 are further expected to aid growth. Sale of cars and UVs is expected to grow by 14% in financial year 2019. New model launches by players and low penetration of car ownership in the country will continue to drive auto sales growth. In the next five years, affordability is expected to improve with better economic growth and faster growth in disposable incomes (due to lower inflation).

Growth in cars and UVs finance will be supported by further improvement in economic sentiment, higher prices (with BS-IV having kicked in from April 2017), increase in finance penetration and LTV, and increase in number of addressable households. Within PV finance, the UV finance market is expected to grow faster at 19% CAGR during financial year 2018 and financial year 2019, vis-a-vis 14% CAGR growth for the car finance market during the same period, as more consumers show a preference for UVs, driving higher sales. Entry of fleet operators has created a new customer segment.

Over the next two years, within new vehicle financing, new PV disbursements are expected to grow at a CAGR of 16%. Within used vehicle financing, disbursements for used PVs are expected to grow at a CAGR of 10%.

#### *Commercial Vehicles*

Commercial vehicle (“CV”) sales grew by 4% in financial year 2017. Within CVs, sales of new light commercial vehicles (“LCVs”) turned positive after shrinking during the last three years to grow by 8%, driven by an increase in private final consumption expenditure. However, medium and heavy commercial vehicles (“MHCVs”) sales volume fell by 1% during this period. MHCV sales recorded healthy growth in financial year 2015 and financial year 2016, supported by improvement in industrial activities, agricultural output, replacement demand, and higher freight availability. Post-demonetization, however, sales contracted significantly.

CRISIL Research expects domestic CV sales to rise by 5% in financial year 2018 and 9% in financial year 2019. Advance buying due to the enforcement of BS-IV norms in the fourth quarter of financial year 2017 (in areas where the norm was already not implemented) will affect sales growth to some extent in the near term. LCV sales are likely to increase by 11% in financial year 2018, due to better demand from consumption-driven sectors. Sale of MHCVs is expected to fall by 2% in financial year 2018 because of low replacement demand, rising cost of ownership, no pick up in freight demand in the first half of financial year 2018, reduced discounts in the first quarter of financial year 2018 and constraints in supply of BS-IV vehicles. In the long term, increasing consumption expenditure, replacement demand, improving industrial activity, steady agricultural output, and the government’s focus on infrastructure will drive CV sales.

A decline in interest rates for CV financing during financial year 2017 aided sales but the market witnessed major disruption and a subsequent slump in sales after the Government announced demonetization in November 2016. This resulted in a sharp decline in disbursements. In financial year 2017, CV loan disbursements grew 7%. Within used vehicle financing, used car disbursement grew by 7%, while used CV disbursements grew by just 2%.

Over the next two years, within new vehicle financing, new CV disbursements are expected to grow at a CAGR of 12%. CV disbursements growth will be aided by 17% disbursements growth in the LCV finance market over

the next two years. The MHCV segment is forecast to record slower growth of 9% during the same period. In the long term, factors driving growth will be higher vehicle prices (due to the Government's mandate of switching to BS-VI norms by 2020), new car body norm (which will ensure that customers go for more organized car body builders), overall volume growth, improved availability of borrowers' credit history (especially first-time users) through credit bureaus, lower interest rates, increase in finance penetration and higher LTV.

Disbursements for used CVs too are expected to grow at a CAGR of 10%. Weak sales of new CVs over the past few years will lower used CV sales volumes. However, organized players are expected to grow faster than the industry.

### **Key Players**

Banks currently hold 50% share in auto finance outstanding, while NBFCs (including captives) account for the rest. NBFCs have increased their market share from about 48% in financial year 2013 to 50% in financial year 2017, due to factors such as their controlled operating cost, wider, more effective reach, strong risk management capabilities to check and control bad debt, and better understanding of customers.

Latent credit demand allowed NBFCs to fill the gap, especially those areas where banks had neither the appetite for risk nor the capabilities to serve. Stress on the books of banks, especially PSBs, also helped NBFCs to gain share in the auto finance market.

Banks largely lend to large fleet operators (“**LFOs**”), whereas NBFCs lend to customers with weaker credit profiles such as small fleet operators (“**SFOs**”), first time buyers (“**FTBs**”) and first time users (“**FTUs**”). Even in other vehicle segments, banks focus on salaried customers and self-employed customers with strong credit profiles.

NBFCs have gained market share by catering to customers with relatively weaker credit profiles, focusing on used vehicle financing (where banks have a very limited presence) and ensuring faster processing, lower documentation and greater flexibility in borrower appraisal.

NBFCs also have good relationships with, and the trust of, local customers, especially in Tier II, III, IV cities/locations, due to limited attrition and rotation of NBFC relationship managers.

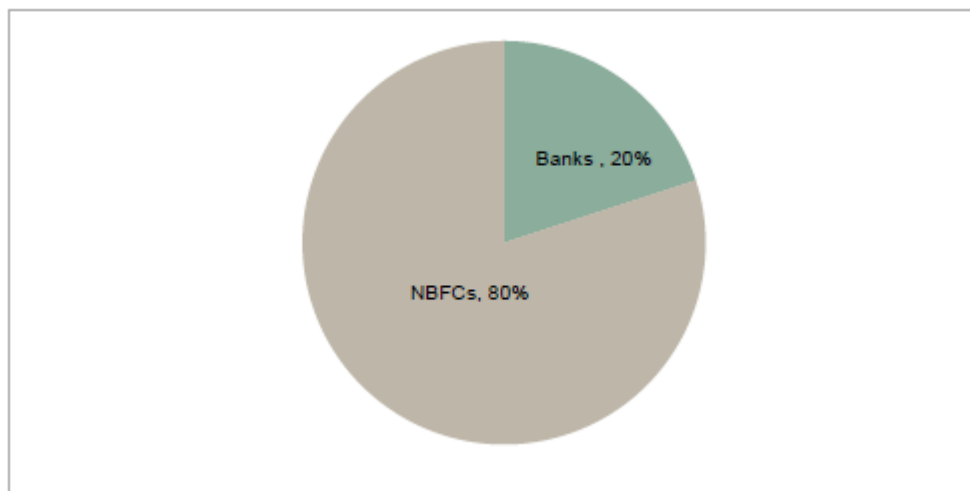
In cars and UVs, NBFCs focus mainly on the tour and taxi segment in urban areas, and on self-employed customers or customers with weaker credit profiles in rural areas. NBFCs have also been focusing on the used car segment and have a sizeable share in the segment. Increasing internet usage has made customers more knowledgeable and demanding of quality service and bundled products and services.

NBFCs have a significant presence in CVs; the segment accounts for almost half of NBFCs’ total auto finance outstanding while cars and UVs account for over a third of the total portfolio. FTUs, SRTOs, driver-turned-owners/ first-time entrepreneurs, with limited personal equity to investing in new CVs, are the target customers of NBFCs. As a result, they opt for pre-owned CVs, preferably five to 12 year old vehicles as the price differential between new and old vehicles is significant. Used-vehicle financing constitutes almost two-thirds of NBFCs’ total CV finance outstanding.

NBFCs have a high share of used CV loans. Factors such as difficulties in assessing borrower income and value of used assets, and challenges in collection and recovery have kept banks away from used-vehicle financing.



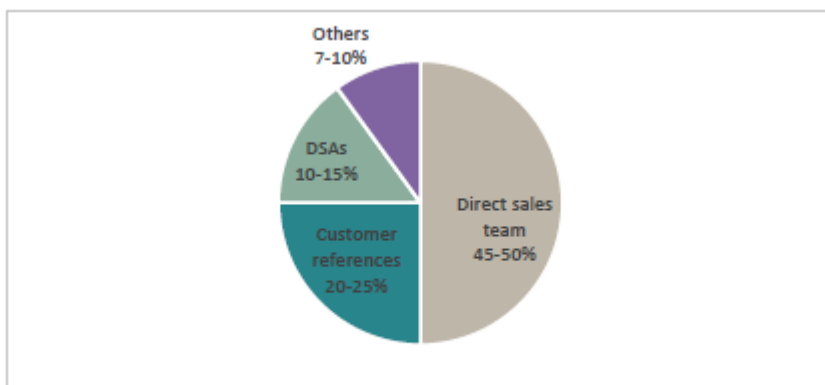
### Within formal financiers, NBFCs account for the bulk of used CV disbursements



(Source: NBFC Report)

The profiles of used-CV buyers are driver-turned-owners, FTUs, FTBs, small road transport operators (“**SRTOs**”)/SFOs. SFOs and FTBs are the major buyers of used CVs. Although SFOs and FTUs own more than 70% of vehicles, they mostly depend on LFOs for contracts.

For the leading player in the used-CV finance business, direct sales team and existing customer references contribute most to the business with around 70% share, with low dependence on dealer sales agents (“**DSAs**”). For other players, DSAs generate the maximum business. Brokers get payouts (1.0% to 1.5% of disbursement amount) from financiers for generating the business.

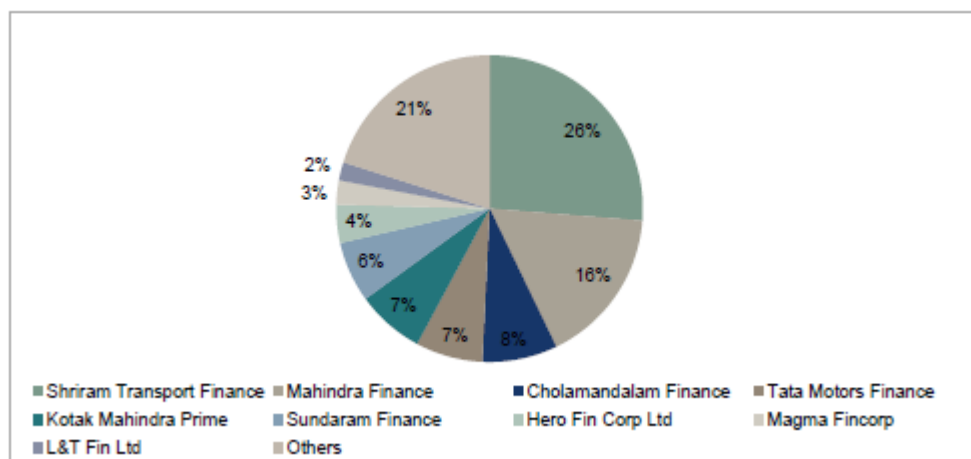


Note: others include leads from customer database

(Source: NBFC Report)

Shriram Transport is the leader among auto finance NBFCs. The top three players, having carved a niche for themselves, have 50% market share.

### Top 9 players account for 80% of the market share



Others include Daimler Financial, Toyota Financial, TVS Credit, Au Financiers, BMW Financial and Equitas.  
(Source: NBFC Report)

### Market Segmentation

The table below gives a comparison of key operating metrics across different segments in cars and UVs:

#### Comparison of key operating metrics across segments

	Indicative yields	Gross NPA	Comments
Used cars and UVs	13.0% - 17.0%	6.0-7.0%	<ul style="list-style-type: none"> <li>- Attractive for financiers, given higher margins.</li> <li>- Gross NPAs higher than in new cars and UVs because of relatively weaker borrower profiles</li> <li>- Disbursement growth to revive, supported by recovery in new car sales in last three years, increase in prices and reduction in retention period</li> </ul>
New cars and UVs	10.5-12.5% entry level cars, 9.5-11.0% B-segment cars, 9-10.25% C-segment sedans, 8.5-10% premium cars	4.0-5.0%	<ul style="list-style-type: none"> <li>- Asset quality best among segments</li> <li>- Loan disbursement growth to be supported by increase in prices, higher LTV and volume growth</li> <li>- On account of early recognition of NPA norms, GNPA's are expected to inch upwards in 2017-18</li> </ul>

(Source: NBFC Report)

The table below shows the different segments within CV finance, which had AUM of ₹ 2,440 billion in financial year 2017:

Customer Profile	Parameters	New commercial vehicle AUM – ₹ 1,350 billion Market share - 55%	Used commercial vehicle AUM- ₹ 1,090 billion Market share - 45%
LFO	Market share	45%	15%
	Average ticket size (MHCV)	₹ 1.6 to 1.8 million	₹ 1 to 1.2 million
	Yield (MHCV)	11-12 %	12-13%
MFO	Market share	30%	20%
	Average ticket size (LCV)	₹ 0.5 to 0.8 million	₹ 0.3 to 0.5 million
	Yield (LCV)	15-16 %	16-17%
SFO	Market share	15%	30%
	Average ticket size (LCV)	₹ 0.4- 0.6 million	₹ 0.3-0.4 million
	Yield (LCV)	16-18%	18-20%

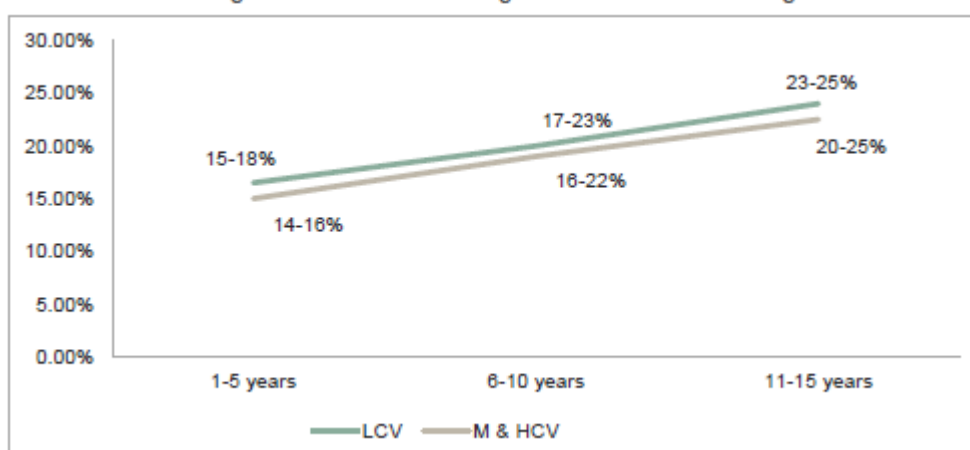
FTU / FTB	Market share	10%	35%
	Average ticket size (LCV)	₹ 0.4-0.6 million	₹ 0.3-0.4 million
	Yield (LCV)	18-20 %	20-22 %

Note: FTUs: First time users; FTBs : First time Buyers; SFOs : Small Fleet operators (1-4 vehicles); MFOs : Medium Fleet operators (4-20 vehicles); LFOs: Large Fleet operators (>20 Vehicles)

(Source: CRISIL Update)

On used commercial vehicles, interest rates are higher by 200-350 bps on older vehicles compared with newer vehicles. Interest rates on used LCVs range from 15% to 25%, while those on MHCVs range from 14% to 25%, depending on the customer profile and the asset class. According to sources, there is a gap of 100-250 bps between the interest rates charged on used LCVs and used MHCVs financing to similar customers. The average interest rate charged for used small CV finance is highest at 20% to 24%. Used LCV finance is offered at an average 19% to 21% interest rate, while that for used MHCV finance is 18% to 20%.

Interest rates charged differ on vehicle age as well as vehicle segment



(Source: NBFC Report)

In the customer segment, the LTV is usually higher for LFOs compared with SFOs and FTUs, due to the relatively healthy credit profiles of LFOs:

Customer profiles	Used CVs
FTB/FTU/agri-based/asset-based	Finance is not available on trailers and tippers. Used trucks are offered an LTV of 65-70%, while the IRR (internal rate of return) charged is 20-25%
Retail (>4 < 10 vehicles)	Trucks, trailers and tippers are financed – the LTV offered on used trucks is up to 90%, 85% for used trailers and 75-80% for used tippers
Existing customer/strategic customers (>10 vehicles)	LTV offered on tippers is 85%, 90% on trailers and 100% on trucks

(Source: NBFC Report)

## Key Growth Drivers

Growth in the Indian auto finance market is expected to be driven by:

- India's demographic and socioeconomic fundamentals: Large young, driving age population; increase in vehicle penetration; large urban population; reduction in average car ownership period; rising disposable incomes; and higher sales of used cars in the country
- Low penetration of vehicles in India:
  - PVs - According to the Society of Indian Automobile Manufacturers, the penetration level of PVs in India is low and currently pegged at 19 vehicles per 1000 people, as compared to 76 vehicles per 1000 people in China, 455 vehicles per 1000 people in the UK, 360 vehicles per 1000 people in the US, 203 vehicles per 1000 people in Mexico, and 227 vehicles per 1000

people in Brazil. Penetration in India is expected to increase to 27 vehicles per 1000 people by financial year 2022.

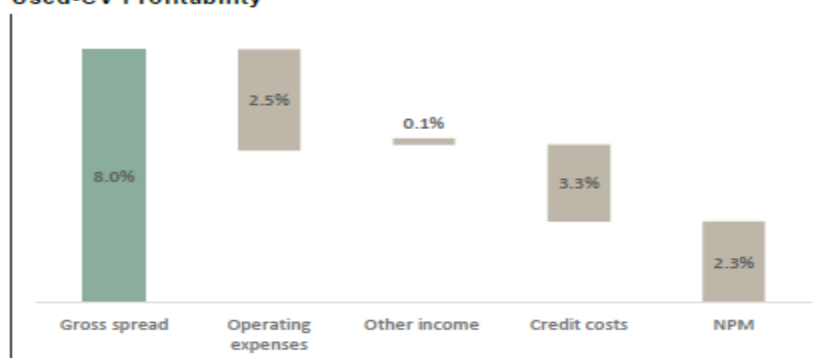
- CVs - In India, for every heavy commercial vehicle, there is demand for less than two redistribution vehicles on average, compared to the global multiple of three. This is expected to increase.
- Increasing ability of customers to utilize financing options: Quick and easy loan policies, higher penetration of banks and NBFCs, increasing presence of captive financiers, advancement in data utilization and technology for reducing risk, improvement in internet connectivity and mobile banking are expected to increase financing usage.

*Margins are higher in used-CV financing product compared with new-CV financing*

The gross spread of NBFCs is in a broad range of 7% to 9% for used CVs, compared with about 3% to 5% for new CVs. Net margins of players depend on cash losses and operating expenditure incurred by the financier.

On an aggregate basis, typically higher gross spreads in used-CV finance more than compensate for the increase in the operating expenditure and cash losses. This translates into a better net profit margin for the financier in used-CV finance compared with new-CV finance.

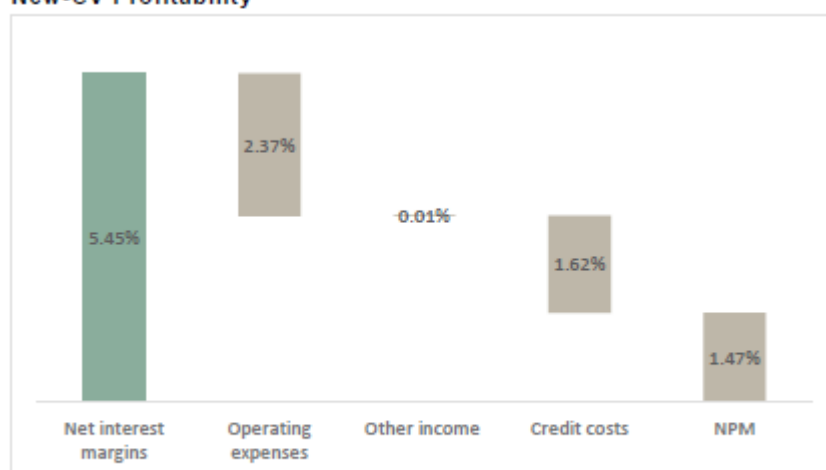
**Used-CV Profitability**



NPM: net profit margin

(Source: NBFC Report)

**New-CV Profitability**



NPM: net profit margin

(Source: NBFC Report)

## Key Recent Events

### *Impact of Demonetization*

NBFCs were adversely affected by demonetization, both in terms of disbursements and collection of dues.

Loan disbursements by all categories of NBFCs declined significantly in November 2016 compared with the monthly average disbursements during April to October 2016. NBFCs operating in semi-urban and rural areas rely more on cash and thus got affected. (Source: Reserve Bank of India, *Macroeconomic Impact of Demonetisation – A Preliminary Assessment, March 2017*) The new CV auto finance market witnessed major disruption and subsequently a slump in sales following the government's demonetization move in November 2016, which resulted in a sharp decline in disbursements. Fresh loan demand for large truck operators fell with lower freight business. The demand from real estate sector was anecdotally the worst affected as buyers expected prices to decline sharply. To sum up, demand for credit declined due to customers postponing decisions on account of uncertainty. (Source: Reserve Bank of India, *Macroeconomic Impact of Demonetisation – A Preliminary Assessment, March 2017*) However, from low levels in December 2016 and January 2017, HFCs and banks reported an uptick in the housing loans business. In the used car finance market, demonetization substantially increased the number of people opting for finance. As per industry sources, some 40% of used cars were bought on cash and another 40% of the transactions were financed by unorganized financiers in financial year 2016. These players offered loans for used cars at exorbitantly high rates (exceeding 30%). In the metros, customers taking finance from lenders has gone up by 10% to 15%. Organized financiers (banks and NBFCs) have a 20% share of the market.

Collections (i.e., repayments of loans due) of loan companies during both November and December 2016 increased over the monthly average collections during April to October 2016. Collection efficiency, which too had declined post-demonetization, especially in November and December 2016, showed signs of improvement from February 2017.

Thus, the situation with regard to most NBFCs started to improve from late December 2016. Jan Dhan accounts increased by 23.3 million post demonetization, while deposits under Jan Dhan accounts increased by ₹ 187 billion (41%). (Source: Reserve Bank of India, *Macroeconomic Impact of Demonetisation – A Preliminary Assessment, March 2017*) CRISIL Research also expects the retail housing finance sector to be on a recovery path and to post past growth rate over the next two years.

### *Digitization*

An upshot of demonetization was that the digital modes of payments picked up sharply as demonetization led to a reduction in cash-based transactions. After demonetization, there has been a significant improvement in the use of digital modes of payments, although their base is still small. The Government and the RBI have initiated a series of measures, some of which are temporary, to promote movement from cash to non-cash modes of transactions. They include, inter alia, (i) reduction in the merchant discount rate (“MDR”) and point of sale (POS) fees; (ii) monetary incentives in the form of discounts and prizes; (iii) service tax relief on MDR for small transactions; (iv) waiver of charges for small value transactions under Immediate Payment Service (IMPS), Unified Payment Interface (“UPI”) which provides ease to person-to-person as well as person-to-merchant transactions, and Unstructured Supplementary Service Data (USSD) based \*99# platform; (v) broadening Prepaid Payment Instrument (“PPI”) reach by enhancement of limits; (vi) introduction of a new category of PPIs; (vii) permitting banks to issue PPIs to a larger set of entities; and (viii) permitting National Payments Corporation of India (NPCI) to launch (a) the common app for UPI; and (b) National Electronic Toll Collection (NETC) system. (Source: Reserve Bank of India, *Macroeconomic Impact of Demonetisation – A Preliminary Assessment, March 2017*)

Digitization has affected almost all aspects of the financial services industry. For example, direct updating of information on the core platform also helps in better servicing of customers by usage of customer relationship management applications, which help in the handling of customers over their credit life cycles. It also helps in targeted marketing, cross-selling of products, and product customization. E-KYC and biometric scanners do away with the requirement for physical documents and help lower turnaround time.

Digital transactions in February 2017 over November 2016 grew in both value and volume terms compared with the corresponding period of 2016 for most electronic modes of payment, even as there was some decline in the use of digital payments after December 2016. (Source: Reserve Bank of India, *Macroeconomic Impact of Demonetisation – A Preliminary Assessment, March 2017*)

## OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 16 for a discussion of the risks and uncertainties related to those statements and also “Risk Factors” on page 18 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year.*

*Unless otherwise indicated or context requires otherwise, the financial information included herein is based on our Restated Consolidated Financial Statements for Fiscal 2014, 2015, 2016 and 2017 and as of and for the nine month period ended December 31, 2017 included in this Red Herring Prospectus. For further information, see “Financial Statements” on page 230.*

*Unless the context otherwise requires, in this section, reference to “we”, “us” or “our” refers to IndoStar Capital Finance Limited together with its Subsidiaries, IndoStar Asset Advisory Private Limited and IndoStar Home Finance Private Limited, on a consolidated basis and reference to “Company” or “our Company” refers to IndoStar Capital Finance Limited on a standalone basis. Any reference to and disclosure of the financial information/financial indicators/ratios with respect to Fiscal Year 2013 reflects the financial position of the Company on a standalone basis since the consolidated financial statements were required to be prepared from Fiscal Year 2014 onwards.*

### Overview

We are a leading non-banking finance company (“NBFC”) registered with the Reserve Bank of India as a systemically important non-deposit taking company. We are a professionally managed and institutionally owned organization which is primarily engaged in providing bespoke Indian Rupee denominated structured term financing solutions to corporates and loans to small and medium enterprise (“SME”) borrowers in India. We recently expanded our portfolio to offer vehicle finance and housing finance products. Although, we operated in a challenging credit environment in the initial years of our business operations, where in 2012, 2013 and 2014, inflation in India was 8.4%, 9.9% and 9.4%, respectively, and India’s fiscal deficit was 5.7%, 4.8% and 4.5%, respectively, of its GDP, through upfront capitalization of our business, our domain expertise and focus on our customers, experienced management team and vigilant monitoring of our assets, our business has experienced growth since the commencement of our operations in 2011. Between fiscal 2013 and 2017, our Total Credit Exposure and total revenue grew at a CAGR of 30.0% and 31.4%, respectively.

We operate four principal lines of business, namely corporate lending, SME lending, vehicle financing and housing financing.

- **Corporate lending.** Our corporate lending business primarily consists of (i) lending to mid-to-large sized corporates in manufacturing, services and infrastructure industries, by way of senior secured debt, structured financing, promoter financing and special situation funding and (ii) lending to real estate developers, mainly for financing project level construction of residential and commercial building projects and take-out of early-stage equity investors. We generally provide lending solutions against tangible collateral as well as security in other forms, such as charge on operating cash flows. Our corporate lending business accounted for 99.8%, 94.8%, 87.6% and 76.8% of our Total Credit Exposure for the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017 respectively. As of December 31, 2017, our Corporate Lending Credit Exposure amounted to ₹39,693.97 million.
- **SME lending.** Our SME lending business, which we commenced in 2015, primarily involves us extending secured loans for business purposes to small and medium size enterprises, including businessmen, traders, manufacturers and self-employed professionals. The property securing these loans are typically completed and largely self-occupied residential and commercial property. We currently provide SME lending loans from our branches located in ten key locations across India, namely Mumbai, Delhi, Chennai, Bengaluru, Hyderabad, Jaipur, Surat, Ahmedabad, Pune and Indore. We believe that our in-depth product knowledge, relevant financial services domain knowledge, ability to structure loans to suit our customers’ financial needs and our short turn-around-time for processing loan applications have positioned us as a preferred credit provider and allowed us to benefit from the

large and growing SME segment in India. Our SME lending business accounted for 0.2%, 5.2%, 12.4% and 22.7% of our Total Credit Exposure for the fiscal 2015, 2016 and 2017 and nine month period ended December 31, 2017, respectively. As of December 31, 2017, our SME Lending Credit Exposure amounted to ₹11,733.97 million.

- **Vehicle finance.** Our vehicle finance business primarily involves providing financing for purchases of used or new commercial vehicles, passenger vehicles and two-wheelers. We commenced our vehicle finance business in November 2017. Our vehicle finance operations involves a relatively larger sourcing team as compared to our other business lines as it is largely based on our experience of working with customers with limited credit history and our ability to effectively assess risks associated with financing used vehicles. As of December 31, 2017, our Vehicle Finance Credit Exposure amounted to ₹143.01 million
- **Housing finance.** Our housing finance business comprises two business lines, namely (i) affordable housing finance, which commenced operations in September 2017, and (ii) retail housing finance, which commenced operations in March 2018. We operate our housing finance business through our wholly-owned subsidiary IndoStar Home Finance Private Limited. Our affordable housing finance business line primarily involves loans to the salaried and self-employed customers for housing purposes where the property cost is typically up to ₹5.0 million, the carpet area of the unit typically does not exceed 60 square meters and the loan amount is capped at ₹3.0 million. Our retail housing business line primarily extends loans to salaried and self-employed customers for the purchase of residential properties. As of December 31, 2017, our Housing Finance Credit Exposure amounted to ₹145.95 million.

Our corporate lending business is operated from our registered and corporate office. As of February 28, 2018, we conducted our retail operations through 71 branches across India and our central support office in Mumbai. In our SME lending and vehicle and housing finance businesses, our branches act as the primary point of sale and assist with the origination of loans, various collection processes and enhancing customer service, while our central support office provides support functions, such as loan processing and credit monitoring. We maintain clear segregation between our sourcing and credit approval teams so as to ensure independence and effectively manage operational risks. Our enterprise-wide loan management system integrates all activities and functions within our organization under a single technology and data platform, bringing efficiencies to our back-end processes and enabling us to focus our resources on delivering quality services to our customers.

We maintain long-term relationships with our lenders and, as of December 31, 2017, our lenders included, among others, 14 public sector banks, 13 private sector banks, 21 mutual funds and four insurance companies and other financial institutions. As of February 28, 2018, our distribution network included 548 personnel in our in-house sales team, and approximately 949 third-party direct sales associates (the “DSAs”) and other third-party intermediaries who are empaneled with us.

We have and expect to continue to benefit from strong capital sponsorship and professional expertise of our Promoter, which is part of the Everstone Group, an India and Southeast Asia focused investor which was recognized as ‘Private Equity Firm of the Year in India’ by Private Equity International for six consecutive years from 2011 to 2016, with approximately US\$4.0 billion of assets under management. In addition to assisting us with capital raising, our Promoter and its institutional shareholders have assisted us in implementing international corporate governance standards which we believe have been critical to the growth of our operations.

Our total revenues has grown to ₹7,199.17 million for the fiscal 2017 from ₹2,415.77 million for the fiscal 2013 at a CAGR of 31.4% and profit after tax has grown to ₹2,107.95 million for the fiscal 2017 from ₹900.94 million for the fiscal 2013 at a CAGR of 23.7%. As of December 31, 2017, our cumulative loans disbursed since commencement of operations amounted to ₹225,929.81 million out of which ₹174,185.37 million had been repaid. As of March 31, 2015, 2016 and 2017 and December 31, 2017, our Company’s Gross NPAs accounted for 0.6%, 0.2%, 1.4% and 1.7% of our Company’s Gross Advances, while our Company’s Net NPAs accounted for 0.5%, 0.2%, 1.2% and 1.3% of our Company’s Net Advances, respectively. Our Average Cost of Borrowings in the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017 was 11.9%, 11.1%, 10.3% and 9.1%, respectively.

## Recent Developments

As part of our efforts to grow retail operations, we opened our 100th branch in Vadodara, Gujarat, on April 6, 2018.

## **Our Strengths**

We believe the following are our principal strengths:

### **Highly motivated, professional and experienced management team**

We have a highly motivated, professional and experienced management team which has led us through a changing regulatory and economic environment and consistently grown our business since commencement of our operations in 2011. Our management team has extensive experience in the financial services and banking industries in India. Each member of our senior management team has over 20 years of experience in the finance and/or banking industry and possesses an in-depth understanding of the specific industry, products and geographic regions they cover, which we believe enables them to support and provide guidance to our employees and grow our business. We believe that our strong and experienced leadership has further enabled us to attract strong and experienced mid-level management employees as well as talented junior-level employees, who have entrepreneurial aspirations and contribute to the growth of our business. We have endeavored to motivate our senior and mid-level management team through a combination of long term incentives and ESOP schemes, thereby enabling a strong alignment of their interests with our performance. In addition, few of our directors and key management personnel also own shares in our Company. For details, see “*Capital Structure*” and “*Our Management*” on pages 85 and 193, respectively.

Under our management team’s entrepreneurial leadership and through its professional expertise, between fiscal 2013 and 2017, our Total Credit Exposure, total revenue and profit after tax grew at a CAGR of 30.0%, 31.4% and 23.7%, respectively. See “— Proven track record of delivering results.” After establishing our corporate lending business, our management team oversaw our foray into SME lending in 2015. Our SME lending business has grown rapidly since then and, as of February 28, 2018, we operated 10 branches across eight states which are engaged in SME lending and had cumulatively disbursed ₹16,664.25 million since commencement of our SME lending business. In August 2016, we received the NHB license for commencing operations of our housing finance subsidiary and commenced affordable housing business in September 2017, and retail housing business in March 2018. See “*Government and Other Approvals*” on page 341. We have also launched our vehicle financing business in November 2017. See “— *Well-established corporate and strong SME lending businesses*” and “*Our Strategies — Expand our geographical footprint and sourcing platform for our products across India*”.

### **Well-established corporate and strong SME lending businesses**

We have established a strong corporate lending business, primarily providing secured loans to manufacturing and service companies by way of structured financing, promoter financing and special situation funding and to leading real estate developers for financing project level construction of residential properties and take-outs of early stage equity investors. See “*Description of our business segments — Corporate lending*”. For fiscal 2015, 2016 and 2017 and nine month period ended December 31, 2017, Gross Disbursements in our corporate lending business amounted to ₹33,170.84 million, ₹38,320.56 million, ₹43,498.20 million and ₹23,362.39 million, respectively, and our Fee Income from our corporate lending business amounted to ₹613.72 million, ₹749.21 million, ₹673.32 million and ₹559.96 million, respectively.

We believe that the success and continued growth of our corporate lending business is underpinned by, among others, (i) the strength of our Corporate Lending Credit Exposure, which enables us to take the lead position in underwriting larger ticket loans for corporates instead of participating in syndicated loans originated by other lenders, (ii) our experience and expertise in identifying and directly sourcing potential borrowers through our knowledge of local markets and customer centric approach, (iii) our ability to offer customized solutions to address our customers’ financial requirements, and (iv) our ability to structure our loan products to maximize our returns, where initial fee accruals and average life of loans being less than the tenor of the loans have allowed us to enjoy relatively higher internal rates of returns. We have achieved growth while maintaining core focus on conservative credit assessment and risk management, and ensuring, among other criteria, that we lend to borrowers with proven track record and strong cash flow, we obtain sufficient collateral and maintain senior lender positions. See “— High asset quality achieved through robust credit assessment and risk management framework.”



We have also built a strong SME lending business focused on extending secured loans to small and medium size enterprises, including businessmen, traders, manufacturers and self-employed professionals. See “Description of our business segments — SME lending.” For fiscal 2015, 2016 and 2017 and nine month period ended December 31, 2017, Gross Disbursements in our SME lending business amounted to ₹74.08 million, ₹2,655.49 million, ₹5,535.60 million and ₹8,399.09 million, respectively, and our Fee Income attributable to our SME lending business amounted to ₹0.8 million, ₹25.50 million, ₹46.28 million and ₹83.67 million, respectively. We believe that the growth of our SME lending business is attributable to our branch network, comprising ten branches located in Mumbai, Delhi, Chennai, Bengaluru, Hyderabad, Jaipur, Surat, Ahmedabad, Pune and Indore, which we believe are key markets in India for SME lending. In addition, all of our SME lending loans are secured against collateral, granted at floating rate of interest and involve monthly loan repayment. We believe that our focus on stringent cash flow-based borrower assessments and having our SME lending loans collateralized by completed and largely self-occupied residential and commercial property provides for sustainable and continued growth of our SME lending business. As of December 31, 2017, approximately 50.0% of our SME lending loans qualify for priority sector lending classification.

We believe that our successful corporate and SME lending businesses provide us with a strong platform for expanding into vehicle finance and housing finance, where we are able to leverage and optimize common infrastructure, such as our corporate office, information technology and branch and sourcing networks, to further grow our business. See “Description of our business segments — Housing Finance”, “Description of our business segments — Vehicle Finance” and “Our Strategies — Four Pillars Strategy Focused on Secured Lending”.

### **High asset quality achieved through robust credit assessment and risk management framework**

We have been able to maintain a high-quality loan portfolio through our robust credit assessment and risk management framework. We actively monitor the performance of our loans and the quality of our loan portfolio is reflected by our Company’s low rates of Gross NPAs and Net NPAs. As of December 31, 2017, our Company only had two NPAs in our corporate lending business. As of March 31, 2015, 2016 and 2017 and December 31, 2017, our Company’s Gross NPAs accounted for 0.6%, 0.2%, 1.4% and 1.7% of our Company’s Gross Advances, while our Company’s Net NPAs accounted for 0.5%, 0.2%, 1.2% and 1.3% of our Company’s Net Advances, respectively. For details, see “Selected Statistical Information” on page 223.

We have a robust and comprehensive credit assessment and risk management framework to identify, monitor and manage risks inherent in our corporate and retail lending operations. Our corporate lending credit assessment and risk management framework comprises of a four-stage framework, spanning across the (i) screening stage, where our credit and sourcing teams conduct an initial screening of our prospective borrowers; (ii) the evaluation stage, where our credit team evaluates the prospective borrower’s business and financing needs and investigates the prospective borrower’s track record, market reputation and ability to repay any loans extended to it, before presenting the proposal to our corporate lending committee; (iii) the approval stage, where the loan proposal is presented to our credit committee for final approval and loan disbursement; and (iv) the sanction and monitoring stage, where our credit team regular monitors our loan portfolio to allow for early identification of problematic loans. For our corporate real estate loans, we generally require the setting up of a project escrow account, into which buyers of property from our real estate developer customers deposit payments for the purchase of relevant properties. This provides us with a view to the cash flows by allowing us to monitor payments made to our real estate developer customers and also ensures that agreed portions of such payments are made to us to service interest and principal on our borrowers’ loans before the excess in escrow is released to the borrower. We also generally require our real estate developer borrower to obtain a “No Objection Certificate” from us before selling property to end users.

We have also established a streamlined credit assessment and risk management framework for our SME lending, housing finance and vehicle finance businesses. Our sourcing team performs an initial screening of our prospective retail customer before the customer’s financial information, required loan documentation and requisite know-your-customer information is inputted into our enterprise-wide loan management system, *OmniFin*, for processing. Our credit team then conducts customer credit checks, through third-party credit information companies, such as CIBIL, and fraud prevention checks, through online credit bureau tools, before meeting the customer for personal discussions. At the same time, we engage in legal and technical valuations, mainly through third-party professionals, of the collateral proposed to be used for the loan. After completion of due diligence, credit checks, meeting with the customer, valuation and title clearance of the proposed collateral, the proposal is forwarded to the relevant sanctioning authority as per the defined matrix for necessary approval. We believe that our streamlined credit assessment and risk management framework has contributed to our short

turn-around-time for processing loan applications and our ability to take credit decisions. This has, in turn, allowed us to maintain the strong growth in our SME lending, housing finance and vehicle finance loan portfolio while maintaining credit quality.

Our credit assessment and risk management frameworks for all our business lines incorporate the requirement of senior management and credit committee approval, with built-in escalation matrices at pre-defined credit and risk triggers, which we believe allows us to ensure that more risky credits are considered and managed by members of our staff of sufficient seniority and decision making authority, whilst our credit teams have sufficient autonomy to perform their roles. Almost all of our collection procedures are non-cash based, which eases stress on monitoring financial transactions and lowers cash management risk. We have also formulated a vigil mechanism framework to enable employees to report concerns about unethical behaviour and actual or suspected fraud or violation of any of our Company's policies.

### **Proven track record of delivering results**

Our business has experienced growth since the commencement of operations in 2011 and we have a proven track record of delivering results. Between fiscal 2013 and 2017, our Total Credit Exposure and total revenue grew at a CAGR of 30.0% and 31.4%, respectively. Over the same period, we also experienced high growth in disbursements. Since fiscal 2013, our profit after tax has grown every year, and between fiscal 2013 and 2017, our profit after tax grew at a CAGR of 23.7%.

Our growth is underpinned by our strong Net Interest Margin, which for the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017 was 6.0%, 6.5%, 6.8% and 6.9%, respectively. Over the same periods, our Return on Average Assets was 4.2%, 4.4%, 4.1% and 3.8%, our Return on Average Equity was 12.3%, 13.6%, 12.2% and 10.9%, and our debt to equity ratio was 2.00, 1.95, 1.77 and 1.78, and our Company's capital adequacy ratio was 32.6%, 34.2%, 33.8% and 31.6%, respectively. We believe that our low leverage levels and high capital adequacy gives us significant headroom to grow our business.

### **Well diversified funding profile**

We believe that we have a well diversified funding profile that underpins our strong liquidity management system, our strong credit rating and brand equity. We have historically and seek to continue to secure cost-effective funding through a variety of sources, including banks, mutual funds, insurance companies and other financial institutions. We maintain long-term relationships with our lenders and, as of December 31, 2017, our lenders included, among others, 14 public sector banks, 13 private sector banks, 21 mutual funds and four insurance companies and other financial institutions. Diversification of our sources of funding has contributed to an overall reduction in our Company's Average Cost of Borrowings in recent fiscal periods. For fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, our Company's Average Cost of Borrowing was 11.9%, 11.1%, 10.3% and 9.1%, respectively. The decrease in our Cost of Borrowings has allowed us to maintain sufficient interest margins and achieve our liquidity goals, as well as maintain funding stability.

We achieved a long-term debt rating of AA- and short-term rating of A1+ from 2012 within the first year of the inception of our business. Our long-term debt is presently rated CARE AA-; Stable and IND AA-/Stable, respectively, by each of CARE and India Ratings & Research Private Limited. CARE, ICRA and CRISIL has each rated our commercial paper debt as CARE A1+, ICRA A1+ and CRISIL A1+, respectively, which is the highest rating for short-term debt instruments. Our subsidiary, IndoStar Home Finance Private Limited, has its short-term commercial paper debt rated as CARE A1+ and ICRA A1+.

We maintain a conservative ALM policy, with a bank-like CRR/SLR approach which is calibrated over time, recognizing operating metrics. Our Company maintained a capital adequacy ratio of 32.6%, 34.2%, 33.8% and 31.6%, for fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, respectively. As a means to further strengthen our liquidity management system, we also maintain adequate cash and liquid investments of 15.0% of our latest audited net worth as reserves, where at least ₹1,000.00 million is kept in cash or cash equivalents, to meet any potential liquidity requirements in the short-term. We have also established a dedicated resource management team to address the funding requirements for our various business lines, constantly seek means to reduce our borrowing costs, manage our interest rate risk and invest any surplus funds.

### **Ownership by institutional investors ensuring international corporate governance standards**

We have and expect to continue to benefit from strong capital sponsorship and professional expertise of our Promoter and other institutional shareholders. Our Promoter, which is part of the Everstone Group, is an India and Southeast Asia focused investor which was recognized as 'Private Equity Firm of the Year in India' by Private Equity International for six consecutive years from 2011 to 2016, with approximately US\$4.0 billion of assets under management. In addition to assisting us with capital raising and obtaining strong credit ratings, we also benefit from our relationship with our Promoter such as access to best industry practices and international corporate governance standards.

Our board of directors consists of eight directors, of which four are independent directors. Our board of directors conducts our operations through committees designed to manage and oversee key aspects of our business. We have a credit committee, audit committee, asset-liability management committee and risk management committee that are dedicated to addressing and managing the various risks we face. We also have a management committee, corporate lending committee, retail lending committee and banking committee to oversee our day-to-day business operations. Our allotment and share transfer committee and debenture committee is responsible for maintaining our capital structure. We believe that such committees composed of a combination of independent directors, non-independent directors and/or employees, with distinct and delineated responsibilities, are critical to the efficient organization of our business and lends to good corporate governance.

### **Our Strategies**

We intend to continue to expand our scale of operations and increase our profitability through the following key strategies:

#### **Four Pillars strategy focused on secured lending**

We intend to continue to expand our scale of operations primarily through the implementation of the four pillars strategy wherein we operate each business line as an independent profit center with its dedicated management team. We currently expect to focus on the following main strategies in each of our business lines:

*Corporate lending.* In our corporate lending business, we intend to continue to grow our Total Credit Exposure by following the credit parameters that have yielded our current high asset quality. As we grow our presence across India, we expect to have opportunities to grow our Total Credit Exposure in newer locations outside the MMR as well. We will also continue to carefully evaluate opportunities and monitor Total Credit Exposure in our portfolio from our corporate office in Mumbai.

*SME lending.* In our SME lending business, we plan to leverage the potential of our existing branches to expand our customer base. As of February 28, 2018, we had 10 branches spread across eight states which we believe are the key markets for SME lending business in India. We will continue to provide loans collateralized by ready built property, particularly self-occupied premises.

*Vehicle finance.* We have hired professionals with significant relevant experience and increased the number of our branches offering vehicle finance products in order to develop our vehicle finance business. As of February 28, 2018, we had 56 branches offering vehicle financing products and 480 employees for our vehicle financing business. Our key focus in vehicle finance will be on used commercial vehicles particularly the vehicles which are in the range of three to five years. We intend to leverage the relationships of our team members with small freight operators, medium freight operators and light and medium commercial vehicle owners to grow our loan portfolio. We also seek to increase our customer base and revenues by strengthening our presence at dealerships and by engaging with dealers of a range of OEMs. We believe that vehicle finance business requires local on the ground presence and as a result, we intend to be present in 15 key states by June 2018. We have headquartered our vehicle finance business in Chennai and expect Tamil Nadu to be our initial focus as we roll out this business. We intend to hire approximately 650 employees for our vehicle finance business by June 30, 2018, however, our relationship with DSAs and other third-party intermediaries will also be critical for the growth of vehicle finance business and we are focused on growing these relationships.

*Housing finance.* Our housing finance business comprises of two business lines, namely (i) affordable housing finance, which commenced operations in September 2017, and (ii) retail housing finance, which commenced operations in March 2018. We also intend to leverage our relationships with real estate developer customers to develop our housing finance business line, by either gaining access to purchasers of housing property and/or by becoming a preferred financier for such real estate developers. We may also consider developer finance opportunities in select locations to grow our Housing Finance Credit Exposure. In addition, we intend to provide

a differentiated approach to our customers of the housing finance business through several means including the use of technology, analytics and world-class processes to provide quick turnaround times in underwriting and disbursements. As part of affordable housing finance, our focus will be on providing loans to self-employed individuals in metro cities and other urban markets. We have hired experienced personnel to grow our housing finance business and, to the extent practicable, will also leverage the branch infrastructure of vehicle finance business to provide housing finance loans. As of February 28, 2018, we had 14 branches offering affordable housing financing products and 279 employees for our housing financing business. We currently expect to hire approximately 150 additional employees to support our housing finance business.

### **Expand our geographical footprint and sourcing platform for our products across India**

We plan to selectively expand our business operations, including sourcing and sale of our products, into regions where we expect increasing urbanization, commercial activity and household incomes to result in demand for our various loan products. We currently expect that a significant portion of our geographic expansion will include tier I, tier II and tier III cities in the northern, southern and western regions of India. We intend to grow our branches in fifteen key states across India and currently expect to have approximately 130 branches by June 2018 out of which approximately 100 will be focused on vehicle finance business and remaining 30 for SME lending and housing finance business. We are committed to disciplined branch expansion and most of the new branches will be opened for vehicle finance business with the potential for affordable housing business to use these branches, where practicable.

We also plan to utilize the hub-and-spoke model as part of our expansion plans in an effort to leverage common infrastructure and optimize operational efficiency. Our branches will report to area corporate office which is manned by sales and credit teams for each retail business and will in turn report to state level corporate office. Our business will continue to be managed in a centralized way and our corporate headquarter will exercise overall control and supervision. We believe that this model would allow us to expand with lower marginal costs and increase our profitability.

### **Increase use of technology and data analytics to support business growth and improve efficiency as well as to further strengthen our risk management framework**

As we continue to expand our geographic reach and scale of operations, we intend to further develop and invest in our technology to support our growth, improve the quality of our services and achieve superior turnaround time in our operations. We have made and intend to continue making significant investments in our IT Infrastructure. As of March 31, 2017, we have incurred ₹68.44 million on capital expenditure to expand and develop our IT Infrastructure. During Fiscal 2018, ₹39.96 million has already been incurred as of December 31, 2017, including commitments of ₹11.93 million. We utilize an enterprise-wide loan management system, *OmniFin*, to provide an integrated technology platform for providing operational and decision-making support through the complete loan lifecycle of both retail and corporate products. We intend to connect all of our offices through the enterprise-wide loan management system to our corporate headquarters in Mumbai. We are also in discussions with a number of reputable software providers with respect to purchasing and installing additional software to enhance our disaster recovery capabilities, in the event of data loss and/or corruption. We believe that our increased leveraging of technology helps us develop early warning systems and sound risk management system.

Further, our continued focus on the effective use of technology is aimed at allowing employees across our office network to collect and enter data to a centralized management system, providing our senior management real-time access to credit processing and decision making. We believe that the accurate and timely collection of such data gives us the ability to operate our business in a centralized manner and develop better credit procedures and risk management.

### **Continue to create brand awareness to become the preferred NBFC for borrowers in our target customer segments**

We plan to invest in enhancing our brand to become the preferred NBFC for borrowers in our target customer segments. We seek to build our brand by continuing to engage with existing and potential customers through sales campaigns, sponsor popular events in locations in which we operate and place advertisements in newspapers, on the radio and in other advertising media. We have recently undertaken a brand building initiative involving multi-channel advertising across outdoor and online advertising and will continue to invest in various brand enhancement initiatives. We also intend to enhance our brand through (i) our increased focus

on new retail-lending products, and (ii) increase in the number of our branches and regions in which we operate, from which we believe our brand would gain greater visibility and awareness among our existing and prospective customers.

### Description of Our Business Lines

We operate four principal lines of business, namely corporate lending, SME lending, vehicle finance and housing finance. The table below sets forth details in relation to our Total Credit Exposure as of the dates indicated:

*(in ₹ million)*

Total Credit Exposure	As of December 31, 2017	As of March 31, 2017	As of March 31, 2016	As of March 31, 2015	As of March 31, 2014	As of March 31, 2013
Corporate lending	39,693.97	45,857.93	40,418.73	34,218.24	26,328.97	18,329.32
SME lending	11,733.97	6,500.74	2,232.14	74.08	-	-
Housing finance	145.95	-	-	-	-	-
Vehicle Finance	143.01	-	-	-	-	-
<b>Total</b>	<b>51,716.91</b>	<b>52,358.67</b>	<b>42,650.87</b>	<b>34,292.32</b>	<b>26,328.97</b>	<b>18,329.32</b>

#### *Corporate lending*

Our corporate lending business primarily consists of advancing (i) secured loans to companies in the manufacturing, services and infrastructure industries by way of structured financing, promoter financing and special situation funding (such as family settlements, buy-outs and bridge financing), and (ii) loans to leading real estate developers for financing project level construction of residential properties and take-outs of early-stage equity investors. As of March 31, 2015, 2016 and 2017 and December 31, 2017, our Corporate Lending Credit Exposure that was attributable to loans to companies amounted to ₹34,218.24 million, ₹40,418.73 million, ₹45,857.93 million and ₹39,693.97 million, respectively, and our Corporate Lending Credit Exposure that was attributable to loans to real estate developers amounted to ₹10,823.22 million, ₹15,264.40 million, ₹18,673.40 million and ₹21,526.16 million, respectively. For fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, Gross Disbursements in our corporate lending business amounted to ₹33,170.84 million, ₹38,320.56 million, ₹43,498.20 million and ₹23,362.39 million, respectively, our Corporate Lending Credit Exposure amounted to ₹34,218.24 million, ₹40,418.73 million, ₹45,857.93 million and ₹39,693.97 million, respectively, and ratio of Gross NPAs of our Company's corporate lending business was 0.6%, 0.2%, 1.5% and 1.5% respectively. Over the same periods, our yield on Corporate Lending Credit Exposure was 14.3%, 14.6%, 14.1% and 14.0%, respectively, and our Company's Fee Income attributable to our Corporate Lending Credit Exposure amounted to ₹613.72 million, ₹749.21 million, ₹673.32 million and ₹559.96 million, respectively.

*Corporate financing.* We provide customized lending solutions to mid-to-large sized corporate enterprises. These lending solutions typically take the form of (i) structured financing, where we formulate and offer specialized structured financing solutions for, among others, acquisition funding, family settlements and other asset financings, (ii) promoter financing, where we provide promoter funding for acquisitions, take out of other shareholders, (iii) special situation funding and mezzanine financing, where we provide financing against listed securities, select unlisted securities, operating cash flows and/or other tangible collateral. The customers of our corporate finance business line belong to diverse industries including financial services, infrastructure, iron and steel, and poultry. We believe that the strength of our balance sheet enables us to lead underwriting of large ticket loans for corporates, which gives us flexibility to customize the terms of financing to suit specific situations. For example, we worked with a borrower in the surface logistics sector to understand its cash flow requirements, and customized the security and repayment mechanism for the fresh loan. The borrower's cash flows were drawn into an escrow to meet the repayment obligations and surplus accruals post debt servicing, were used for meeting borrower's other requirements.

*Real estate financing.* Our real estate financing business is primarily focused on providing project specific funding for ongoing residential and commercial projects which have received key regulatory approvals. Our product offerings for our real estate financing include structured debt for take out of early stage equity investors, mezzanine financing and construction finance. We commenced our real estate financing business in 2011 by providing financing to developers to support their funding requirements once key regulatory approvals for commencement of construction were in place. We believe that our ability to provide innovative financing

solutions to our customers is demonstrated in our product offerings. For example, in a construction project, the original structured debt investment is often refinanced by a bank once the project achieves certain milestones. Our construction finance offering may be structured such that the developer need not refinance at milestone stages of the project, thereby extending the overall tenure of the financing relationship with the customer. In addition, our disbursements may also be linked to the sales target milestones for the project. We generally require setting up of a project escrow account, into which buyers of property from our real estate developer customers deposit payments for the purchase of relevant properties. This provides us visibility of the cash flows by monitoring the payments received by our real estate developer borrower and also ensures that agreed portions of such payments are used to service interest and principal repayment obligations before the excess amount is released to the borrower. We also generally require our real estate developer borrower to obtain a “No Objection Certificate” from us before selling property to end users. A majority of our financed projects are focused in and around the Mumbai Metropolitan Region (the “MMR”).

Our loan products in our corporate lending business generally have floating interest rates. The tenor and repayment schedules of the loans we provide would also vary depending on the type of financing provided and the tenor may range primarily from three to five years with an option to prepay without incurring any penalty. The forms of security that accompany our loan products may vary and include forms such as mortgage of fixed assets, pledge of shares, escrow of existing and future revenues or a combination of one or more of these forms of security. We have continued to extend loans to the certain repeat borrowers based on our past experiences and familiarity with them, which has assisted us in maintaining a high-quality asset portfolio. We generally do not provide funding for greenfield projects.

### ***SME lending***

We launched our SME lending business line in March 2015. Through our SME lending business, we extend loans to several types of small and medium sized enterprises, including traders, wholesalers, distributors, retailers, self-employed professionals and small manufacturing companies. Our target customer segment comprises customers with a turnover of approximately ₹100.0 million. We provide loans for purposes such as expansion of businesses, working capital and purchase of equipment. We currently provide SME lending loans from our branches located in ten key locations across India, namely Mumbai, Delhi, Chennai, Bengaluru, Hyderabad, Jaipur, Surat, Ahmedabad, Pune and Indore. As of December 31, 2017, approximately 50.0% of our SME lending loans qualify for priority sector lending, which, if we required, allow us to access funds at relatively lower costs. Loan tenors for our SME lending loans are typically up to 15 years and are generally collateralized against completed and largely self-occupied residential and commercial property, which we believe enhances the value of the collateral. As of December 31, 2017, all of our SME lending loans were secured with an average LTV ratio of approximately 65.0% and had monthly interest as well as principal servicing requirements. All of our outstanding loans were provided on floating interest rate basis.

For fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, our SME Lending Credit Exposure disbursed amounted to ₹74.08 million, ₹2,655.49 million, ₹5,535.60 million and ₹8,399.09 million, respectively, and our SME Lending Credit Exposure outstanding amounted to ₹74.08 million, ₹2,232.14 million, ₹6,500.74 million and ₹11,733.97 million, respectively. For fiscal 2017 and the nine month period ended December 31, 2017, ratio of Gross NPAs of our Company’s SME lending business was 1.1% and 2.5%, respectively. For fiscal 2016 and 2017 and the nine month period ended December 31, 2017, our yield on our SME lending loans was 11.3%, 11.1% and 10.4%, respectively, and our Company’s Fee Income attributable to our SME Lending Credit Exposure amounted to ₹0.80 million, ₹25.50 million, ₹46.28 million and ₹83.67 million, respectively.

Our SME lending loans include the following:

- *Vanilla loans.* We offer vanilla loans to customers with loan sizes of up to ₹30.00 million and tenors of up to 15 years. Such loans are secured, typically against residential or commercial property, after third-party legal professionals have confirmed that the same property are unencumbered.
- *Gross turnover loans.* We offer loans with loan sizes of up to ₹30.00 million and tenors of up to 15 years to self-employed professionals, such as doctors, architects and chartered accountants, who have a minimum of three years of working experience in their respective professions. Such loans are secured, typically against residential or commercial property, after third-party legal professionals have confirmed that the same property are unencumbered.

- *Debt consolidator loans.* We also offer loans to customers who have multiple loans outstanding and wish to consolidate some or all of their loans to obtain an overall lower equated monthly installments (“EMI”). Such loans are of loan sizes of up to ₹30.00 million and tenors of up to 12 years. Such loans are only disbursed following an in-depth review of the prospective customer’s cash flows and overall business sustainability and are typically secured against residential or commercial property, after third-party legal professionals have confirmed that the same property are unencumbered.
- *Mortgage and top-up loans.* We offer loans to customers who wish to transfer their existing mortgage loans to us, often with an upsize of the existing mortgage loan amount, typically due to a more attractive rate of interest and/or the size of the additional loan that we are able to offer. Such loans are of loan sizes of up to ₹30.00 million and tenors of up to 15 years. Such loans are only disbursed following a review of the prospective customer’s repayment track record of their existing mortgage loan and any increase in property price as evidenced in a valuation of the relevant property to be undertaken by third-party property valuers. Such property is also required to be unencumbered.
- *Loans for purchases of commercial property.* We offer loans to customers who intend to purchase commercial property for self-occupation or lease for better return. Such loans are of loan sizes of up to ₹30.00 million and tenors of up to 15 years. Such loans are secured against the commercial property to be purchased and, if required, against additional residential or commercial property, after third-party legal professionals have confirmed that such property are unencumbered.
- *Banking profile based loans.* We offer loans to customers with healthy financial positions. Such loans are of loan sizes of up to ₹30.00 million and tenors of up to ten years. Such loans are only disbursed following an in-depth review of the prospective customer’s financial position, including the prospective customer’s bank balance, the nature and regularity of banking transactions conducted, including if there has been any attempted payments that have bounced, and cash flow patterns. Such loans may also be secured against residential or commercial property, after third-party legal professionals have confirmed that such property are unencumbered.

As of December 31, 2017, our incremental average rate of interest on each type of aforementioned SME lending loans was 11.5% per annum. We allow for pre-payments and redemption of such loans subject to payment of relevant closing pre-payment and redemption charges.

### ***Vehicle Finance***

Our vehicle finance business primarily involves providing financing for purchases of used or new commercial vehicles, passenger vehicles and two-wheelers. We commenced our vehicle finance business in November 2017. Our vehicle finance operations involves a relatively larger sourcing team as compared to our other business lines as it is largely based on our experience of working with customers with limited credit history and our ability to effectively assess risks associated with financing used vehicles. Our customers are predominantly transport operators, small businesses and self-employed and salaried individuals, who generally contribute between 10.0% and 30.0% of the purchase price of the asset financed, with the balance lent by us. We secure our loans through the hypothecation of each asset financed.

- *Used or new commercial vehicles.* We finance the purchase of used or new commercial vehicles, including light commercial vehicles (“LCVs”), which carry goods and passengers, and heavy commercial vehicles (“HCVs”), which carry goods. For LCVs, our customers are typically medium and small fleet operators. For HCVs, our customers are typically transport operators and small businesses.
- *Passenger vehicles.* We finance the purchase of new utility vehicles, which are typically used to transport passengers and goods.
- *Two-wheelers.* We finance the purchase of new two-wheelers, such as scooters and motorcycles to salaried professionals and self-employed non-professionals.

We have headquartered our vehicle finance business in Chennai and expect Tamil Nadu to be our initial focus as we roll out this business. We believe that vehicle finance business requires local on the ground presence and as a result, we intend to be present in 15 key states by June 2018. We have hired professionals with relevant experience in order to develop our vehicle finance business. We intend to hire approximately 650 employees for our vehicle finance business by June 30, 2018. We intend to leverage the relationships of our team members

with small freight operators, medium freight operators and light and medium commercial vehicle owners to grow our loan portfolio. We also seek to increase our customer base and revenues by strengthening our presence at dealerships and by engaging with dealers of a range of OEMs. We believe that our relationship with DSAs and other third-party intermediaries will be critical for the growth of our vehicle finance business and we are also focused on growing these relationships. See “*Our Strategies — Four Pillars strategy focused on secured lending*”.

### ***Housing finance***

Our housing finance business comprises of two business lines, namely affordable housing finance, which commenced operations in September 2017, and retail housing finance, commenced its operations in March 2018. See “*Our Strategies — Four Pillars strategy focused on secured lending*”. We operate our housing finance business through our wholly-owned subsidiary IndoStar Home Finance Private Limited.

*Affordable housing finance.* Our affordable housing finance sub-segment primarily involves loans for affordable housing projects where the property cost is typically up to ₹5.0 million, the carpet area of the unit typically does not exceed 60 square meters and the loan amount is capped at ₹3.0 million. Such loans are generally provided to salaried as well as self-employed customer segments where income may not be completely evidenced by documents and require field based credit assessment.

*Retail housing finance.* We commenced our retail housing finance business in March 2018, offering loans to salaried customers, whose main source of income is salary from their employment, and self-employed customers, whose main source of income is their profession or their business. Such retail housing loans include loans for financing the purchase of under-construction or completed properties, loans for financing the construction of a residential property on a plot of land already owned or to be acquired, and loans for financing the extension of an existing residential property, such as adding new floors or rooms.

### ***LTV Ratio, EMI and tenure for housing loans***

The NHB Directions prescribe the maximum permissible parameters of the loan amount that can be provided to housing loan customers. A property with market value of up to ₹3.0 million is permitted have a maximum LTV ratio of up to 90.0%, property with market value between ₹3.0 million and ₹7.5 million is permitted to have maximum LTV ratio of up to 80.0% and property with market value above ₹7.5 million is permitted to have maximum LTV ratio of up to 75.0%. We set a LTV ratio range for each of our loan products that is within the relevant range prescribed by the relevant regulatory authorities.

One of the key eligibility criteria for approving a customer’s loan is the customer’s repayment capacity, which is determined by factors such as the customer’s age, educational qualification, number of dependents and the stability and continuity of the customer’s income, and, if applicable, the co-applicant’s income, assets and liabilities. Subject to the regulatory limits, the amount of the loan is determined on the basis of our evaluation of the repayment capacity of the customer and the value of the relevant property. Loans are generally required to be repaid in equated monthly installments (“EMI”) over an agreed period. The size of the EMI depends on the size of loan, interest rate and tenure of loan. The tenure of our retail housing loans can be up to 30 years and may vary according to the purpose of the loan, the customer’s age and the customer segment.

### ***Interest rates and fees on housing loans***

We also offer our housing loan customers the option to choose between a fixed or variable interest rate or a combination thereof in order to allow them to hedge against unexpected interest rate movements. The pricing of the fixed interest rate loan and the variable interest rate loans is generally determined on the basis of market conditions. We determine our reference rate from time to time based on market conditions and price our loans at either a discount or a premium to our reference rate. In the case of the variable rate loans, the interest rate is linked to our reference rate. As of December 31, 2017, our reference rate was 16.0%. We require our customers to pay certain processing fees and charges prior to the disbursement of the loans at different stages of the loan application. These fees and charges are subject to change from time to time based on market conditions and regulatory requirements.

### ***Collateral for housing loans***



The security for all housing loans is created either through an equitable mortgage by way of deposit of title deeds or a simple registered mortgage of immovable property. In addition to the mortgage of immovable property, in some of the cases, security may also be provided by the borrowers through personal or corporate guarantees.

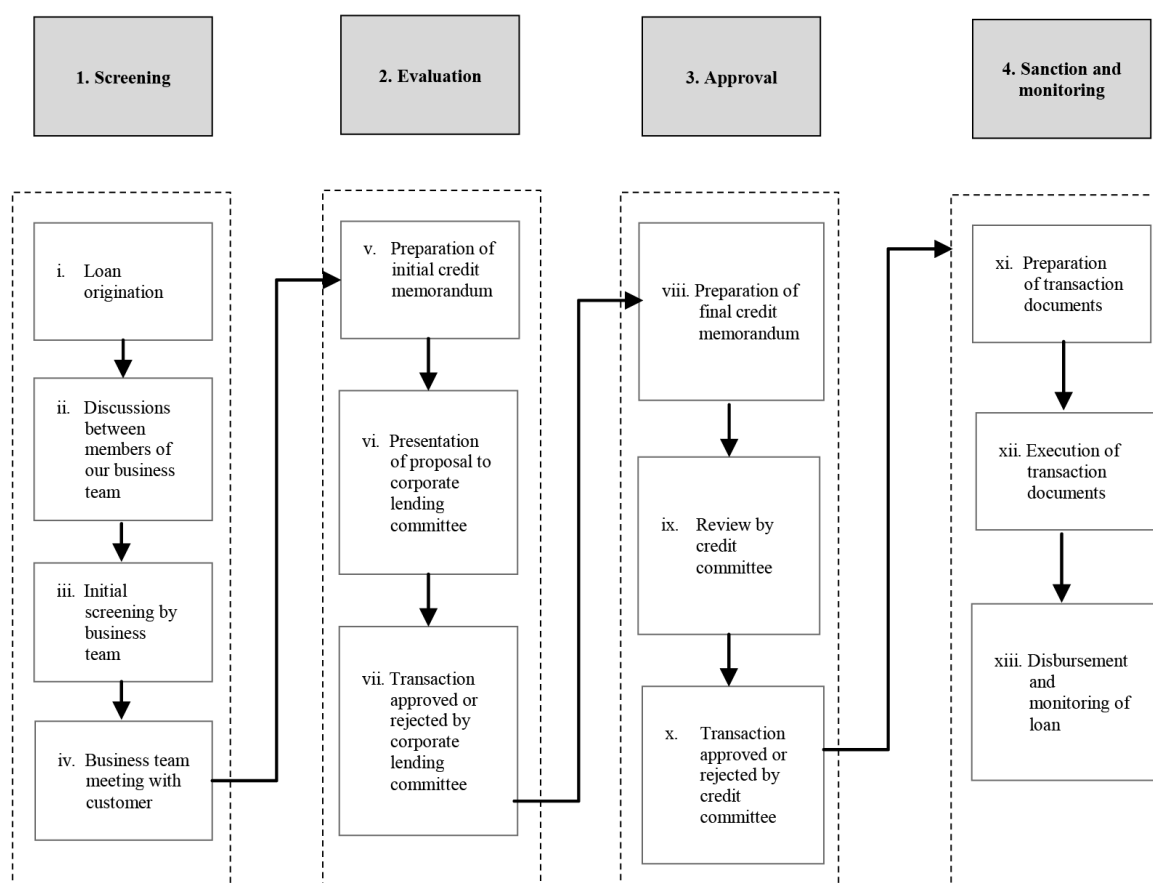
We have strict and standardized underwriting and asset monitoring processes. We focus on self-employment and the urban market with a selective focus on metros, which we believe gives us higher yields.

## Our Operations

We conduct our corporate lending, SME lending, vehicle finance and housing finance on the basis of a comprehensive credit assessment and risk management framework to identify, monitor and manage risks inherent in our corporate and retail lending operations.

### Corporate lending operations

Our corporate lending operations span across four stages, namely the (i) screening stage, (ii) evaluation stage, (iii) approval stage, and (iv) sanction and monitoring stage. The following diagram sets forth further details relating to our corporate lending operations.



*Screening stage.* Our screening stage commences once a customer has been identified, and our business team conducts an initial screening of the customer's creditworthiness. Such screening typically involves a personal discussion with the customer, credit history checks, reference checks, an analysis of the customer's financial statements, know-your-customer verification and credit bureau checks for the borrowing entity and its directors. For corporate real estate loans, a credit assessment officer of our business team will conduct a visit of relevant sites and submit a report on his findings. We maintain an approved list of technical and legal experts that assist our credit assessment teams with the due diligence process when required.

*Evaluation stage.* Upon the completion of this screening, the loan application process proceeds to the evaluation stage, where our business evaluates the prospective customer's business and financing needs and investigates the prospective customer's track record, market reputation and ability to repay any loans extended to it. After the assessment is completed and the exposure to the prospective customer is determined to be acceptable, our business team would then formulate a debt financing structure that protects us from any identified weaknesses of the borrower and prepare a credit memorandum, setting out the details of the proposed transaction. The credit memorandum will contain an analysis of the proposed facility and its impact on our overall portfolio, as well as explicitly address areas of concern detailed in our risk framework and policy. Such credit memorandum is then presented to our corporate lending committee for approval.

*Approval stage.* After a proposed transaction is approved by our corporate lending committee, a final credit memorandum, taking into account the feedback received from the prior rounds of review, is prepared for presentation to and review by our credit committee for final approval.

*Sanction and monitoring stage.* Once approval from our credit committee is obtained, our legal team would prepare relevant loan documentation, including a loan agreement. Our business team will work with the customer to complete pre-disbursement documentation and to fulfil the covenants of the relevant loan agreement and other documentation. The financial details of the transaction are entered into our enterprise-wide loan management system, *OmniFin*, which generates a transaction closing memorandum that tracks the compliance status of pre-disbursement covenants. Once the pre-disbursement covenants and conditions are performed, and our credit lending committee approves the transaction closing memorandum, the relevant funds would be disbursed to the borrower.

After the disbursement of the funds, our business team is responsible for ensuring the fulfilment of the conditions subsequent set out in the loan documentation, including the loan agreement. Our operations team updates the fulfilment of conditions subsequent and covenants of the relevant loan agreements and documentation on our enterprise-wide loan management system, and our system automatically sends out reminders to the relevant customer relations managers of our business team on a periodic basis.

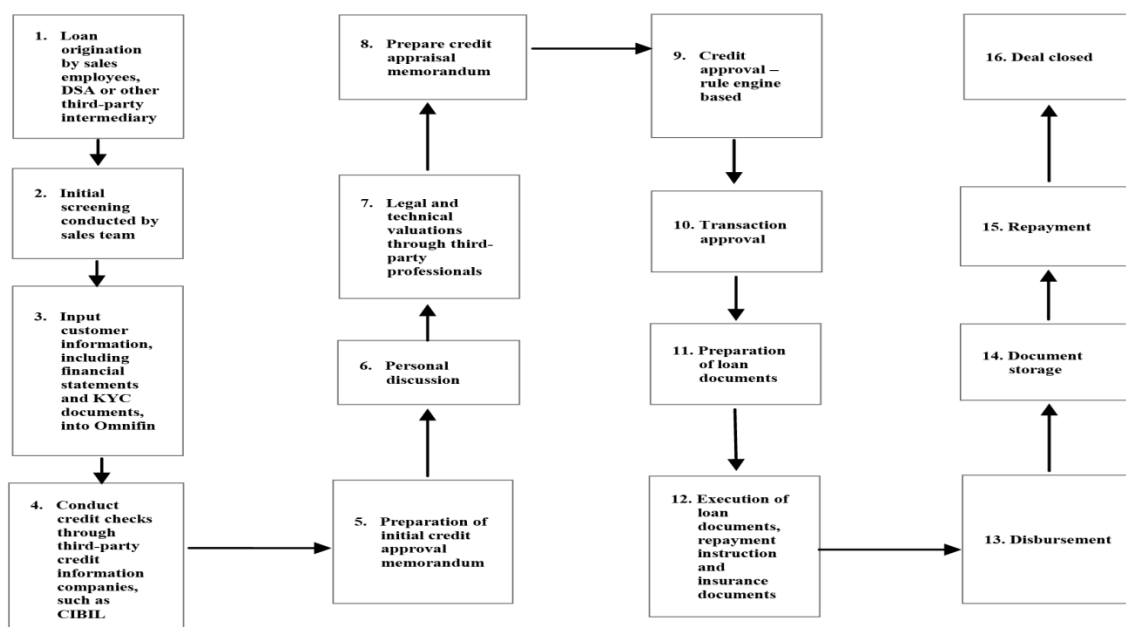
For our corporate real estate loans, an officer of our business team will conduct periodic review visits of the sites that form a part of our collateral basket. This review will take place once a year from the first date of disbursement. An updated technical due diligence report from an independent agency will also be prepared once a year from the first date of disbursement. The customer must submit required records on a quarterly basis. We also generally require the setting up of a project escrow account, into which buyers of property from our real estate developer customers deposit payments for the purchase of relevant properties. This allows us to monitor payments made to our real estate developer customers and to also ensure that agreed portions of such payments are made to us to service interest and principal on our customers' loans before the excess in escrow is released to the real estate developer customers. We also generally require our real estate developer customers to obtain a "No Objection Certificate" from us before selling property to end users.

For transactions other than real estate, and in particular project loans, an officer of our business team will similarly conduct a review visit that assesses the current status of the project and the condition of assets. An engineer's report from an independent agency that covers asset-related reviews will generally be prepared and we monitor monthly manufacturing activity of the borrowing entity through its production data and revenues, and in some cases, an internal officer may visit the manufacturing facility.

Our credit team would typically send a reminder to the relevant officer of our business team prior to the due date of upcoming payments, and the officer will then liaise with the relevant customer. Where payments are delayed or likely to be delayed, the officer would inform our credit committee of the delay and to allow for corrective action to be taken. Our credit team receives regular updates of the likely clearance date of the overdue payments.

### ***Retail Lending Operations***

Our SME lending, vehicle finance and housing finance operations also operate on the basis of a comprehensive credit assessment and risk management framework. The following diagram sets forth further details relating to our SME lending, vehicle finance and housing finance operations.



We conduct our corporate lending, SME lending, vehicle finance and housing finance against a streamlined credit assessment and risk management framework to identify, monitor and manage risks inherent in our retail lending operations.

After a loan application has been originated by a sales employee, DSA or other third-party intermediary, an initial screening of the prospective customer is conducted by our sales team by way of an in-person interview and discussion. Following such interview and discussion, the prospective customer's financial information, required loan documentation and other know-your-customer information is inputted into our enterprise-wide loan management system, *Omnifin*, for processing. Our credit team then conducts customer credit checks through third-party credit information companies, such as CIBIL, and we engage in legal and technical valuations, mainly through third-party professionals, of the collateral proposed to be used for the loan. After the aforementioned steps have been completed, and all our internal and external credit and loan collateral criteria are satisfied, our sales team would meet with the prospective customer for a discussion of the financial details and proposed terms of the loan, which would allow for an initial credit approval memorandum to be prepared, for presentation to an authorized credit approver in our credit team for final approval. These credit approval steps are "rule engine based", which we believe streamlines our credit assessment and risk management process, contributing to our turn-around-time for processing loan applications and our ability to take prudent credit decisions.

Once approval from our authorized credit approver is obtained, our operations team would prepare relevant loan documentation, including a loan agreement. Our sales team will work with the customer to complete pre-disbursement documentation and to fulfil the covenants of the relevant loan agreement and other documentation. Once the pre-disbursement covenants and conditions are performed, the relevant funds would be disbursed to the customer.

### Asset Quality

We maintain our asset quality by adhering to credit evaluation standards, limiting customer and asset exposure, closely monitoring our assets, and interacting with customers directly and regularly. We ensure that prudent LTV ratios are adhered to while lending. We ensure prompt collection and proper storage of post-disbursement documents. We periodically inspect, either by ourselves or by internal auditors, our customers and the assets financed on a random basis. Our staff conduct tele-verification of the customers' key details and close follow-up is undertaken to ensure timely collection and control overdues.

Our asset quality is reflected by our Company's low rates of Gross NPAs and Net NPAs. As of March 31, 2015, 2016 and 2017 and December 31, 2017, our Company's Gross NPAs accounted for 0.6%, 0.2%, 1.4% and 1.7% of our Company's Gross Advances, while our Company's Net NPAs accounted for 0.5%, 0.2%, 1.2% and 1.3% of our Company's Net Advances, respectively. For details, see "*Selected Statistical Information*" on page 223.

## Asset Classification

The Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (“Master Directions”) provide standards for asset classification, treatment of NPAs and provisioning against NPAs for NBFCs in India. We, like other non-deposit taking NBFCs, are required to, after taking into account the degree of well defined credit weakness and extent of dependence on collateral security for realization, to classify lease and hire purchase assets, loans, advances and other forms of credit into various classes.

The Master Directions for asset classification are set forth below:

- *Standard Asset.* An asset in respect of which no default in repayment of principal or payment of interest is perceived and which has no disclosed problems or does not carry a risk higher than is normally associated with the business;
- *Sub-standard Asset.* An asset that has been an NPA for a period not exceeding 18 months, provided that such period shall be ‘not exceeding 14 months’ for the fiscal 2017 and ‘not exceeding 12 months’ for the fiscal 2018 and thereafter. An asset shall be sub-standard where the terms of the agreement regarding interest and / or principal have been renegotiated or rescheduled after commencement of operations, until the expiry of one year of satisfactory performance under the renegotiated or rescheduled terms;
- *Doubtful Asset.* An asset which remains a sub-standard asset for a period exceeding 14 months for the fiscal 2017 and exceeding 12 months’ for the fiscal 2018 and thereafter; and
- *Loss Asset.* An asset that (a) has been identified as a loss asset by the NBFC or its internal or external auditor or by the RBI during the inspection of the NBFC, to the extent that it is not written off by the NBFC; and (b) is adversely affected by a potential threat of non-recoverability due to either erosion in the value or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

## Provisioning Policy

Our audit committee has approved a policy for making provisions against loans in default that is consistent with provisions prescribed by the RBI, as applicable to our Company, and the NHB, as applicable to our wholly-owned subsidiary, IndoStar Home Finance Private Limited, and we make further provisions if we identify a risk.

We currently make provisions as follows:

Duration	Provision for secured loans as prescribed by RBI guidelines	Provision for secured loans as prescribed by NHB guidelines
More than three months but less than or equal to 15 months	10.0%	15.0%
More than 15 months but less than or equal to 27 months	20.0%	25.0%
More than 27 months but less than or equal to 51 months	30.0%	40.0%
More than 51 months	50.0%	100.0%

For the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, our provisions and write-offs, which comprised our provision for standard assets, our provision for non-performing assets and debts written-off, were ₹30.37 million, ₹33.82 million, ₹123.28 million and ₹86.15 million, respectively. Over the same periods, our provision for standard assets amounted to ₹30.37 million, ₹33.20 million, ₹35.46 million and ₹(3.81) million, respectively. For fiscal 2016, 2017 and the nine month period ended December 31, 2017, our provision for non-performing assets amounted to ₹0.62 million, ₹87.82 million and ₹75.03 million, respectively. We had debts written off of ₹14.93 million in the nine month period ended December 31, 2017. See “Risk Factors — Internal Risks — If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected.”

## Treasury Operations

Our treasury department is responsible for managing our funding requirements and deployment of short-term surpluses. Our treasury department undertakes liquidity management by seeking to maintain an optimum level of liquidity and complying with the RBI's requirements for asset and liability management. Our objective is to ensure the smooth functioning of our business and at the same time avoid holding excessive cash. We actively manage our cash and funds flow using various cash management services provided by banks.

As part of our treasury activities, we also invest our surplus fund in fixed deposits with banks and liquid debt mutual funds. Our investment decisions are guided by the following criteria: capital protection, liquidity, and profitable returns. In line with this, our surplus funds are invested in fixed deposits with banks, debt-based liquid mutual funds and short tenor assets like loans or bonds. Our treasury policy sets out the maximum exposure for each investment category. All investment decisions are made with the approval of members of our corporate lending committee.

Our sources of funds include term loans and working capital, and proceeds from the issuance of NCDs and commercial paper subscribed by banks, mutual funds, insurance companies and other domestic and foreign financial institutions. We believe that through our treasury operations, we maintain our ability to repay borrowings as they mature and obtain new borrowings at competitive rates. See “*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources*”.

The principal components of all our borrowings as of the dates indicated are set out below:

Particulars	As of March 31, 2013	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	As of March 31, 2017	As of December 31, 2017
(₹ in millions)						
Term loans from banks	7,055.68	12,808.60	15,410.64	14,522.21	14,653.98	15,543.06
Redeemable Non-convertible debentures	2,650.00	4,504.84	6,888.01	10,492.16	11,213.46	8,219.30
Commercial paper	1,337.58	1,668.42	3,439.22	3,905.49	6,918.04	12,560.83
Bank overdrafts	-	-	-	1,088.67	947.47	509.34
Inter corporate deposit	-	-	-	-	-	50.00
<b>Total</b>	<b>11,043.26</b>	<b>18,981.86</b>	<b>25,737.87</b>	<b>30,008.54</b>	<b>33,732.95</b>	<b>36,882.53</b>

We generate profit from the difference between the interest rates on our interest-earning assets, which are the loans we extend, and interest-bearing liabilities, which are our borrowings. Our Company's Average Cost of Borrowings for fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017 was 11.9%, 11.1%, 10.3% and 9.1%, respectively.

## Capital Adequacy Ratio

Our Company is subject to capital adequacy requirements set out by the RBI for NBFCs. The following table sets forth our Company's capital adequacy ratios as of the dates indicated.

Particulars	As of March 31,			As of December 31,
	2015	2016	2017	2017
Tier I capital (as a percentage of total risk weighted assets)	32.3%	33.8%	33.4%	31.3%
Tier II capital (as a percentage of total risk weighted assets)	0.4%	0.4%	0.4%	0.3%
<b>Total capital (as a percentage of total risk weighted assets)</b>	<b>32.6%</b>	<b>34.2%</b>	<b>33.8%</b>	<b>31.6%</b>

Our wholly-owned subsidiary, IndoStar Home Finance Private Limited, which operates our home finance business is subject to capital adequacy requirements set out by the NHB for HFCs.

## Risk Management

Risk management forms an integral part of our business. We continue to improve our policies and implement our policies rigorously for the efficient functioning of our business. As a lending institution, we are exposed to various risks that are related to our lending business and operating environment. Our objective in our risk management processes is to measure and monitor the various risks that we are subject to and to follow policies and procedures to address these risks. We do so through our risk management architecture, which includes our Board, risk committee, credit committee, and asset liability management committee. The major types of risk we face in our businesses are credit risk, interest rate risk, operational risk, liquidity risk, cash management risk, asset quality impairment risk, inflation risk and concentration risk.

### ***Risk Management Architecture***

***Risk Management Committee.*** Our risk management committee is responsible for identifying, monitoring and managing risks that affect / may affect the Company, deciding on the appropriateness of the size and nature of transactions undertaken by the Company, setting up and reviewing risk management policies of the Company from time to time and overseeing implementation and execution of Risk Management Practices.

***Credit Committee.*** The credit committee is responsible for the deployment of capital and resources of the Company, approving credit proposals in accordance with risk policy approved by the Risk Management Committee of the Company, formulate, recommend, review, alter and implement the various policies adopted by the Company with reference to the Committee.

***Audit Committee.*** The audit committee is responsible for dealing with all material questions concerning the auditing and accounting policies of our Company and our subsidiaries and their financial controls and systems or any other function as may be determined by the Board, review and ensure correctness, sufficiency and credibility of Financial Statements, recommend appointment, re-appointment or removal of our statutory and internal auditors, overseeing our whistle blower policy/vigil mechanism, monitor transactions with related parties, reviewing monitoring and evaluating the internal control system including internal financial controls and risk management system.

***Asset Liability Management Committee.*** The asset liability management committee is responsible for monitoring the asset liability composition of our business, determining actions to mitigate risks associated with our asset liability discrepancies, approve proposals and detailed terms and conditions of borrowings from banks, reviewing our borrowing agenda, reviewing product pricing and desired maturity profile of our assets and liabilities and also the mix of our incremental assets and liabilities.

### ***Credit Risk***

Credit risk is the risk of loss that may occur from defaults by our customers under our loan agreements. The loan approval process involves origination and sourcing of business, credit appraisal and credit approval by various committees. Credit authority delegation is administered through the *OmniFin* system and hence the process is controlled. Further, there is a streamlined portfolio review mechanism to identify and address credit risks at early stage. Further, we have a collection team in place to collaborate with customers to resolve repayment difficulties and, when required, recover monies through liquidation of collateral.

### ***Interest Rate Risk***

We are subject to interest rate risk, principally because loans to customers may be at interest rates and for periods that may differ from our funding sources. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. We assess and seek to manage the interest rate risk on our balance sheet by managing our assets and liabilities. As of December 31, 2017 43.5% of our Total Borrowings was at fixed rates and 56.5% at floating rates.

We maintain an asset liability management policy where assets and liabilities are categorized into various time buckets based on their maturities and re-pricing options. We comply with the relevant guidelines of the RBI and NHB in relation to asset liability management of mismatches in each of the time buckets.

### ***Liquidity Risk***

Funding risk is a form of liquidity risk, which arises when the liquidity needed to fund illiquid asset positions cannot be achieved at the expected terms, as and when required. Unavailability of funds at lower cost could affect profitability and lack of adequate funds could have an adverse impact on our business, financial condition and results of operations. We have maintained the key financial ratios in line with changing regulatory requirements. We believe that a mix of strong capital position, adequate medium and long term borrowings, good credit rating resulting in debt capital market access and availability of lines of credit from a large number of banks ensures that we are able to meet our liquidity requirements.

### ***Operational Risk***

Operational risk is the prospect of loss resulting from inadequate or failed processes, people, and systems or from external events. A cohesive technology system across operational verticals is helping the Company in achieving seamless centralized operations across its network. A well-defined credit policy, along with Standard Operating Processes (SOP) also helps in managing operational risk. Regular internal audits ensure establishment of sound operational practices.

### ***Cash Management Risk***

Our business operations do not involve significant cash transactions and the majority of our transactions with customers are conducted electronically or via cheques. For our corporate lending business, all of our loan disbursements are made, serviced and repaid through real-time gross settlement (“RTGS”) or National Electronic Funds Transfer (“NEFT”), both of which are specialist electronic payment systems. For our SME lending, vehicle finance and housing finance businesses, loan disbursements are typically made through printed cheques, for which we have arrangements for cheque printing with our various banks, and such loans are serviced and repaid through the National Automated Clearing House (“NACH”) process, which is cashless.

### ***Asset Quality Impairment Risk***

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. We engage experienced repossession agents to repossess assets of defaulting customers. We ensure that these repossession agents follow legal procedures and take appropriate care in dealing with customers for seizing assets.

### ***Inflation Risk***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. A return of high inflation rates may result in an increase in overall interest rates which may adversely affect our results of operations. High rates of inflation in the Indian economy could impact the results of our operations, by leading to a lower demand for our corporate lending and SME lending businesses. High inflation rates may also adversely affect growth in the Indian economy and our operating expenses.

### ***Concentration Risk***

Concentration risk mainly arises when our loan portfolio is weighted on a particular customer segment or when we have relatively greater dependency on any particular group of lenders. We seek to mitigate concentration risk in our loan portfolio by distributing our corporate lending and SME lending Credit Exposure, among a diverse range of companies distributed across various industry segments and geographies, and our vehicle and housing finance, to individuals distributed across various geographies. We mitigate concentration risk in our borrowings by maintaining long-term relationships with a large number of lenders. As of December 31, 2017, our lenders included, among others, 14 public sector banks, 13 private sector banks, 21 mutual funds and four insurance companies and other financial institutions.

### ***Risk Management for Loans***

We have a strict screening and collateral/security criteria applied to each loan.

*Corporate real estate financing.* Our screening and collateral/security criteria for corporate real estate financing include, among others, a focus on operating cash flow, lending to well-established real estate developers, limited

exposure to the greenfield commercial property segment, understanding all relevant micro-markets and ensuring limited approval risks. Our security criteria focuses on achieving higher asset security cover, maintaining control on project cash flows through an escrow mechanism and additional security via promoter guarantee and cash flows from other projects owned by the customer.

*Corporate non-real estate financing.* Our screening and collateral/security criteria for corporate non-real estate financing include, among others, a focus on lending to larger companies, avoiding lending to companies in sectors with higher regulatory risk, adopting conservative cash flow analysis of prospective customers, and maintaining an internal ratings process. Our security package structuring for our non-real estate corporate lending customers focuses on achieving higher cash flow cover over their loans. We also take security over tangible assets and acquire additional protection in the form of promoter guarantees.

*SME financing.* Our screening and collateral/security criteria for SME financing include, among others, understanding the cash flows of our prospective customer, conducting reference checks, engaging in personal discussions with our prospective customer and maintaining a robust DSA empanelment process. Our credit exposure is 100% collateralized, with preference for self-occupied residential properties that complies with our required LTV ratio.

*Vehicle financing.* Our screening and collateral/security criteria for vehicle financing include, among others, customer and truck-wise exposure limits, ensuring our field officers are responsible for the loans they originate and maintaining a focus on the earning capacity of vehicles financed. Our security process facilitates repossession of the vehicles, allowing for immediate liquidity, and requires a minimum LTV ratio.

*Housing finance.* Our screening and collateral/security criteria for housing financing include, among others, having specialized customer relations employees engage prospective customers who are self-employed or who are procuring affordable housing financing, so as to allow us to better understand the credit profile of such prospective customers, and ensuring that security provided complies with our required LTV ratio.

## **Board Committees**

In accordance with the applicable circulars, notifications and directions issued by the RBI (“the RBI Regulations”), the applicable provisions of the Companies Act, 2013 and our internal corporate governance requirements, our Board has constituted the following committees and the role of each committee has been broadly defined for effective business operations and governance of our Company.

### ***Operational Committees***

*Banking Committee.* The Banking Committee is responsible for the internal functioning of our Company inter-alia includes: matters relating to opening, operating, closing, change in signatories or such related matters for our bank accounts, demat accounts, broking accounts, trading accounts and CSGI accounts.

*Management Committee.* The Management Committee is responsible for decision making around all policy matters or legally mandated matters unless restricted by the law or our Board. The Management Committee is also responsible for all administrative and operational matters such as capital expenditure, and leasing of premises.

*Corporate Lending Committee.* The Corporate Lending Committee is responsible for examining credit proposals and recommending the same to the Credit Committee for its approval, approving deviations to sanctioned credit proposals, approving and recommending amendments to and the adoption of various relevant policies and manuals, implement policies adopted by our Board, Credit Committee and Management Committee, approving deployment of funds in terms of Treasury Policy, approving proposals under our short-term loan program and sell-down mandate, updating and reporting to the Credit Committee, approving appointment of employees, and all other acts, deeds and things, which do not require the specific approval of our Board.

*Retail Lending Committee.* The Retail Lending Committee is responsible for adopting and revising policies, approving appointment of various agencies and vendors, approving or modifying various agreements, documents and contracts, undertaking all or any business and/or operational activities and updating and reporting to the Credit Committee.

### ***Capital Structure Committees***



*Allotment and Share Transfer Committee.* The Allotment and Share Transfer Committee is responsible for issuing call notices and issuing receipts upon payment of amounts towards calls made, approving requests for the transfer of shares of our Company and approving the allotment of equity shares of our Company in compliance with applicable laws and Articles of Association of our Company.

*Debenture Committee.* The Debenture Committee is responsible for the determination and approval of all matters relating to the issue, buyback and repurchase of debentures and all other acts and deeds that it deems necessary or incidental in that regard.

## **Sales and distribution**

As of February 28, 2018, we conducted our operations through 71 branches across India. Our branches act as the primary point of sale and assist with the origination of loans, various collection processes and enhancing customer service, while corporate offices provide support functions, such as loan processing and credit monitoring, and our central office supervises our operations.

Our enterprise-wide loan management system, *OmniFin*, integrates all activities and functions within our organization under a single technology and data platform, bringing efficiencies to our back-end processes and enabling us to focus our resources on delivering quality services to our customers. As of February 28, 2018, our distribution network included 548 personnel in our in-house sales team, and approximately 949 third-party direct sales associates (the “DSAs”) and other third-party intermediaries who are empaneled with us.

## **Our Credit Ratings**

Our long-term debt is presently rated CARE AA-; Stable and IND AA-/Stable, respectively, by each of CARE and ICRA. CARE, ICRA and CRISIL has each rated our commercial paper debt as CARE A1+, ICRA A1+ and CRISIL A1+, respectively, which is the highest rating for short-term debt instruments. Our subsidiary, IndoStar Home Finance Private Limited, has its short-term commercial paper debt rated as CARE A1+ and ICRA A1+.

Our Company’s Average Cost of Borrowings in the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017 was 11.9%, 11.1%, 10.3% and 9.1%, respectively.

## **Information Technology**

We are committed to providing quality services to our customers by leveraging information technology. We have implemented a loan management system, *OmniFin*, which has both loan management and accounting capabilities, allowing us to effectively manage our loan portfolio and providing us decision-making and operational support. This system covers the asset management of our business in addition to account management, core financial accounting, risk management, document management and customer service through the full life cycle of loans for both our corporate and retail lending operations. This system is also capable of being used via mobile, tablet and other digital devices. It has maker-checker functionality at every transaction stage that makes it reliable. We are also in discussions with a number of reputable software providers with respect to purchasing and installing additional software to enhance our disaster recovery capabilities, in the event of data loss and/or corruption.

## **Insurance**

We maintain insurance policies that we believe are customary for companies operating in our industry. Our principal types of coverage include our general insurance policy, which covers fire in building and/or contents, burglary, money in transit, money in safe, public liability, machinery breakdown, electronic equipment, portable equipment all risk, our Directors and Officers liability insurance, our employer-employee life insurance policy and our medical policy. Our insurance policies may not be sufficient to cover our economic loss.

## **Customers**

Our customers for our corporate lending business comprise well-established and reputable corporates and real estate developers. We believe that we have a diversified corporate lending customer base. As of December 31, 2017, our top five borrowers, top ten borrowers and top 20 borrowers of our corporate lending business line,

respectively, accounted for 30.7%, 56.2% and 85.39% of our aggregate Corporate Lending Credit Exposure. The table below sets forth certain information on our corporate lending customer base as of the dates indicated.

Corporate lending customer base	As of March 31,			As of December 31,
	2015	2016	2017	2017
Real Estate customers	31	30	30	21
Corporate developers	18	23	18	15
<b>Total</b>	<b>49</b>	<b>53</b>	<b>48</b>	<b>36</b>

Our customers for our SME lending business are small and medium sized enterprises, including traders, wholesalers, distributors, retailers, self-employed professionals and small manufacturing companies, with a turnover of over ₹100.0 million. We believe we have a diversified SME lending customer base, where the number of our SME lending customers have increased over the recent years. As of March 31, 2015, 2016 and 2017, and December 31, 2017, we had 4, 143, 426 and 861 SME lending customers, respectively. For fiscal 2015, 2016, 2017 and the nine month period ended December 31, 2017, the average size of our outstanding SME Lending Credit Exposure was ₹18.52 million, ₹11.81 million, ₹13.03 million and ₹13.60 million, respectively.

Our customers for our vehicle and housing finance businesses are mainly individuals whom we acquired through channels such as our sales team, referrals by DSAs and other third-party intermediaries, referrals by existing customers, employee referrals and through advertisements.

## Employees

As of February 28, 2018, we had 908 employees. As part of our customer-centric approach, we recruit employees locally, which assists us in gaining a better understanding of customers in that region and their requirements. We train our employees on a regular basis, and focus primarily on three areas through our training programs: leadership development, behavioural development and functional development. We have also implemented ESOP Schemes for our employees, along with a range of incentives and employee engagement programs.

The following table sets forth employee details as of February 28, 2018:

Employee function/department	Number of employees
Sales	548
Credit	146
Operations	134
Risk	14
Finance	12
Debt and treasury	7
Administration and infrastructure	5
Secretarial and corporate finance	6
Human resources	5
Information technology	6
Management	1
Legal	3
Collections	4
Product	9
Analytics	1
Brand management and corporate communication	2
Others	5
<b>Total</b>	<b>908</b>

## Competition

The NBFC and HFC industries in India are characterized by high levels of competition. The main competitive factors are product range, ability to customize products, speed of loan approvals, price, reputation and customer relationships. We face our most significant organized competition from banks and other NBFCs in India, and with respect to housing loans, we face significant competition from other HFCs. In addition, many of our potential customers in economically weaker segments do not have access to any form of organized institutional

lending, and rely on loans from informal sources, especially moneylenders, landlords, local shopkeepers and traders, at much higher rates.

In the organized sector, many of the institutions with which we compete have greater assets and better access to, and lower costs of, funding than we do. In certain areas, they may also have better brand recognition and larger customer bases than us. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors or expand our reach and build our brand among our target customer segments, we may lose existing as well as potential customers to our competitors, resulting in a decline in our market share, which may in turn impact our revenues and profitability.

Further, competition in the housing finance industry in India, in particular, is also increasing as a result of interest rate deregulation and other liberalization measures. In addition, there has been increased demand for housing finance as a result of the increased affordability of interest rates, higher incomes and increased financial incentives for customers. Customers also have increased accessibility to housing finance products and services due to technological advances and heightened e-commerce activities, which has also facilitated increases in demand for housing loans and competition to meet that demand. With relatively lesser barriers to entry in the housing finance sector, competition is likely to intensify further as a result of regulatory changes and liberalization.

### **Property**

Our registered office is located on the One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai 400 013. Our corporate office is located at One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai 400 013 and is leased by our Company.

All of our branches, registered and corporate office are located on leased premises.

### **Intellectual Property**

We have filed applications for registering certain trademarks including for our corporate logo. For details, see “*Government and Other Approvals*” on page 341.

### **Corporate Social Responsibility**

We have undertaken CSR initiatives in several areas including supporting sanitation, empowering women through skills development and providing education to students from economically disadvantaged backgrounds. We collaborated with Shelter Associates to construct 100 toilets in Ambedkar Nagar, Pune, under the “One Home One Toilet Program” and collaborated with Pratham Mumbai Education Initiative to improve the learning levels of children in 40 communities of Quresh Nagar and Sangharsh Nagar slums. In collaboration with Avasara Leadership Institute, Pune, we also supported the drive to empower and educate women in society by sponsoring the school fees of certain female students. Further, together with Population First, we adopted 15 villages in Shahapur in the Thane district, with the intent to enhance the economic, social and political empowerment of women in rural communities.

## REGULATIONS AND POLICIES

*The following is an overview of certain sector-specific relevant laws and regulations which are applicable to the operations of our Company and our Subsidiaries. The information detailed in this chapter has been obtained from publications available in public domain. The description of laws and regulations set out below is not exhaustive but indicative, and is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice.*

Our Company is Non-Banking Financial Company - Systemically Important Non-Deposit taking company (“NBFC-ND-SI”) registered with the RBI. Further, our Subsidiary, IndoStar Home Finance Private Limited, is a housing finance company registered with the NHB to carry on the business of providing housing finance without accepting public deposits, and our Subsidiary, IndoStar Asset Advisory Private Limited, carries on the business of investment management.

### Key Indian regulations applicable to our Company

#### *The RBI Act, 1934 (“RBI Act”)*

The RBI Act defines an NBFC as: (a) a financial institution which is a company; (b) a non-banking institution which is a company and which is in the principal business of receiving deposits, under any scheme or arrangement or in any other manner, or lending in any manner; or (c) such other non-banking institution or class of such institutions as the RBI may, with the previous approval of the Central Government, and by notification in the official gazette, specify.

In order to commence or carry out the business of a non-banking financial institution, an NBFC has to mandatorily obtain a certificate of registration issued by the RBI and it should have minimum net owned fund of ₹ 20 million, except wherever otherwise a specific requirement as to net owned fund is prescribed by the RBI. Every NBFC is required to create a reserve fund and transfer thereto a sum not less than 20% of its net profit every year, as disclosed in the profit and loss account and before any dividend is declared. Further, no appropriation can be made from such fund by the NBFC except for the purposes specified by the RBI from time to time and every such appropriation shall be reported to the RBI within 21 days from the date of such withdrawal.

In addition, NBFCs are also governed by various directions, circulars and guidelines as issued by the RBI from time to time.

#### *Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 and updated as of February 23, 2018 (“Master Directions, 2016”)*

The Master Directions, 2016 defines NBFC-ND-SI as a non-banking financial company not accepting or holding public deposits and having total assets of ₹ 5,000 million and above as shown in the last audited balance sheet. Under the Master Directors, 2016, an NBFC-ND-SI must adhere to various requirements including minimum capital requirements, prudential regulations, fair practices, governance matters and norms for disclosures in balance sheets.

*Capital Requirements:* NBFC-ND-SIs are required to maintain a minimum capital ratio consisting of Tier I and Tier II capital which shall not be less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. The Tier I capital in respect of such NBFCs, at any point of time, shall not be less than 10%.

*Asset classification:* NBFC-ND-SIs are required to classify its lease/ hire purchase assets, loans and advances and other forms of credit into the following classes:

- (i) Standard assets: an asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem or carry more than normal risk attached to the business;
- (ii) Sub-standard assets: an asset which has been classified as non-performing assets for a period not exceeding 18 months; not exceeding 16 months for the Financial Year 2016; not exceeding 14 months

for the Financial Year 2017; and not exceeding 12 months for the Financial Year 2018 and thereafter or an asset where the terms of the agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after the commencement of operations, until the expiry of one year of satisfactory performance under such terms;

- (iii) Doubtful assets: a term loan or a lease asset or a hire purchase asset or any other asset which remains sub-standard asset for a period exceeding 16 months for the Financial Year 2016; exceeding 14 months for the Financial Year 2017 and exceeding 12 months for the Financial Year 2018;
- (iv) Loss assets: means an asset which has been identified as loss assets by the NBFC-ND-SI or its internal or external auditor or by the RBI during the inspection of the NBFC-ND-SI to the extent not written off and an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value or non-availability of security or due to any fraudulent act or omission on the part of the borrower; and
- (v) Non-Performing Assets: means (a) an asset with overdue interest for a period of 6 months or more, (b) a term loan inclusive of unpaid interest, when the instalment is overdue for a period of 6 months or more or on which interest amount remained overdue for a period of 6 months or more, (c) a demand or call loan, which has remained overdue for a period of 6 months or more from the date of such demand or call or on which interest has remained overdue for a period of 6 months or more, (d) a bill which has remained overdue for a period of 6 months or more, (e) the interest in respect of a debt or the income on receivables under the head 'other current assets', in the nature of short term loans/advances, which facility has remained overdue for a period of 6 months or more, (f) any dues on account of sale of assets or services rendered or reimbursed of expenses incurred which has remained overdue for a period of 6 months or more, (g) any lease rental and hire purchase installment which are overdue for a period of 12 months or more, or (h), any outstanding balance in respect of loans, advances and other credit facilities, including accrued interest, if any, in relation to the same borrowed/ beneficiary if any of its credit facilities as specified herein have become non-performing assets, except in case of lease and hire purchase transactions, where each account should be classified on the basis of record of recovery. However, the period of 'six months or more' for points (a) to (f) in the paragraph, shall be 'five months or more' for the Financial Year 2016, 'four months or more' for the Financial Year 2017 and 'three months or more' for the Financial Year 2018 and thereafter. Further, the period of 'twelve months or more' referred to in point (g) above shall be, 'nine months or more' for the Financial Year 2016, 'six months or more' for the Financial Year 2017, and 'three months or more' for the Financial Year 2018 and thereafter.

*Provisioning Requirement:* NBFC-ND-SIs are required to, after taking into account the time lag between an account becoming non-performing, its recognition as such, the realization of security and the erosion over time in the value of security charged, make provision against sub-standard assets, doubtful assets and loss assets as provided in the Master Directions, 2016;

*Private Placement of non-convertible debentures ("NCDs"):* NCD issuances by NBFC-ND-SIs, with maturity of more than 1 year are governed by the guidelines on private placement of NCDs as prescribed under the Master Directions, 2016. Such NBFCs are required to put in place a board approved policy for resource planning which, *inter alia*, shall cover the planning horizon and the periodicity of private placement. NBFCs can issue debentures only for deployment of funds on its own balance sheet and not to facilitate resources requests of group/ parent/ associate entities;

#### *Asset Liability Management*

As part of the Master Directions, 2016, the RBI has prescribed guidelines for putting in place an asset liability management ("ALM") system, for applicable NBFCs with asset base of ₹ 1,000 million or more. The ALM guidelines require NBFCs to put in place a strong Management Information System. For quick analysis and consolidation of data, the Management Information System shall be computerised and shall make use of specialised software for managing the assets and liabilities with respect to the maturity mismatches, and the various risks associated with such mismatches, as a pre-requisite for putting in place the ALM system.

The ALM system shall *inter alia* involve (i) ALM information systems – covering management information systems and information availability, accuracy, adequacy and expediency, (ii) ALM organizations – covering

structure and responsibilities and level of top management involvement, (iii) ALM Processes – covering risk parameters, identification, measurement, management, policies and tolerance levels.

Under the ALM guidelines, the prudential limits for negative liquidity gaps in time buckets of 1 to 30/31 days has been fixed at 15% of the cash outflows of each time-bucket and for cumulative gap up to the one year period has been fixed at maximum of 15% of the cumulative cash outflows up to one year period. NBFCs, however, are expected to monitor their cumulative mismatches (running total) across all time buckets by establishing internal prudential limits with the approval of the board / management committee.

For the interest rate gaps in various time buckets, the prudential limits have to be fixed by the board / management committee of the NBFC. Such prudential limits should have a relationship with the total assets, earning assets or equity.

*Acquisition or transfer of control:* NBFC-ND-SIs are required to obtain prior written permission of RBI for, (a) any takeover or acquisition of control, which may or may not result in change in management, (b) any change in the shareholding, including progressive increases over time, which would result in acquisition or transfer of shareholding of 26% or more of the paid up equity capital except any shareholding going beyond 26% due to buyback of shares or reduction in capital where it has approval of a competent court, and (c) any change in the management of the NBFC-ND-SIs which results in change in more than 30% of the directors, excluding independent directors, except where the directors are re-elected on retirement by rotation. NBFC-ND-SIs are also required to keep the RBI informed of any change in their director or management. After obtaining the prior permission of RBI, a public notice of at least 30 days shall be given by the NBFC-ND-SI and by the other party or jointly by the parties concerned, indicating the intention to sell or transfer ownership / control, the particulars of transferee and the reasons for such sale or transfer of ownership / control which is required to be published in one leading national and one leading local (covering the place of the registered office of the NBFC-ND-SI) vernacular newspaper.

#### *Corporate Governance*

NBFC-ND-SIs are required to adhere to certain corporate governance norms, including constitution of an audit committee, a nomination committee, an asset liability management committee and risk management committee. The audit committee should consist of not less than three members of its board of directors, and it must ensure that an information system audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced. Nomination committee is required to ensure 'fit and proper' status of proposed/ existing director; and in order to manage the integrated risk, such NBFCs shall form a risk management committee, besides the asset liability management committee.

In addition to this, NBFC-ND-SIs shall ensure that a policy is put in place with the approval of the board of directors for ascertaining the fit and proper criteria of the directors at the time of appointment, and on a continuing basis. All such NBFCs are also required to put up to the board of directors, at regular intervals, as may be prescribed, the progress made in putting in place a progressive risk management system and risk management policy and strategy followed by the NBFC, conformity with corporate governance standards viz., composition of various committees, their role and functions, periodicity of the meetings and compliance with coverage and review functions, etc. Such NBFCs will also have to adhere to certain other norms in connection with disclosure, transparency and rotation of partners of the statutory audit firm. Such NBFCs are also required to frame internal guidelines on corporate governance standards which are also to be put up on their website for information of various stakeholders.

#### *Fair practice code*

NBFC-ND-SIs having customer interface should mandatorily adopt the guidelines on fair practices to be adhered to while conducting business. The guidelines require that all communications to the borrower shall be in the vernacular language or a language as understood by the borrower. Also, loan application forms shall include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. Such NBFCs should also give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Such NBFCs shall also ensure that changes in interest rates and charges are effected only prospectively.

In order to regulate charging of excessive interest rates, NBFC-ND-SIs are required to adopt an interest rate model. The rate of interest and the approach for gradations of risk and rationale for charging different rate of interest to different categories of borrowers shall be explicitly disclosed to the borrower. In the matter of recovery of loans, such NBFCs shall not resort to undue harassment methods which include persistently bothering the borrowers at odd hours, use muscle power for recovery of loans etc. Such NBFCs shall also ensure that the staffs are adequately trained to deal with the customers in an appropriate manner.

Also, NBFC-ND-SIs are required to lay down an appropriate grievance redressal mechanism within the organisation and display the same at branches and offices from where business is transacted, along with the name and contact details of the grievance redressal officer who can be approached by members of the public for resolution of complaints against the NBFC and also display the contact details of the RBI Officer who can be contacted if complaints are not resolved by the NBFC within a period of one month.

### ***Anti-Money Laundering***

#### ***The Prevention of Money Laundering Act, 2002 and Master Direction - Know Your Customer (KYC) Direction, 2016 dated February 25, 2016 ("KYC Directions")***

The Prevention of Money Laundering Act, 2002 ("PMLA") was enacted to prevent money-laundering and to provide for confiscation of property derived from or involved in, money-laundering and for matters connected therewith or incidental thereto. The Government of India under PMLA has issued the Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended ("PML Rules"). PMLA & PML Rules extends to all banking companies and financial institutions, including NBFCs.

Additionally, the RBI has issued the KYC Directions, under which all NBFCs are required to follow certain customer identification procedure while undertaking a transaction either by establishing an account based relationship or otherwise and monitor their transactions. The KYC Directions are applicable to every entity regulated by the RBI, specifically, scheduled commercial banks, regional rural banks, local area banks, primary (urban) co-operative banks, NBFCs, miscellaneous non-banking companies and residuary non-banking companies, amongst others. In terms of the KYC Directions, regulated entities are required to formulate a KYC policy which is duly approved by the board of directors of such entity or a duly constituted committee thereof. The KYC policy formulated is required to include four key elements, being customer acceptance policy, risk management, customer identification procedures and monitoring of transactions. The regulated entities are required to ensure compliance with KYC policy through specifying as to who constitute 'senior management' for the purpose of KYC compliance, specifying allocation of responsibility for effective implementation of policies and procedures, independent evaluation of the compliance functions of the entity's policies and procedures, including legal and regulatory requirements, internal audit systems to verify compliance with the KYC Directions/AML policies and procedures and policy and submission of quarterly audit notes and compliance to the audit committee.

Further, pursuant to the provisions of PMLA, and the KYC Directions, all NBFCs have to appoint a "Designated Director" who shall be responsible for ensuring overall compliance as required under the PMLA and KYC Directions, and a Principal Officer, who shall be responsible for furnishing / reporting all transactions and sharing of information as required under the law to the Foreign Intelligence Unit -India (FIU-IND) and other enforcement agencies

#### ***Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 dated September 29, 2016 ("Fraud Prevention Directions")***

NBFC-ND-SIs are required to put in place a reporting system for recording frauds, without any delay. In order to maintain uniformity in reporting frauds, the Fraud Prevention Directions prescribe the manner of classification of frauds. Such NBFCs are required to report frauds accorded to various bodies like the board, the audit committee, the RBI and the police authorities, depending on the amount involved in the fraud. Individual attempted fraud cases involving an amount of ₹ 2.5 million or more are also to be reported to the audit committee of such NBFCs board. The board of directors of the NBFC are also required to conduct a quarterly and annual review of all frauds cases.

NBFC-ND-SIs should fix staff accountability in respect of delays in reporting of fraud cases to the RBI. For this purpose, an official of the rank of general manager or equivalent should be nominated who will be responsible for submitting all the returns to the RBI and reporting referred to in the Fraud Prevention Directions. In terms of the Fraud Prevention Directions, such NBFCs shall disclose the amount related to fraud reported by the NBFC for the year in their balance sheet.

***Master Direction- Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016 dated September 29, 2016 (“NBFC Returns Directions”)***

As per the NBFC Returns Directions, all NBFCs are required to put in place a reporting system for filing various returns within a prescribed timeframe. The returns required to be filed by NBFC-ND-SIs relate to *inter alia*, financial parameters, prudential norms compliance, asset liability management, branch information, requirement to hold certificate of registration as an NBFC and compliance with FDI norms.

***Consolidated FDI Policy of 2017 dated August 28, 2017 (“FDI Policy”) issued by the Department of Industrial Policy and Promotion, Government of India***

Pursuant to the FDI Policy, foreign investment in an Indian company engaged in financial services activities regulated by financial sector regulators which amongst others includes RBI, SEBI and NHB, is permitted under automatic route up to 100%. Foreign investment in companies engaged in financial services activities and downstream investment by any of these entities, will be subject to the conditions specified in paragraph 5.2.26.2 of the FDI Policy.

***Information Technology Framework for the NBFC Sector Directions, dated June 08, 2017 (the “IT Framework Directions”)***

The IT Framework Directions have been notified with the view of benchmarking the information technology/information security framework, business continuity planning, disaster recovery management, information technology (“IT”) audit and other processes to best practices for the NBFC sector. NBFCs with an asset size of above ₹ 5,000 million are required to comply with the IT Framework Directions by June 30, 2018. The IT Framework Directions require all NBFC-SIs to undertake IT governance through formation of an IT strategy committee and formulation of a board approved IT policy. They also require NBFC-SIs to conduct an information system audit at least once in a year.

***The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“SARFAESI Act”)***

The SARFAESI Act governs securitization of assets in India. Pursuant to a notification of the Ministry of Finance, GoI dated August 5, 2016, 196 NBFCs with an asset size of ₹ 5,000 million and above as per their last audited balance sheet were named as financial institutions under the SARFAESI Act.

The SARFAESI Act provides that any asset reconstruction company may acquire the financial assets of any bank or financial institution by either entering into an agreement with such bank or financial institution for the transfer of such financial assets to such company or by issuing a debenture or bond or any other security in the nature of the debenture, for consideration agreed upon between such company and the bank or financial institution, incorporating such terms and conditions as may be mutually agreed between them. The SARFAESI Act further provides that if the bank or financial institution is a lender in relation to any financial assets acquired by the asset reconstruction company as stated above, then such company shall, on such acquisition be deemed to be the lender and all the rights of such bank or financial institution shall vest in such company in relation to those financial assets.

Further, upon such acquisition, all material contracts entered into by the bank or financial institution, in relation to the financial assets, shall also get transferred in favour of the asset reconstruction company. The SARFAESI Act also enables banks and NBFCs notified as financial institutions to enforce the underlying security of an NPA without court intervention. Pursuant to an asset being classified as an NPA, the security interest can be enforced as per the procedure laid down in the Security Interest Enforcement Rules, 2002.

**Key Indian regulations applicable to our Subsidiaries**

**IndoStar Asset Advisory Private Limited**



IndoStar Asset Advisory Private Limited currently acts as an investment manager to Indostar Credit Fund, a Category II Alternative Investment Fund (“AIF”).

***Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”)***

The AIF Regulations define an AIF as any fund established or incorporated in India, which is a privately pooled vehicle that collects funds from investors (Indian and foreign) for investing according to an investment policy for the benefit of its investors. An AIF may be registered as a Category I AIF, a Category II AIF or a Category III AIF based on the sectors in which it invests and whether it undertakes leverage or borrowing. A Category II AIF does not undertake leverage or borrowing other than as permitted under the AIF Regulations.

The AIF Regulations also provide for investment conditions and restrictions including relating to the minimum corpus of each scheme, and continuing interest of the manager or sponsor. Additionally, the manager and sponsor must be fit and proper persons based on the criteria specified in the Securities and Exchange Board of India (Intermediaries) Regulations, 2008. They also contain provisions for launching of schemes, and raising funds through private placement by issue of an information memorandum or placement memorandum. Pursuant to the AIF Regulations, a Category II AIF shall be close ended and the tenure of the fund or scheme shall be determined at the time an application for registration is made, subject to the condition that the minimum tenure is 3 years. Additionally, Category II AIFs shall not invest in more than 25% in one company, and shall invest primarily in unlisted investee companies or units of other AIFs, including Category I and Category II AIFs

**IndoStar Home Finance Private Limited**

IndoStar Home Finance Private Limited is primarily engaged in providing housing finance.

***The National Housing Bank Act, 1987 (“NHB Act”)***

The National Housing Bank (“NHB”) was set up under the NHB Act to operate as a principal agency to promote and regulate housing finance companies (“HFCs”) in India. The NHB, *inter alia*, promotes, establishes and supports HFCs by providing financial, administrative and technical assistance to HFCs, framing guidelines for HFCs, subscribing to securities, guaranteeing financial obligations of HFCs.

HFCs are required to obtain certificate of registration under the NHB Act and meet the stipulated net owned fund requirements (presently ₹100 million) for carrying on the housing finance business in India. Pursuant to Section 29C of NHB Act, HFCs are required to create a reserve fund and transfer therein, before declaration of any dividend, a sum not less than 20% of its net profit every year as disclosed in the profit and loss account.

The NHB may cause an inspection to be made of any HFC, for the purpose of verifying the correctness or completeness of any statement, information or particulars furnished to the NHB or for the purpose of obtaining any information or particulars which the HFC has failed to furnish on being called upon to do so.

***The Housing Finance Companies (NHB) Directions, 2010 (“HFC Directions”)***

The NHB has laid down the HFC Directions for regulation of operational and financial aspects of HFCs. The HFC Directions has set out norms pertaining to *inter alia*, income recognition, accounting standards, provisioning requirement, asset classification, loan to value ratio, disclosures in balance sheet, capital adequacy based on risk weighted assets and credit conversion factors for off balance-sheet items, concentration of credit / investment, etc. Pursuant to the HFC Directions, HFCs are required to file certain periodic returns with the NHB, in prescribed formats and submit elaborate details about the HFC.

As per the HFC Directions, no HFC can have deposits, the aggregate amount of which, together with the amounts, if any, held by it which are referred in clauses (iii) to (vii) of sub-section (bb) of Section 45 I of the RBI Act as also loans or other assistance from the NHB, is in excess of 16 times of its net owned funds.

The updates / amendments in the HFC Directions, contained in various circulars/notifications issued by NHB have been compiled and updated in Master Circular - The Housing Finance Companies (NHB) Directions, 2010 dated July 1, 2017.

***Revised Guidelines for Asset Liability Management System for HFCs dated October 11, 2010 (“ALM Guidelines”)***

The ALM Guidelines set forth broad guidelines for HFCs in respect of management of liquidity and interest rate risks. The ALM Guidelines provide that the board of directors of an HFC should have overall responsibility for management of risks and should decide the risk management policy and set limits for liquidity, interest rate, exchange rate and equity price risks. Additionally, an asset-liability committee is required to be constituted consisting of members of the HFC’s senior management including the chief executive officer for ensuring adherence to the limits set by the board as well as for deciding the business strategy of the HFC (on the assets and liabilities sides) in line with the HFC’s budget and decided risk management objectives.

The ALM Guidelines also recommended classification of various components of assets and liabilities into different time buckets for preparation of gap reports (liquidity and interest rate sensitive). In accordance with the ALM Guidelines, HFCs which are better equipped to reasonably estimate the behavioural pattern of various components of assets and liabilities on the basis of past data/empirical studies could classify them in the appropriate time buckets, subject to approval by the asset-liability committee/board of the HFC.

Under the ALM Guidelines, the prudential limits for negative liquidity gaps in the first two time buckets ((a) 1 – 14 days and (b) over 14 days to one month) have been fixed at 15% of the cash outflows of each time-bucket and for cumulative gap up to the one year period has been fixed at maximum of 15% of the cumulative cash outflows up to one year period. HFCs, however, are expected to monitor their cumulative mismatches (running total) across all time buckets by establishing internal prudential limits with the approval of the board / management committee.

For the interest rate gaps in various time buckets, the prudential limits have to be fixed by the board / management committee of the HFC. Such prudential limits should have a relationship with the total assets, earning assets or equity.

***Revised Guidelines on Fair Practices Code for HFCs dated October 11, 2010 (“Fair Practices Code”)***

The Fair Practices Code seeks to promote good and fair practices by setting minimum standards in dealing with customers, increase in transparency, encouragement of market forces, higher operating standards, fair and cordial relationship between customer and HFCs and foster confidence in the housing finance system.

The Fair Practices Code provides for provisions in relation to providing regular and appropriate updates to the customers and prompt resolution of grievances. HFCs are required to disclose information on interest rates, common fees, terms and conditions and charges through notices put up at designated places. Further, HFCs are required to ensure that advertising and promotional material is clear and not misleading and that privacy and confidentiality of the customers’ information is maintained. Further, whenever loans are given, HFCs should explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to repayment schedule, a defined process in accordance with the laws of the land shall be followed for recovery of dues.

The updates / amendments in the Fair Practices Code, contained in various circulars/notifications issued by NHB have been compiled and updated in Master Circular – Fair Practice Code dated July 1, 2017.

**Laws relating to employment**

Employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws applicable to the business and operations of Indian companies:

- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Maternity Benefit Act, 1961;

- Industrial Disputes Act, 1947 and
- Employees' Compensation Act, 1923.

In addition, there are certain state specific labour laws which also need to be complied with by Indian Companies.

### **Laws relating to Intellectual Property**

#### ***The Trade Marks Act, 1999***

In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits the registration of trademarks for goods and services. The Trade Marks Act, 1999 (“**Trademark Act**”) governs the statutory protection of trademarks and for the prevention of the use of fraudulent marks in India. Certification marks and collective marks can also be registered under the Trademark Act. An application for trademark registration may be made by individual or joint applicants by any person claiming to be the proprietor of a trade mark, and can be made on the basis of either use or intention to use a trademark in the future.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration has to be restored. While both registered and unregistered trademarks are protected under Indian Law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement.

#### **Other Regulations**

In addition to the above, we are required to comply with the provisions of the Companies Act, SEBI Listing Regulations, FEMA, labour laws, shops and establishment acts, various tax related legislations and other applicable statutes for its day-to-day operations.

## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief history of our Company

Our Company was incorporated as ‘R V Vyapaar Private Limited’, a private limited company under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, West Bengal on July 21, 2009. For business and commercial reasons, the name of our Company was subsequently changed to ‘IndoStar Capital Finance Private Limited’ pursuant to a special resolution passed by the shareholders of our Company on November 8, 2010. A fresh certificate of incorporation consequent to change of name was issued by the Registrar of Companies, West Bengal on November 15, 2010. Thereafter, our Company was converted into a public limited company under the Companies Act, 2013 pursuant to a special resolution passed by the shareholders of our Company on April 30, 2014. Consequently, the name of our Company was changed to ‘IndoStar Capital Finance Limited’ and a fresh certificate of incorporation was issued by the Registrar of Companies, West Bengal on May 28, 2014. Further, the registered office of our Company was changed from West Bengal to Maharashtra pursuant to a special resolution passed by the shareholders of our Company on February 16, 2015. Subsequently, an order dated August 25, 2015 was issued by Regional Director (Eastern Region), Ministry of Corporate Affairs, Kolkata confirming the change in the registered office of the Company from the state of West Bengal to the state of Maharashtra and a certificate of registration of the order, dated September 8, 2015 was issued by the RoC.

Our Company was registered as a non-public deposit taking NBFC pursuant to a certificate of registration (bearing number N-05.06857) dated June 17, 2010, issued by the RBI. Pursuant to a change in name of the Company and conversion from a private company to a public company, a certificate of registration (bearing number N-05.06857) dated January 21, 2015 was issued by the RBI. Pursuant to change in registered office from West Bengal to Maharashtra, a certificate of registration (bearing number N-13.02109) dated January 20, 2016 was issued by the RBI.

### Business and management

For a description of our activities, services, products, technology, markets, the growth of our Company, the standing of our Company with reference to prominent competitors in connection with our products, major suppliers and customers, environmental issues, geographical segment etc., see the sections titled “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Government and Other Approvals*” on pages 156, 301 and 341, respectively.

For details of the management of our Company and managerial competence, see “*Our Management*” on page 193.

### Changes in the registered office

The details of the changes in the registered office of our Company since incorporation are as below:

Effective Date	Details of change	Reason for change
November 10, 2010	The registered office of our Company was changed from 12/2, Old Post Office Street, 3rd Floor, Kolkata – 700001 to Room # 6, 4th Floor, Commerce House, 2A Ganesh Chandra Avenue, Kolkata-700 013.	Business and commercial reasons
August 14, 2015	The registered office of our Company was changed from Room # 6, 4th Floor, Commerce House, 2A Ganesh Chandra Avenue, Kolkata- 700 013 to One Indiabulls Center, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013	Administrative convenience
January 1, 2018	The registered office of our Company was changed from One Indiabulls Center, 17th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013 to One Indiabulls Center, 20th Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013.	Administrative convenience

### Our main objects

The main objects of our Company as contained in our Memorandum of Association are:

*To lend and advance money with or without security to such person, firms or companies and upon such terms and subject to conditions as may seem expedient and particularly to carry on the business as financiers and investors and to acquire by purchase or otherwise, buy, underwrite, subscribe for tender, exchange, hold, invest, sell, transfer, hypothecate, deal in, dispose of any share, bonds, stocks, obligations, securities, debentures, debenture stocks, properties, unique bonds, mutual fund unit, commercial papers, certificates issued or guaranteed by any company constituted and carrying on business in India or elsewhere, any Government, state, sovereign, central or dominions, state commissioners, port trust, public body or other authority, supreme, municipal, local or otherwise whether in India or elsewhere, financial institutions, banks, insurance companies, corporation, public sector undertaking and trust whether in India or elsewhere provided that the company shall not carry on the business of banking as defined in the Banking Companies Act, 1949.*

The main object clause and objects incidental or ancillary to the main objects contained in the Memorandum of Association, enable our Company to undertake its existing activities.

### **Amendments to our Memorandum of Association**

Since incorporation, the following amendments have been made to our Memorandum of Association:

<b>Date of change/ shareholders' resolution</b>	<b>Nature of amendment</b>
October 9, 2009	Clause III.A.1 of our Memorandum of Association was amended to include the following as our main object: “ <i>To lend and advance money with or without security to such person, firms or companies and upon such terms and subject to conditions as may seem expedient and particularly to carry on the business as financiers and investors and to acquire by purchase or otherwise, buy, underwrite, subscribe for tender, exchange, hold, invest, sell, transfer, hypothecate, deal in, dispose of any share, bonds, stocks, obligations, securities, debentures, debenture stocks, properties, unique bonds, mutual fund unit, commercial papers, certificates issued or guaranteed by any company constituted and carrying on business in India or elsewhere, any Government, state, sovereign, central or dominions, state commissioners, port trust, public body or other authority, supreme, municipal, local or otherwise whether in India or elsewhere, financial institutions, banks, insurance companies, corporation, public sector undertaking and trust whether in India or elsewhere provided that the company shall not carry on the business of banking as defined in the Banking Companies Act, 1949.</i> ”
September 3, 2010	Clause V of our Memorandum of Association was amended to reflect increase in the authorised share capital of our Company to ₹20 million, divided into 2,000,000 Equity Shares of ₹10 each.
November 8, 2010	Clause I of our Memorandum of Association was amended to reflect the change in name of the Company to ‘IndoStar Capital Finance Private Limited’.
November 9, 2010	Clause V of our Memorandum of Association was amended to reflect increase in the authorised share capital of our Company to ₹300 million, divided into 30,000,000 Equity Shares of ₹10 each.
March 15, 2011	Clause V of our Memorandum of Association was amended to reflect increase in the authorised share capital of our Company to ₹750 million, divided into 75,000,000 Equity Shares of ₹10 each.
July 25, 2011	Clause V of our Memorandum of Association was amended to reflect increase in the authorised share capital of our Company to ₹800 million, divided into 80,000,000 Equity Shares of ₹10 each.
April 30, 2014	Our Company was converted from a private limited company to a public limited company and consequently, the name of our Company was changed to ‘IndoStar Capital Finance Limited’ and Clause I of our Memorandum of Association was amended to reflect the change in name. Clause V(b) was inserted in our Memorandum of Association to reflect the minimum paid-up share capital of the Company to ₹500,000.
February 16, 2015	Clause II of our Memorandum of Association was amended to reflect change of registered office from West Bengal to Maharashtra.
October 17, 2016	Clause V(a) of our Memorandum of Association was amended to reflect increase in the authorised share capital of our Company to ₹900 million, divided into 90,000,000 Equity Shares of ₹10 each.
February 7, 2018	Clause V(a) of our Memorandum of Association was amended to reflect increase in the authorised share capital of our Company to ₹ 1,100 million, divided into 110,000,000 Equity Shares of ₹10 each.

### **Total number of equity shareholders of our Company**

As on the date of this Red Herring Prospectus, our Company has 36 Shareholders. For further details, see “*Capital Structure*” on page 85.

### **Memberships**

The Company is a member of the Bombay Chamber of Commerce & Industry, Confederation of Indian Industry, IMC Chamber of Commerce and Industry, Federation of Indian Chambers of Commerce and Industry and All India Management Association.

### Major events and milestones

The table below sets forth some of the major events in the history of our Company:

Calendar Year	Details
2009	Incorporation of our Company as R V Vyapaar Private Limited.
2010	Registered as a non-public deposit taking non-banking financial company with the RBI.
2010	Change of name to IndoStar Capital Finance Private Limited.
2011	Received investment from Indostar Capital.
2012	Company entered into its first loan facility agreement.
2012	Company received long term external credit rating of CARE AA- from CARE for long term facilities of ₹5,000 million.
2012	Company received external credit rating of CARE A1+ from CARE for its proposed commercial papers with a limit of ₹500 million.
2012	Issuance of commercial papers worth ₹1,000 million.
2012	Issuance of NCDs worth ₹2,000 million.
2013	Incorporation of IndoStar Asset Advisory Private Limited.
2014	Conversion to public limited company.
2015	Registered office shifted from Kolkata to Mumbai.
2015	Launch of SME business and disbursement of first SME loan.
2015	Registration of “IndoStar Credit Fund (managed by IAAPL) with SEBI.
2016	Launch of housing finance business and incorporation of IndoStar Home Finance Private Limited.
2016	Implementation of OmniFin
2016	IHFPL received license from NHB to carry on the business of a housing finance institution without accepting public deposits.
2017	Disbursement of first housing loan.
2017	Launch of vehicle finance business and disbursement of first vehicle finance loan.
2018	Opening of the 100 <sup>th</sup> branch of the Company
2018	Company reaches employee count of 1,000
2018	IHFPL received credit rating of ICRA A1+ and CARE A1+ for its commercial paper programme of ₹ 2,000 million.

### *Changes in activities of our Company during the last five years*

There have been no changes in the activities of our Company during the last five years, including discontinuance of our lines of business, loss of agencies or markets or on account of similar factors which may have had a material effect on our profits/ losses.

### *Capital raising (Equity/ Debt)*

Our equity issuances in the past and outstanding indebtedness including NCDs have been provided in “*Capital Structure*” and “*Financial Indebtedness*” on pages 85 and 326, respectively.

### *Strikes and lock-outs*

We have not had any strikes and lock-outs in our operations in the past.

### *Time/cost overrun*

We have not experienced any instances of time/ cost overrun in our business operations.

### *Defaults or rescheduling of borrowings with financial institutions/banks or conversion of loans into equity by the Company*

There have been no instances of defaults or rescheduling of borrowings with financial institutions, banks or conversion of loans into equity in relation to our Company.

### *Injunctions or restraining order against our Company*

There are no injunctions or restraining orders against our Company.

### **Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets**

Our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation and revaluation of asset.

### **Material Agreements**

#### **A. Shareholders' Agreements**

*Share subscription and shareholders agreement dated March 25, 2011 among our Company, Indostar Capital, and others, including persons who became parties to such agreement pursuant to execution of deeds of adherence, (such persons, "Parties") and amendment letters dated April 1, 2011 and February 4, 2013 (together, the "IndoStar Agreement") and the letter of relinquishment by Indostar Capital and others dated January 30, 2018.*

Pursuant to the IndoStar Agreement, (i) Indostar Capital subscribed to 50,862,903 Equity Shares at the issue price of ₹ 130 per Equity Share; (ii) Sandeep Baid and Sanjay Hinduja subscribed to 70,833 Equity Shares each at the issue price of ₹ 130 per Equity Share; (iii) Sandeep Baid and Sanjay Hinduja were allotted 3,615,300 Equity Shares each at the issue price of ₹ 130 per Equity Share with ₹ 0.01 per Equity Share as the paid-up amount and an unpaid amount of ₹ 129.99 per Equity Share; and (iv) Indostar Trust was allotted 1,807,650 Equity Shares at the issue price of ₹ 130 per Equity Share with ₹ 0.01 per Equity Share as the paid-up amount and an unpaid amount of ₹ 129.99 per Equity Share. Such partly paid up Equity Shares were subsequently either made fully paid up or forfeited. For details, please see "*Capital Structure - History of Equity Share capital of our Company*" on page 85. Pursuant to the IndoStar Agreement, the Company was also entitled to offer further Equity Shares to Indostar Capital and/ or others, such that total number of Equity Shares subscribed would aggregate a capital contribution of up to Indian rupee equivalent of USD 200 million. Pursuant to the IndoStar Agreement, Sandeep Baid and Sanjay Hinduja also purchased 106,090 Equity Shares each from the original shareholders of our Company.

Pursuant to the IndoStar Agreement, subject to certain conditions and exceptions, the Parties amongst others enjoy pre-emptive rights, anti-dilution rights (in respect of any split of Equity Shares, issue of bonus Equity Shares, consolidation of Equity Shares, combinations, recapitalizations, restructuring of the Company and any other event having a similar effect), inter-se rights of first offer and tag-along rights. Further, pursuant to the IndoStar Agreement, Indostar Capital also enjoys drag-along rights, right of first refusal, right to nominate directors on the Board, certain information rights and right to approve certain reserved matters.

The IndoStar Agreement will terminate, inter alia, if required by applicable law or listing requirements upon the completion of the initial public offering and listing of the Company on any recognized stock exchange in India or by mutual agreement of all Parties.

Pursuant to a letter of relinquishment dated January 30, 2018, Indostar Capital, Everstone Capital Partners II LLC, Mission Street Pte Ltd, R. Sridhar, Shailesh Shirali, Jayant Gunjal, Pankaj Thapar, Prashant Prakash Joshi, Laxmi Shivanand Mankekar (jointly with Shivanand Shankar Mankekar jointly with Kedar Shivanand Mankekar), Vimal Bhandari, Vivek Agarwall, Vinod Lund, Manoj I. Ajmera (jointly with Bandish B. Ajmera jointly with Sandeep Baid), Suman Gandhi (jointly with Omprakash Kisanlal Gandhi jointly with Sandeep Baid), Saurabh Agrawal (jointly with Sandeep Baid) and Sandeep Baid, i.e., all parties to the IndoStar Agreement other than Sanjay Hinduja, had agreed not to exercise any of the rights and claims available to them under the IndoStar Agreement and the corresponding provisions of the Articles of Association with effect from the date of the letter of relinquishment until the date of listing and trading of the Equity Shares or December 31, 2018, whichever is earlier. With effect from the date of listing of the Equity Shares, all the rights and claims of the parties to the letter of relinquishment and their corresponding rights and claims under the Articles, vis-à-vis the Company, Indostar Capital and each of the other parties shall stand unconditionally and irrevocably relinquished, waived and discharged for all times.

Further, pursuant to a letter dated February 28, 2018 sent by the Company to the other Parties, the Company has informed the other Parties that, as per terms of the IndoStar Agreement and in order to ensure compliance with listing requirements including those under SEBI Listing Regulations on a continuous basis post listing, the IndoStar Agreement will stand terminated and cease to be in effect immediately upon completion of the Offer and upon listing of the Equity Shares on the Stock Exchanges.

*Amended shareholders' agreement ("ICM Agreement") dated January 30, 2018 among Indostar Capital, Indostar Everstone, Private Opportunities (Mauritius) I Limited, Global Long Short Partners Mauritius I Limited, ACP Libra Limited, Beacon India Private Equity Fund, CDIB Capital Investment II Limited, Everstar Holdings Pte. Ltd. and Beacon Light Group Limited (who became parties to such agreement pursuant to execution of deeds of adherence) (the "Investors")*

Under the ICM Agreement, the Investors are entitled to certain rights including pre-emptive rights, anti-dilution rights, a right of first offer, tag-along rights as well as the right to nominate directors on the board of Indostar Capital. Indostar Everstone (together with its affiliates) also has drag-along rights, subject to certain conditions. However, neither the Investors nor Indostar Capital has any such contractual special rights over our Company.

The ICM Agreement provides that it is the intention of the parties to list either Indostar Capital or the Company within a period of 15 (Fifteen) months from the date of the ICM Agreement. Upon listing of the Company, subject to applicable law, any proportionate lock-in restrictions and other transfer restrictions on the Equity Shares and other conditions as agreed in the ICM Agreement, the shareholders of Indostar Capital have the right to cause Indostar Capital to sell its Equity Shares in the Company during a period of three years and three months from the date of listing of the Equity Shares. Upon the expiry of three years and three months from the listing of the Equity Shares, subject to applicable law, transfer restrictions on the sale of Equity Shares by Indostar Capital and other conditions as agreed in the ICM Agreement will cease to be applicable and any shareholder of Indostar Capital will be entitled to require Indostar Capital to sell the Equity Shares held by Indostar Capital and seek buy-back of its shares in Indostar Capital at any time by giving 90 days prior written notice to Indostar Capital. Any such right to cause Indostar Capital to sell its Equity Shares in our Company would be subject to lock-in restrictions under applicable law, the details of which are provided in "*Capital Structure – Notes to Capital Structure – History of build-up, Promoter's contribution and lock-in of Promoter's shareholding – Details of Promoter's contribution locked-in for three years*" and "*Capital Structure – Notes to Capital Structure – Details of share capital locked-in for one year*" on pages 88 and 91 respectively.

For risks associated with the proposed sale of Equity Shares by Indostar Capital described above, please see "*Risk Factors – Our Promoter may, after the expiry of any lock up periods in respect of any of their Equity Shares, divest all or part of its stake in our Company after completion of the Offer.*" on page 37.

*Share sale and purchase agreement dated February 7, 2018 among our Company, Everstone Capital Advisors Private Limited and IAAPL*

Our Company has entered into a share sale and purchase agreement dated February 7, 2018, for sale of 10,000 fully paid up equity shares of ₹10 each (constituting 100% of the share capital) of IAAPL, to Everstone Capital Advisors Private Limited, for a total consideration of ₹ 2.10 million, subject to closing adjustments as may be agreed between the parties. IAAPL acts as an investment manager to certain Category II Alternative Investment Funds, including the IndoStar Credit Fund. The share transfer is required to take place within 60 days of satisfaction of the conditions precedent set out in the agreement, which include, among others, obtaining all necessary approvals, including the approval of SEBI and the consent of the investors of IndoStar Credit Fund. IAAPL is also required to, subject to necessary approvals, change its name to remove reference to "IndoStar" within a specified period of time. The aforementioned sale is being undertaken as debt asset management is not a part of our growth strategy.

## **B. Other Agreements**

Other than as mentioned in "*History and Certain Corporate Matters – Material Agreements*" on page 189, our Company has not entered into any material contract other than in the ordinary course of business carried on or intended to be carried on by our Company in the last two years preceding this Red Herring Prospectus.

### **Holding Company**

Indostar Capital is our holding company. For details of our holding company, see "*Our Promoter and Promoter Group*" on page 213.

### **Our Subsidiaries**

Our Company has two Subsidiaries, namely, IndoStar Asset Advisory Private Limited ("**IAAPL**") and IndoStar Home Finance Private Limited ("**IHFPL**").

The details of IAAPL are as follows:



### Corporate information

IAAPL was incorporated on February 21, 2013 under the Companies Act, 1956 with the Registrar of Companies, Maharashtra at Mumbai. Its CIN is U67100MH2013PTC240676 and its registered office is situated at One Indiabulls Center, 20<sup>th</sup> Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013.

IAAPL is enabled under its objects to carry on the business of *inter alia* advising, managing, providing investment advisory services, financial advisory services, management and facilitation services. Currently, IAAPL acts as an investment manager to IndoStar Credit Fund, a Category II Alternative Investment Fund, registered with SEBI bearing registration number IN/AIF2/15-16/0147 and Indostar Recurring Return Credit Fund, a Category II Alternative Investment Fund registered with SEBI bearing registration number IN/AIF2/13-14/0060. IAAPL has applied to the SEBI pursuant to an applications dated December 21, 2017 and February 15, 2018 for surrendering the registration of Indostar Recurring Return Credit Fund.

The board of directors of IAAPL comprises the following persons:

1. Dhanpal Jhaveri;
2. Pankaj Thapar;
3. Deepak Bakliwal; and
4. Vimal Bhandari.

### Capital structure and shareholding pattern

The authorised share capital of IAAPL is ₹1,000,000 divided into 100,000 equity shares of ₹10 each. The issued, subscribed and paid-up share capital of IAAPL is ₹100,000 divided into 10,000 equity shares of ₹10 each.

The shareholding pattern of IAAPL is as follows:

S. No.	Name of shareholder	No. of equity shares of ₹ 10 each	Percentage of issued shares (%)	of equity
1.	IndoStar Capital Finance Limited	9,994	99.94	
2.	Jitendra Bhati*	1	0.01	
3.	Pankaj Thapar*	1	0.01	
4.	Prashant Joshi*	1	0.01	
5.	Nishant Kotak*	1	0.01	
6.	Deepak Bakliwal*	1	0.01	
7.	Sanjay Athalye*	1	0.01	
<b>Total</b>		<b>10,000</b>	<b>100.00</b>	

\* jointly with IndoStar Capital Finance Limited where beneficial ownership is with IndoStar Capital Finance Limited.

Our Company has entered into a share sale and purchase agreement for sale of 10,000 fully paid up equity shares of ₹10 each of IAAPL, to Everstone Capital Advisors Private Limited. For details see, “History and Certain Corporate Matters – Material Agreements” on page 189.

In accordance with the Companies Act, 1956, as applicable then, IAAPL prepared its first financial statements for the period commencing from the date of its incorporation, i.e., February 21, 2013 till March 31, 2014, and adopted the same at its first annual general meeting held on August 16, 2014. Further, IAAPL did not have any operations for the period commencing from the date of its incorporation until March 31, 2013. In light of this, no financial statements were prepared for IAAPL for the Fiscal Year 2013, and accordingly, the consolidated restated financial statements for our Company were prepared from Fiscal Year 2014 onwards.

The details of IHFPL are as follows:

### Corporate information

IHFPL was incorporated on January 1, 2016 under the Companies Act, 2013 with the Registrar of Companies, Maharashtra at Mumbai. Its CIN is U65990MH2016PTC271587 and its registered office is situated at One Indiabulls Center, 20<sup>th</sup> Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai - 400013.

IHFPL is enabled under its objects to *inter alia* carry on the business of a housing finance institution.

The board of directors of IHFPL comprises the following persons:

1. Pankaj Thapar;
2. Prashant Joshi;
3. Sanjay Athalye;
4. Shreejit Menon; and
5. Prabhat Tripathy.

#### *Capital structure and shareholding pattern*

The authorised share capital of IHFPL is ₹700,000,000 divided into 70,000,000 equity shares of ₹10 each. The issued, subscribed and paid-up share capital of IHFPL is ₹ 650,000,000 divided into 65,000,000 equity shares of ₹10 each.

The shareholding pattern of IHFPL is as follows:

S. No.	Name of shareholder	No. of equity shares of ₹ 10 each	Percentage of issued equity shares (%)
1.	IndoStar Capital Finance Limited	64,999,994	99.99
2.	Jitendra Bhati*	1	Negligible
3.	Pankaj Thapar*	1	Negligible
4.	Prashant Joshi*	1	Negligible
5.	Nishant Kotak*	1	Negligible
6.	Deepak Bakliwal*	1	Negligible
7.	Sanjay Athalye*	1	Negligible
<b>Total</b>		<b>65,000,000</b>	<b>100.00</b>

\* jointly with IndoStar Capital Finance Limited where beneficial ownership is with IndoStar Capital Finance Limited.

#### **Significant sale or purchase between our Company and Subsidiaries**

Our Company has not been involved in any sales or purchases with our Subsidiaries where such sales or purchase exceed in value in aggregate of 10% of the total sales or purchases of our Company.

#### **Common Pursuits**

There are no common pursuits between our Company and our Subsidiaries.

#### **Business interest between our Company and our Subsidiaries**

Except as disclosed in the “Our Business” and “Related Party Transactions” on pages 156 and 222 respectively, our Subsidiaries do not have any business interest in our Company.

#### **Accumulated profits or losses**

There are no accumulated profits or losses of our Subsidiaries not accounted for by our Company in its consolidated financial statements.

#### **Joint Ventures of our Company**

As on the date of this Red Herring Prospectus, our Company does not have any joint ventures.

#### **Strategic and financial partnerships**

As on the date of this Red Herring Prospectus, our Company does not have any strategic or financial partners.

#### **Guarantees given by Promoter**

Our Promoter has provided the corporate guarantees in relation to the following loans availed by our Company:

1. Term loan of ₹2000 million from State Bank of India;
2. Term loan of ₹300 million from Corporation Bank; and
3. Term loan of ₹550 million from Punjab National Bank

For details in relation to our outstanding loans as on February 28, 2018, please see “Financial Indebtedness” on page 326.

## OUR MANAGEMENT

Pursuant to our Articles of Association, our Company is required to have not more than 15 Directors at any time. Our Company currently has eight Directors on its Board, including four Independent Directors.

### Our Board

The following table sets forth details regarding our Board as on the date of this Red Herring Prospectus:

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (years)	Other Directorships
<p>Dhanpal Jhaveri*</p> <p><i>Designation:</i> Chairman and Non-Executive Director</p> <p><i>Address:</i> 2, Sumangal, 13 Ridge Road, Malabar Hill, Mumbai - 400 006</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 02018124</p>	49	<p><i>Indian companies:</i></p> <p>Teesta Urja Limited; Baroda Pioneer Asset Management Company Limited; Everstone Capital Advisors Private Limited; PAN India Food Solutions Private Limited; Eversource Advisors Private Limited; IndoStar Asset Advisory Private Limited; Everock Real Estate Private Limited; Everock Realty Private Limited; Amulya Corporation Private Limited; Interarch Building Products Private Limited; Kissandhan Agri Financial Services Private Limited; North End Foods Marketing Private Limited; Sohan Lal Commodity Management Private Limited; Tikona Infinet Private Limited; and Avasara Leadership Institute.</p> <p><i>Foreign companies:</i> Asian Genco Pte. Ltd.</p>
<p>Sameer Sain*</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Address:</i> 341, Bukit Timah Road, 07-02 Honolulu Tower, Singapore 259719</p> <p><i>Occupation:</i> Entrepreneur</p> <p><i>Nationality:</i> British</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 01164185</p>	47	<p><i>Indian companies:</i></p> <p>VLCC Health Care Limited; and Essay Commercial Resources Private Limited.</p> <p><i>Foreign companies:</i></p> <p>Everstone Capital Asia Pte. Ltd.; Everstone Capital Management; Indivision Capital Management; QSR Asia Pte. Ltd.; Everstone Holdings Limited; Everstone Capital Limited; Evergroup Limited; Eversay Limited; Essay Global Pte. Ltd.; Indospace Capital Management (Cayman) Limited; and Indospace Capital Asia Pte. Ltd.</p>
<p>Alok Oberoi*</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Address:</i> 21 Blomfield Road, London, W91AD, United Kingdom</p> <p><i>Occupation:</i> Entrepreneur</p> <p><i>Nationality:</i> British</p> <p><i>Term:</i> Liable to retire by rotation</p>	54	<p><i>Foreign companies:</i></p> <p>ACPI Investments Group Ltd.; ACPI Wealth Management Limited; ACP Partners Limited; Innopoint Limited; Indivision Capital Management; Onegan Ltd.; Indostar Capital; Hartwood Residential Limited; Cinnamon GP2 Limited; Cinnamon GP1 Limited;</p>

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (years)	Other Directorships
DIN: 01779655		Burton Waters Care Home Limited; Cinnamon GP Limited; Blomfield Amenity Limited; and Crestyl Savarin Limited.
<p>R. Sridhar</p> <p><i>Designation:</i> Executive Vice-Chairman and Chief Executive Officer</p> <p><i>Address:</i> Flat No. 1200, 12th Floor, Supreme Epitome, Opposite Cubic Mall, Dr. C. G. Road, Chembur, Mumbai – 400074</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Five years from April 18, 2017</p> <p><i>DIN:</i> 00136697</p>	59	<p><i>Indian companies:</i></p> <p>JR Capital Services Private Limited; and Shriram Properties Private Limited.</p>
<p>Dinesh Kumar Mehrotra</p> <p><i>Designation:</i> Non-Executive Independent Director</p> <p><i>Address:</i> Flat 6-A, Harmony Building, Dr. E. Moses Road, Worli Naka, Mumbai – 400 018</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Five years from February 5, 2018</p> <p><i>DIN:</i> 00142711</p>	64	<p><i>Indian companies:</i></p> <p>Tata Steel Limited; V L S Finance Limited; West End Housing Finance Limited; UTI Asset Management Company Limited; Metropolitan Stock Exchange of India Limited; Tata AIA Life Insurance Company Limited; CAMS Insurance Repository Services Limited; Indian Energy Exchange Limited; and Computer Age Management Services Private Limited.</p>
<p>Hemant Kaul</p> <p><i>Designation:</i> Non-Executive Independent Director</p> <p><i>Address:</i> A-105, Atrey Path, Near Classic Hotel, Shyam Nagar, Jaipur - 302019</p> <p><i>Occupation:</i> Management consultant</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Five years from February 5, 2018</p> <p><i>DIN:</i> 00551588</p>	62	<p><i>Indian companies:</i></p> <p>Transcorp International Limited; Lakshmi Vilas Bank Limited; Ashiana Housing Limited; Aspire Home Finance Corporation Limited; Ashish Securities Private Limited; Social Worth Technologies Private Limited; Medinfi Healthcare Private Limited; Gravita India Limited; and Egis Healthcare Services Private Limited.</p>
<p>Bobby Parikh</p> <p><i>Designation:</i> Non-Executive Independent Director</p> <p><i>Address:</i> 4th Floor, Seven on the Hill, Pali Hill, Auxilium Convent Road, Bandra (West), Mumbai – 400050</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Five years from March 5, 2015</p> <p><i>DIN:</i> 00019437</p>	53	<p><i>Indian companies:</i></p> <p>Aviva Life Insurance Company India Limited; HDFC Bank Limited; Sembcorp Green Infra Limited; Aditya Birla Sun Life AMC Limited; Taxand Advisors Private Limited; BMR Global Services Private Limited; BMR Business Solutions Private Limited; and Sembcorp Energy India Limited.</p>
<p>Naina Krishna Murthy</p> <p><i>Designation:</i> Non-Executive Independent Director</p>	46	<p><i>Indian companies:</i></p> <p>NSDL Payments Bank Limited.</p>

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (years)	Other Directorships
<p><i>Address:</i> No. 288, 14th Cross, 5th Main Dollar Colony, Bangalore - 560094</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Five years from February 5, 2018</p> <p><i>DIN:</i> 01216114</p>		

\*Dhanpal Jhaveri, Sameer Sain and Alok Oberoi are nominees of our Promoter appointed pursuant to the IndoStar Agreement. For further details, see “History - Share Purchase and Shareholders’ Agreements” on page 189.

### Brief profiles of our Directors

**Dhanpal Jhaveri**, aged 49 years, is the Chairman and Non-Executive Director of our Company and has been associated with our Company as a Director since September 2, 2010. He holds a bachelor’s degree in commerce from the University of Mumbai and a master’s degree in business administration from Babson College. He has several years of experience in the fields of investing, corporate strategy, mergers and acquisitions and investment banking. He has worked with Vedanta Group, ICICI Securities and Finance Company Limited, KPMG India Private Limited and Everstone Capital Advisors Private Limited.

**Sameer Sain**, aged 47 years, is a Non-Executive Director of our Company and has been associated with our Company as a Director since April 28, 2011. He holds a bachelor’s degree in business administration from the University of Massachusetts at Amherst, and a master’s degree in business administration from Cornell University. He has several years of experience in investment management and institutional wealth management, and special investments.

**Alok Oberoi**, aged 54 years, is a Non-Executive Director of our Company and has been associated with our Company as a Director since April 28, 2011. He holds a bachelor’s degree in science and a master’s degree in business administration from Cornell University. He has several years of experience in the field of investments and structuring international joint venture and transactions. He is also associated with ACPI Investments Limited.

**R. Sridhar**, aged 59 years, is a Whole-Time Director designated as the Executive Vice-Chairman and Chief Executive Officer of our Company and has been associated with our Company as a Director since April 18, 2017. He holds a bachelor’s degree in science from University of Madras and is a qualified chartered accountant from the Institute of Chartered Accountants of India. He is responsible for the overall management and administration of the business and affairs of our Company. He has approximately three decades of experience in the financial services industry. He was previously associated with various entities forming part of the Shriram group, and held the position of managing director of Shriram Transport Finance Company Limited.

**Dinesh Kumar Mehrotra**, aged 64 years, is a Non-Executive Independent Director of our Company and has been associated with our Company as a Director since February 5, 2018. He holds a bachelor’s degree in science from University of Patna. He has more than 30 years of experience in the field of insurance, and has previously been the chairman of Life Insurance Corporation of India.

**Hemant Kaul**, aged 62 years, is a Non-Executive Independent Director of our Company and has been associated with our Company as a Director since February 5, 2018. He holds a bachelor’s degree in science and a master’s degree in business administration from Rajasthan University. He has several years of experience in the fields of banking and insurance, and has previously worked with Axis Bank Limited and Bajaj Allianz General Insurance Company Limited.

**Bobby Parikh**, aged 53 years, is a Non-Executive Independent Director of our Company and has been associated with our Company as a Director since August 1, 2011. He holds a bachelor’s degree in commerce from the University of Mumbai and is a qualified chartered accountant from the Institute of Chartered Accountants of India. He has several years of experience in the field of finance.

**Naina Krishna Murthy**, aged 46 years, is a Non-Executive Independent Director of our Company and has been associated with our Company as a Director since February 5, 2018. She holds a bachelor's degree in law from National Law School of India University. She has more than 17 years of experience in the field of law and is the founder of Indian law firm K Law.

### **Relationship between Directors**

None of our Directors are related to each other.

### **Remuneration details of our Directors**

#### **(1) *Remuneration details of our Executive Directors***

##### **R. Sridhar**

R. Sridhar was appointed as our Executive Vice-Chairman and Chief Executive Officer by a Board resolution dated April 18, 2017 and a shareholders' resolution dated April 28, 2017.

Pursuant to a resolution of our Board dated April 18, 2017, R. Sridhar is entitled to remuneration in accordance with his letter of employment dated April 17, 2017 of ₹ 30.00 million per year, subject to annual review by the Board or any Committee constituted by the Board, with effect from April 18, 2017. Further, he has subscribed to 317,460 Equity Shares. For details in relation to R. Sridhar's shareholding and employee stock options in our Company, see "*Capital Structure*" on page 85. He is further entitled to a one-time guaranteed bonus payable with the salary for May 2022 or upon the occurrence of a change of control event, as defined in his letter of employment, whichever is earlier and variable pay/bonus on an annual basis based on our Company's policies, admission / one-time membership fee to be paid by our Company for club membership of any club in Mumbai selected by him limited to a maximum amount of ₹ 4.1 million (exclusive of taxes), medical insurance including for his dependants, and life insurance as per our Company's group medical / term insurance policies. He received a gross remuneration of ₹ 25.46 million in Financial Year 2018 (including bonus payable for Financial Year 2017, if applicable, determined and paid in Financial Year 2018 and excluding bonus payable for Financial Year 2018, to be determined and paid in Financial Year 2019).

#### **(2) *Remuneration details of our Non-Executive Directors***

##### **Dhanpal Jhaveri**

Dhanpal Jhaveri was appointed as our Non-Executive Director by a Board resolution dated September 2, 2010 and shareholders' resolution dated September 23, 2011. Thereafter, he was appointed as our Chairman and Non-Executive Director by a Board resolution dated June 23, 2017.

He is not entitled to any remuneration by our Company. No remuneration was paid to him during Financial Year 2018.

##### **Sameer Sain**

Sameer Sain was appointed as our Non-Executive Director by a Board resolution dated April 28, 2011 and shareholders' resolution dated September 23, 2011.

He is not entitled to any remuneration by our Company. No remuneration was paid to him during Financial Year 2018.

##### **Alok Oberoi**

Alok Oberoi was appointed as our Non-Executive Director by a Board resolution dated April 28, 2011 and shareholders' resolution dated September 23, 2011.

He is not entitled to any remuneration by our Company. No remuneration was paid to him during Financial Year 2018.

#### **(3) *Remuneration details of our Non-Executive Independent Directors***

Pursuant to the resolution of our Board dated August 7, 2014, our Non-Executive Independent Directors are entitled to receive sitting fees of ₹ 75,000, ₹ 40,000 and ₹ 25,000 for attending each meeting of our Board, Audit Committee and other committees, respectively. Further, pursuant to a resolution of our Board dated February 5, 2018, our Non-Executive Independent Directors are entitled to receive sitting fees of ₹ 25,000 for attending each meeting of the Independent Directors. Additionally, our Independent Directors are also entitled to reimbursement of actual out of pocket expenses incurred by them to attend such meetings and for all official work of our Company which they are required to perform as an Independent Director of our Company.

Shareholders of our Company at the annual general meeting dated September 30, 2015, accorded their consent for the payment to Non-Executive Independent Directors a sum, by way of commission, not exceeding in aggregate 1% of the net profits of our Company calculated in accordance with the provisions of section 197 read with section 198 of the Companies Act, 2013 for each Financial Year commencing from Financial Year 2016 for a period of five years.

Details of total remuneration paid or payable at a later date, inclusive of the sitting fees and commission, to our Independent Directors for the Financial Year 2018 are set forth below.

Name of Director	Remuneration paid (In ₹ million)
Bobby Parikh	1.53**
Dinesh Kumar Mehrotra	0.10
Hemant Kaul	0.10
Naina Krishna Murthy	0.10

\*\*Total remuneration is inclusive of ₹0.9 million paid as commission for Financial Year 2017 paid in Financial Year 2018.

#### Remuneration paid or payable from Subsidiaries

No remuneration / sitting fees was payable or paid to the Directors during the Financial Year 2018 by our Subsidiaries.

#### Bonus or profit sharing plan for the Directors

Our Company does not have a bonus or profit sharing plan for our Directors.

#### Shareholding of our Directors

Our Articles do not require our Directors to hold any qualification shares.

For details on the shareholding of our Directors in our Company see “*Capital Structure*” on page 85.

#### Service contracts with Directors

Our Directors have not entered into any service contracts with our Company which provide for any benefit upon termination of employment.

#### Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees and commission, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them.

Certain of our Directors may also be regarded as interested in the Equity Shares and stock options held by them, their relatives or by the companies, firms, trusts in which they are interested as directors, members, partners, trustees and promoters, as well as the benefits arising out of such shareholding. For further details, see “*Our Promoter and Promoter Group*” on page 213. Further, certain Directors may also be deemed to be interested in Equity Shares that may, pursuant to this Offer, be subscribed by or Allotted to them, their relatives, or to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters.

None of our Directors are shareholders in our Subsidiaries.

Except for Dhanpal Jhaveri who is a director in IAAPL, our Subsidiary, none of our Directors are on the board of directors of our Subsidiaries. For further details, see “*History and Corporate Matters*” on page 186.

Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them. For further details regarding the shareholding of our Directors in our Company, see “*Shareholding of our Directors*” on page 197.

Further, Dhanpal Jhaveri and Dinesh Kumar Mehrotra may be interested to the extent of being on the board of directors of certain companies and entities with which our Company has entered into various arrangements. The details of such arrangements are given below:

- (i) Our Company has entered into a memorandum of understanding with Everstone Capital Advisors Private Limited, for reimbursement for various facilities, amenities and services including IT related services, deputation of employees on need arise basis, administrative and office infrastructure services.
- (ii) Our Company has entered into an arrangement with Everstone Capital Advisors Private Limited for deputation of certain employees of Everstone Capital Advisors Private Limited to our Company.
- (iii) Our Company has entered into a share sale and purchase agreement for sale of 10,000 fully paid up equity shares of ₹10 each of IAAPL, to Everstone Capital Advisors Private Limited.
- (iv) Our Company has entered into a memorandum of understanding with Avasara Leadership Institute for a grants for our corporate social responsibility activities.
- (v) Our Company has entered into a memorandum of understanding with our Subsidiary, IAAPL, for space sharing, providing support services, including deputation of employees and payment of expenses on behalf of IAAPL, which is required to be reimbursed by IAAPL.
- (vi) IndoStar Asset Advisory Private Limited, a Subsidiary, has entered into an agreement with Computer Age Management Services Private Limited for providing specified services, at a fees specified in the said agreement, for IndoStar Credit Fund to which IAAPL is an investment manager. Dinesh Kumar Mehrotra is interested to the extent of being on the board of directors of Computer Age Management Services Private Limited.

None of sundry debtors or beneficiaries of loans and advances are related to our Directors.

No loans have been availed by our Directors from our Company.

#### *Arrangements and understanding with major shareholders, customers, suppliers or others*

Except Dhanpal Jhaveri, Sameer Sain and Alok Oberoi, who have been appointed as our Directors pursuant to the IndoStar Agreement, none of our Directors have been appointed pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

#### *Interest in promotion of our Company*

Except Alok Oberoi, who is a director on the board of our Promoter, our Directors have no interest in the promotion of our Company as of the date of this Red Herring Prospectus.

#### *Interest in property*

Our Directors have no interest in any property acquired by our Company within the two years preceding the date of the Draft Red Herring Prospectus and this Red Herring Prospectus, or presently intended to be acquired by our Company or in any transaction for acquisition of land, construction of buildings and supply of machinery.

#### *Appointment of relatives to a place of profit*

None of the relatives of the Directors have been appointed to an office or place of profit with our Company.

#### **Confirmations**

None of our Directors have been identified as wilful defaulters, as defined under the SEBI ICDR Regulations.



Our Directors are not, and have not, during the five years preceding the date of this Red Herring Prospectus, been on the board of any listed company whose shares have been or were suspended from being traded on BSE Limited or the NSE, during the term of their directorship in such company.

None of our Directors have been or are directors on the board of listed companies which have been or were delisted from any stock exchange(s) during the term of their directorship in such company.

Our Company has not made any payments in cash or shares or otherwise to our Directors or to firms or companies in which our Directors are interested as members, directors or promoter; nor have our Directors been offered any inducements to become directors or to otherwise be interested in any firm or company, in connection with the promotion or formation of our Company.

### Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Red Herring Prospectus are as follows:

Name of Director	Designation	Date of change	Reasons
Atul Kapur	Director	April 22, 2015	Resignation
L. Brooks Entwistle	Director	April 23, 2015	Appointment
Vimal Bhandari	Managing Director and Chief Executive Officer	April 1, 2016	Re-appointment
Vimal Bhandari	Executive Director <sup>*</sup>	April 18, 2017	Change in designation
R. Sridhar	Whole-Time Director <sup>**</sup>	April 18, 2017	Appointment
Vimal Bhandari	Non-Executive Director <sup>***</sup>	May 1, 2017	Change in designation
Ravi Narain	Non-Executive Independent Director	January 10, 2018	Resignation
Vimal Bhandari	Non-Executive Director	January 11, 2018	Resignation
L. Brooks Entwistle	Non-Executive Director	January 29, 2018	Resignation
Deepak Shahdadpuri	Non-Executive Director	January 29, 2018	Resignation
Shailesh Shirali	Whole-Time Director	January 29, 2018	Resignation
D. Sivanandhan	Non-Executive Independent Director	February 5, 2018	Resignation
Shweta Bhatia	Non-Executive Director	February 5, 2018	Resignation
Eric Stuart Schwartz	Non-Executive Independent Director	February 5, 2018	Resignation
Dinesh Kumar Mehrotra	Non-Executive Independent Director	February 5, 2018	Appointment
Hemant Kaul	Non-Executive Independent Director	February 5, 2018	Appointment
Naina Krishna Murthy	Non-Executive Independent Director	February 5, 2018	Appointment

<sup>\*</sup> Change in designation from Managing Director and Chief Executive Officer to Whole-Time Director

<sup>\*\*</sup> Whole-Time Director designated as Executive Vice-Chairman and Chief Executive Officer

<sup>\*\*\*</sup> Change in designation from Whole-Time Director to Non-Executive Director

### Borrowing Powers

Pursuant to a resolution of the shareholders of our Company passed at the annual general meeting held on September 7, 2016, the Board has been authorised to borrow any sum or sums of monies, from time to time whether in Indian Rupees or in foreign currency, in any form or manner including but not limited to by way of loans, inter corporate deposit(s), credit facilities, issue of debentures (redeemable, convertible or non-convertible, structured or unstructured), commercial papers, other convertible or non-convertible instruments / securities, upon such terms and conditions as to interest, repayment, security or otherwise, as the Board may think fit for the purpose of the Company's business, such that the money or monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital and free reserves of the Company, provided however, the total amount so borrowed and outstanding (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any point in time (excluding any interest on such borrowings), a sum equivalent to ₹ 80,000 million, over and above the aggregate, for the time being, of the paid-up share capital and free reserves of the Company.

## Corporate Governance

In addition to the applicable provisions of the Companies Act, 2013 with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Dhanpal Jhaveri, our Chairman, is a Non-Executive Director. Our Company has eight Directors, of which one is an Executive Director, four are Independent Directors including one woman Director, and three are Non-Executive Directors. Our Company is in compliance with corporate governance norms prescribed under SEBI Listing Regulations and the Companies Act, 2013, particularly, in relation to composition of our Board of Directors and constitution of Board level committees.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements under SEBI Listing Regulations and the Companies Act, 2013.

### *Board-level and other committees*

In terms of the SEBI Listing Regulations, rules and regulations prescribed by the RBI and the provisions of the Companies Act, 2013, as applicable, our Company has constituted the following committees:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;
- (c) Stakeholders Relationship Committee;
- (d) Corporate Social Responsibility Committee;
- (e) Asset Liability Management Committee;
- (f) Risk Management Committee; and
- (g) IPO Committee.

The details of the committees required to be constituted by our Company under the Companies Act, 2013 and the SEBI Listing Regulations are as follows:

### *Audit Committee*

The Audit Committee currently comprises:

Name	Position in the committee	Designation
Bobby Parikh	Chairperson	Non-Executive Independent Director
Dhanpal Jhaveri	Member	Chairman and Non-Executive Director
Hemant Kaul	Member	Non-Executive Independent Director
Naina Krishna Murthy	Member	Non-Executive Independent Director

Our Audit Committee was constituted by a resolution of our Board dated April 28, 2011, and was last reconstituted on February 5, 2018 in compliance with section 177 of the Companies Act, 2013 and SEBI Listing Regulations. The terms of reference of the Audit Committee include the following:

- (i) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (ii) recommending to the Board the appointment, re- appointment, and, if required, replacement or removal of the statutory and internal auditor, remuneration and terms of appointment of auditors;
- (iii) approve payment to statutory auditors for any other services rendered by them;
- (iv) discussion with statutory auditors and internal auditors before the audit commences, about the nature and scope of audit as well as internal control systems and post-audit discussion to ascertain any area of concern;
- (v) formulate in consultation with the internal auditors, the scope, functioning, periodicity and methodology for conducting an internal audit;
- (vi) reviewing and examination with the management, of the financial statements and the auditors' reports thereon before submission to the Board for approval, with particular reference to:
  - (a) matters required to be included in the Director's Responsibility Statement and other disclosure(s) to be included in the Board's report in terms of the Companies Act, 2013;

- (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by the management, if not in accordance with agreed accounting policies;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
  - (h) observations of the auditors and qualifications in the draft audit report;
- (vii) scrutiny of inter-corporate loans and investments;
  - (viii) valuation of undertakings or assets of the Company, wherever it is necessary;
  - (ix) evaluation of internal financial controls and risk management systems;
  - (x) reviewing with the management, the quarterly, half-yearly and annual financial statements / financial results before submission to the Board for approval;
  - (xi) review the financial statements of the unlisted subsidiary in particular the investments made by the unlisted subsidiary;
  - (xii) review and monitoring with the management the auditor's independence, performance and effectiveness of audit process;
  - (xiii) review with the management performance of statutory and internal auditors, adequacy of the internal control systems;
  - (xiv) review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - (xv) discuss with internal auditors on any significant findings and follow up there on;
  - (xvi) review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - (xvii) review and oversee the functioning of the whistle blower / vigil mechanism of the company;
  - (xviii) implement, review and monitor, with the management, the functioning and compliance of relevant policies of the company as authorised by the Board;
  - (xix) look into the reasons for substantial defaults in the payment to the debenture holders, borrowers, shareholders (in case of non-payment of declared dividends) and creditors;
  - (xx) approve, ratify or any subsequent modification of transactions of the company with related parties. The Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed under Companies Act, 2013 and rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (xxi) carrying out any other function or matters incidental to the terms of reference of the Audit Committee;
  - (xxii) authorising investigation into any matters in relation to the items specified herein or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company, seek information from any employee, obtain external legal or professional advice and secure attendance of outsiders with relevant expertise, if necessary;
  - (xxiii) to review with the management on quarterly basis (i) the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.); (ii) the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice (as certified by the statutory auditors) and (iii) the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter, till such time that the full money raised through the issue has not been fully utilised;
  - (xxiv) to do all such acts as required under Master Direction – Monitoring of Frauds in NBFCs (RBI), directions 2016 and under the policy adopted by the Board in this regards;
  - (xxv) to 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;
  - (xxvi) to approve the appointment of chief financial officer after assessing the qualifications, experience and background;
  - (xxvii) the committee shall mandatorily review the following information:
    - (a) management discussion and analysis of financial condition and results of operations;
    - (b) statement of significant related party transactions (as defined by the audit committee), submitted by management;

- (c) internal audit reports relating to internal control weaknesses;
  - (d) the appointment, removal and terms of remuneration of the chief internal auditor;
  - (e) Statement of deviations:
    - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
    - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (xxviii) to approve the appointment of registered valuers in terms of Section 247 of the Companies Act, 2013;
- (xxix) to review the reconciliation of transactions between the Company and the service provider and/ or its sub-contractor and an ageing analysis of entries pending reconciliation with outsourced vendors in terms of directions on managing risks and code of conduct in outsourcing of financial services by NBFCs issued by the RBI; and
- (xxx) to do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations prescribed by the competent authorities or authorized by the Board of Directors and to delegate any of the powers / authority to such persons as the committee may deem necessary.

### ***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee currently comprises:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Bobby Parikh	Chairperson	Non-Executive Independent Director
Dhanpal Jhaveri	Member	Chairman and Non-Executive Director
Alok Oberoi	Member	Non-Executive Director
Hemant Kaul	Member	Non-Executive Independent Director

Our Company constituted a compensation committee by way of a resolution of our Board dated April 28, 2011, the scope of which was subsequently widened to include nomination and was reconstituted as the Compensation and Nomination Committee by way of a resolution of our Board dated September 20, 2011. Thereafter, the committee was reconstituted as the Nomination and Remuneration Committee by way of a resolution of our Board dated May 5, 2015, in compliance with the Companies Act, 2013, and was last reconstituted on February 5, 2018. The terms of reference of the Nomination and Remuneration Committee include, among others, the following:

- (i) identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal
- (ii) formulate and implement the criteria for determining qualification, positive attributes and independence of director(s) and criteria for the persons that can be appointment in senior management;
- (iii) formulate the criteria / manner for carrying out effective evaluation of the performance of Director, Board and its Committee and to review its implementation and compliance
- (iv) determine whether to extend or continue the term of appointment of independent directors, on the basis of the report of performance evaluation of independent directors
- (v) devise a policy on Diversity of Board of Directors;
- (vi) recommend to the Board Remuneration Policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- (vii) decide on specific remuneration packages (including pension rights and compensation payments) of the executive directors, the whole time directors and senior level employees of the Company;
- (viii) determine, alter and vary the terms and conditions of remuneration of the managerial personnel of the Company;
- (ix) consider and decide on all the matters relating to the remuneration of non-executive directors (including independent directors) and recommend the same to the Board of Directors;
- (x) approve allocation of a bonus pool, payment of bonus (variable pay) to employees, revision / increment in salaries of employees and promotion of employees;

- (xi) administer, supervise, decide on the grant, issue, price, vesting of stock options, stock purchase or any similar scheme and the benefits to be given to beneficiaries by the Company or under the employee trust formulated or to be formulated;
- (xii) frame suitable policies and procedures to ensure that there is no violation, by an employee, or the Company or the Trust , if any, of securities laws(as amended from time to time), including but not limited to:
  - (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (including any amendments thereto or en-enactments thereof); or
  - (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (including any amendments thereto or re-enactments thereof);
- (xiii) perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (“ESOP Regulations”), in particular, those stated in Clause 5 of the ESOP Regulations:
  - (a) formulation of the schemes including determining the detailed terms and conditions of the schemes in accordance with ESOP Regulations (as amended from time to time);
  - (b) determine the number of shares to be offered and/ or allotted, to each employee and in the aggregate, and the times at which such offer / allotment shall be made;
  - (c) determine the eligible employee(s);
  - (d) determine the performance criteria for eligible employees and the price at which the shares to be offered to each eligible employee;
  - (e) lay down the conditions under which offer and/or allotment of shares to the employees may lapse in case of termination of employment for misconduct, resignation by the employees, etc;
  - (f) determine the subscription period within which the employee should apply for the shares offered and the implications of failure to apply for the same within the subscription period;
  - (g) specify and modify the conditions including the time period within which the employee shall apply in the event of termination or resignation of an employee or under such circumstances as it deems appropriate in the interest of the objectives of the scheme;
  - (h) lay down the procedure for making a fair and reasonable adjustment to the number of shares and to the subscription price in case of rights issues, bonus issues and other corporate action;
  - (i) lay down the method for satisfaction of any-tax obligation arising in connection with such shares;
  - (j) provide for award and allotment of shares in case of employees who are on long leave or whose services have been seconded to any other company or who have joined any other subsidiary or other company at the instance of the employer company;
  - (k) such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee;
- (xiv) Implement, administer, review and superintendent the employees share purchase schemes and employee stock option schemes formulated by the Company and to do all other acts, deeds and things as may be required to be undertaken towards giving effect to such schemes including but not limited to:
  - (a) construe, clarify and interpret the terms of the scheme and options granted pursuant to the scheme;
  - (b) such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee;
  - (c) make such modifications / alterations in the scheme which are not detrimental to the options holders;
  - (d) determining the employee(s) to whom the shares were to be offered under such schemes;
  - (e) determining the mechanism through which such schemes should be implemented;
  - (f) determining the terms and conditions of the offer to the employees with a focus on such schemes being made attractive in terms of the reward together with ensuring that the employees are retained for a long tenure;
  - (g) determining the nature of activities that are to be considered for the trust, if any, set up for welfare of the employees, including for the implementation of such schemes;

- (h) determining the terms of the allotment and to allot equity shares of the Company under such schemes including the amount payable on application and/or on allotment, whether towards the face value and/ or towards the share premium;
- (xv) undertake a process of due diligence to determine the 'fit and proper' person status of existing / proposed Directors, in accordance with the policy adopted by the Board in this regard and applicable laws;
- (xvi) obtain a declaration from existing Directors every year as on the thirty first of March that the information already provided by them under fit and proper person criteria has not undergone any change and where there is any change, requisite details are furnished by the Directors forthwith;
- (xvii) recommend the suitable change(s), if required to the Board of Directors of the Company;
- (xviii) such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the committee;
- (xix) do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company and as may be delegated by the Board from time to time; and
- (xx) delegate to the officials / any committee such powers of the committee as may be deemed fit by the committee.

### ***Stakeholders Relationship Committee***

The Stakeholders Relationship Committee currently comprises:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Dhanpal Jhaveri	Chairperson	Chairman and Non-Executive Director
R. Sridhar	Member	Executive Vice-Chairman and Chief Executive Officer
Dinesh Kumar Mehrotra	Member	Non-Executive Independent Director
Bobby Parikh	Member	Non-Executive Independent Director

Our Stakeholders Relationship Committee was constituted by a resolution of our Board dated February 5, 2018, in compliance with section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference of the Stakeholders' Relationship Committee include, among others, the following:

- (i) oversee, review and monitor redressal of the grievances of shareholders, debenture holders, investors and other security holders including credit of securities, non-receipt of allotment advice/ share certificates, refund of application money, transfer of securities, non-receipt of annual report, non-receipt of dividends declared / interests or any other grievances a shareholder, debenture holder, investor and other security holder may have against the Company;
- (ii) approve / review / refuse transfer / transmission / dematerialisation / re-materialisation of shares, debentures and other securities, if any, in timely manner;
- (iii) issue share certificates, duplicate / split / consolidation share certificates and share certificates in replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilized;
- (iv) oversee the performance of the registrar and transfer agents and to recommend measures for overall improvement in the quality of investor services;
- (v) to attend to / address complaints of security holders routed by SEBI complaints redress system/ stock exchanges / RBI or any other regulatory authorities;
- (vi) monitor transfer of the amounts transferable to and from investor education and protection fund;
- (vii) perform all functions relating to the interests of security holders of the Company and as assigned by the Board, as may be required by the provisions of the Companies Act, 2013 and rules made thereunder, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and guidelines issued by the SEBI or any other regulatory authority;
- (viii) do all necessary acts, deeds and things as may be required, including authorizing any person(s) to endorse the share certificate(s) after affixing the common seal on share certificates in accordance with the articles of association of the Company; and
- (ix) do all such acts, deeds and things as may be required under any acts, rules, regulations, guidelines, circulars, etc. issued by any authority including SEBI, Stock Exchanges, depositories in relation to the shareholders, debenture holders, investor or other security holder of the Company and to delegate any of the powers / authority to such persons as the committee may deem necessary.

### ***Corporate Social Responsibility Committee (“CSR Committee”)***

The CSR Committee currently comprises:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Dinesh Kumar Mehrotra	Chairperson	Non-Executive Independent Director
Dhanpal Jhaveri	Member	Chairman and Non-Executive Director
R. Sridhar	Member	Executive Vice-Chairman and Chief Executive Officer
Naina Krishna Murthy	Member	Non-Executive Independent Director

The CSR Committee was constituted by a resolution of our Board dated November 12, 2014 in compliance with section 135 of the Companies Act, 2013 and was last reconstituted on February 5, 2018. The terms of reference of the CSR Committee include, among others, the following:

- (i) to formulate and recommend to the Board, a corporate social responsibility (“CSR policy”) indicating the activity or activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- (ii) to recommend the amount to be spent on CSR activities;
- (iii) to review and monitor the Company’s CSR policy periodically;
- (iv) to ensure that the activities as are included in the CSR policy are undertaken by the Company;
- (v) to institute a transparent monitoring mechanism for the implementation of CSR projects (Rule 5(2) of the Companies (Corporate Social Responsibility Policy) Rules 2014);
- (vi) to do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company.

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

The ALM Committee currently comprises of:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
R. Sridhar	Chairperson	Executive Vice-Chairman and Chief Executive Officer
Dhanpal Jhaveri	Member	Chairman and Non-Executive Director
Sameer Sain	Member	Non-Executive Director

The ALM Committee was constituted by a resolution of our Board dated April 28, 2011 in compliance with the applicable provision of the Reserve Bank of India and the Articles of Association of our Company, and was last reconstituted on February 5, 2018. The terms of reference of the ALM Committee include, among others, the following:

- (i) oversee and ensure that an adequate and accurate management information system is put in place by the Company with respect to asset liability composition / mismatches;
- (ii) oversee balance sheet planning from risk return perspective including strategic management of interest rate and liquidity risk and tracking of liquidity through maturity or cash flow mismatches;
- (iii) review the GAAP reports (liquidity and interest rate sensitivities) admeasuring the mismatch between rate sensitive liabilities and rate sensitive assets and set limits thereof;
- (iv) consider product pricing for both deposits and advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by other peer NBFCs for the similar services / product, etc;
- (v) articulate the current interest rate view of the Company and base its decisions for future business strategy based on this view;
- (vi) decide on source and mix of liabilities or sale of assets and towards this end, develop a view on future direction of interest rate movements and decide on funding mixes;
- (vii) review the results of and progress in implementation of the decisions made in the previous meetings;
- (viii) form a policy note on the treatment of investment portfolio for the purpose of asset liability management, classify them on the basis of appropriate time bucket;
- (ix) provide its inputs on the risk management policy;
- (x) review product pricing , desired maturity profile of assets and liabilities and also the mix of incremental assets and liabilities such as fixed vs. floating rate funds, domestic vs. foreign currency funds, etc.;

- (xi) consider and approve proposals and detailed terms and conditions of borrowings from banks and do all such acts, deeds and things as may be necessary to give effect to approved proposals;
- (xii) review and recommend borrowing program for the Company;
- (xiii) do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company;
- (xiv) do all such acts, deeds, things and matters as may be delegated, from time to time, by the Board of Directors of the Company; and
- (xv) delegate to the officials such powers of the Committee as may be deemed fit by the committee.

### ***Risk Management Committee***

The Risk Management Committee currently comprises:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Dinesh Kumar Mehrotra	Chairperson	Non-Executive Independent Director
Hemant Kaul	Member	Non-Executive Independent Director
R. Sridhar	Member	Executive Vice-Chairman and Chief Executive Officer
Pankaj Thapar	Member	Chief Financial Officer
Sanjay Athalye	Member	Chief Risk Officer

The Risk Management Committee was constituted by a resolution of our Board dated April 28, 2011 in compliance with applicable provisions of the RBI and was last reconstituted on February 5, 2018. The terms of reference of the Risk Management Committee include, among others, the following:

- (i) to identify, monitor and manage the credit risk, market risk, operational risk and other risks of the Company;
- (ii) to provide an integrated view of the risks to the Company and issue specific directives to the respective departments or the business groups for necessary action;
- (iii) to design risk management policies and management information systems framework for integrated risk management in the Company, after taking into account following:
  - (a) to review Company's overall business strategy, lines and changes in the business and operating environment;
  - (b) to review appropriateness to the size, nature and complexity of the transactions entered into by the Company;
  - (c) to monitor issues relating to safety, liquidity, prudential norms, exposure limits;
  - (d) to monitor quality of internal control procedures;
  - (e) to monitor the sophistication of the Company's risk monitoring capability, risk management systems and processes;
- (iv) oversee the execution / implementation of the risk management practices by various executives outlined in the policies approved by the committee;
- (v) review the minutes or document referred to it by asset liability management committee for opinion/directions for risk management on an integrated basis;
- (vi) act as the final authority for resolving any transactions that are proposed to be entered into by the Company that have a potential for a conflict of interest in the assessment by the members of the credit committee;
- (vii) do all such acts, deeds and things as may be required to be undertaken in accordance with the applicable law, rules and regulations applicable to the Company;
- (viii) do all such acts, deeds, things and matters as may be delegated, from time to time, by the Board of Directors of the Company; and
- (ix) delegate to the officials such powers of the Committee as may be deemed fit by the committee.

### ***IPO Committee***

The IPO Committee currently comprises of:

<b>Name</b>	<b>Position in the committee</b>	<b>Designation</b>
Dhanpal Jhaveri	Chairperson	Chairman and Non-Executive Director
R. Sridhar	Member	Executive Vice-Chairman and Chief Executive Officer
Sameer Sain	Member	Non-Executive Director



Name	Position in the committee	Designation
Bobby Parikh	Member	Non-Executive Independent Director

The IPO Committee was constituted by a resolution of our Board dated December 12, 2017, and was last reconstituted on February 5, 2018. The terms of reference of the IPO Committee include the following:

- (i) appoint and enter into arrangements with the Book Running Lead Manager(s) ("**BRLMs**"), underwriters, syndicate members, brokers, advisors, escrow collection banks, registrars, refund banks, public issue account banks, monitoring agency, legal counsel, advertising agencies, printers, publicity and investor relations agencies and any other agencies or persons or intermediaries to the IPO and to negotiate and finalise the terms of their appointment;
- (ii) negotiate, finalise, settle, execute and deliver or arrange the delivery of the BRLM(s)' mandate or engagement letter, the offer agreement, registrar agreement, syndicate agreement, underwriting agreement, cash escrow agreement, share escrow agreement and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever, including any amendment(s) or addenda thereto, including with respect to the payment of commissions, brokerages and fees, with the BRLM(s), registrar to the IPO, legal advisors, auditors, stock exchanges and any other agencies/intermediaries in connection with the IPO with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforesaid documents;
- (iii) decide, in consultation with the BRLMs, on the IPO size (including quantum of equity shares to be issued by the Company, and equity shares to be offered for sale by the existing Shareholders, and/ or any reservation for employees, and/ or any other reservations or firm allotments as may be permitted, and/ or green shoe option and/ or any rounding off in the event of any oversubscription), timing, pricing (price band, issue price, including for anchor investors etc.) and all other terms and conditions of the IPO, including the price, premium, discount (as permitted under the Companies Act, 2013 and the rules framed thereunder (including any amendments, statutory modification(s) or re-enactment thereof, for the time being in force), (collectively referred to as the "Companies Act, 2013") and the provisions of the Memorandum of Association of the Company and Articles of Association of the Company, and in accordance with and subject to the applicable provisions of Companies Act, 1956, to the extent in force, the Securities Contracts (Regulation) Act, 1956, as amended and the rules framed thereunder ("SCRA"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") and any other applicable laws, regulations, ordinances, rules, guidelines, policies, notifications, circulars, directions and orders if any, in India or outside India (including any amendment thereto or re-enactment thereof for the time being in force) prescribed by the Government of India, the Reserve Bank of India ("RBI") the Securities and Exchange Board of India ("SEBI"), the Department of Industrial Policy and Promotion, Government of India ("DIPP"), the Registrar of Companies, Maharashtra situated at Mumbai ("RoC") or any other competent authority from time to time, (collectively "Applicable Laws"), the bid / offer opening and closing date for various categories of investors, and to make any amendments, modifications, variations or alterations thereto;
- (iv) invite the existing shareholders of the Company to participate in the IPO to offer for sale equity shares held by them at the same price as in the IPO;
- (v) take all actions as may be necessary or authorized, in connection with the offer for sale, including taking on record the approval of the offer for sale, extending the bid/offer period, revision of the price band, allow revision of the offer for sale portion in case any selling shareholder decides to revise it, in accordance with the Applicable Laws;
- (vi) approve the list of 'group companies' of the Company, identified pursuant to the materiality policy adopted/to be adopted by the Board, for the purposes of disclosure in the DRHP, the RHP and the Prospectus;
- (vii) open and operate any bank account(s) required of the Company for the purposes of the IPO and the pre-IPO placement, if any, including the cash escrow account, the public issue account or any other account(s) as may be required in connection with the IPO;
- (viii) decide the pricing and all other related matters regarding the pre-IPO placement, if any, including the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with Applicable Laws;
- (ix) seek, if required, the consent of the lenders to the Company and/ or the lenders to the subsidiaries of the Company, industry data providers, parties with whom the Company has entered into various commercial and other agreements including without limitation customers, suppliers, creditors, strategic

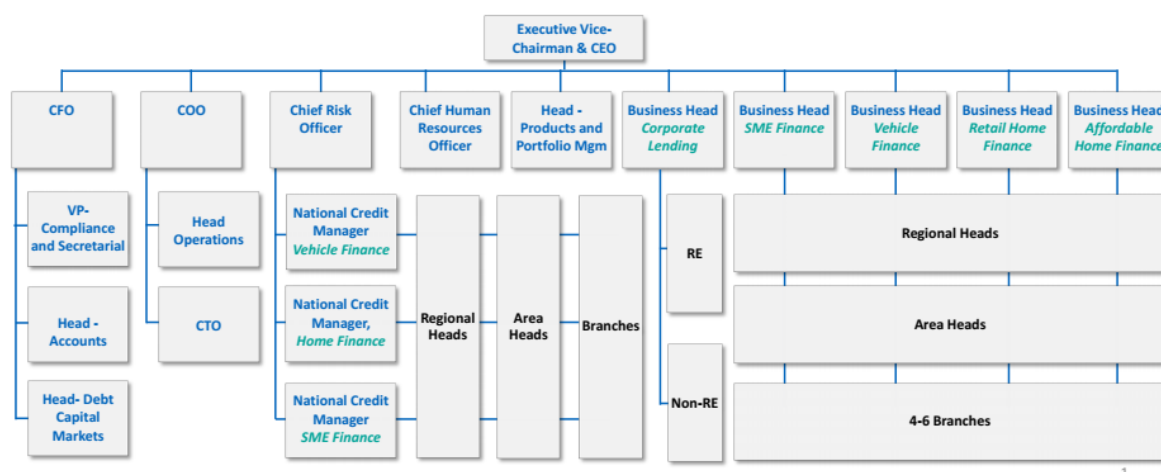
- partners of the Company, any concerned government and regulatory authorities in India or outside India, and any other consent, approval or waiver that may be required in connection with the IPO, if any;
- (x) approve the DRHP, the RHP and the Prospectus (including amending, varying or modifying the same, as may be considered desirable or expedient) and the preliminary and final international wrap for the IPO together with any addenda, corrigenda and supplement thereto as finalised in consultation with the BRLMs, in accordance with Applicable Laws and take all such actions as may be necessary for filing of these documents including incorporating such alterations/ corrections/ modifications as may be required by and to submit undertakings/ certificates or provide clarifications to SEBI or any other relevant governmental and statutory authority;
  - (xi) make applications to, seek clarifications and/or obtain approvals from, if necessary, the RBI, the SEBI or any other statutory or governmental authorities in connection with the IPO and, wherever necessary, incorporate such modifications/ amendments/ alterations/ corrections as may be required in the DRHP, the RHP and the Prospectus;
  - (xii) determine the utilization of proceeds of the fresh issue and accept and appropriate proceeds of the fresh issue in accordance with the Applicable Laws;
  - (xiii) do all such deeds and acts as may be required to dematerialise the equity shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the aforestated documents;
  - (xiv) make applications to stock exchange(s) for in-principle approval for listing of equity shares of the Company and file such papers and documents, including a copy of the DRHP filed with SEBI, as may be required for the purpose;
  - (xv) seek the listing of the equity shares of the Company on any Indian stock exchange(s), submitting the listing application to such stock exchange(s) and taking all actions that may be necessary in connection with obtaining such listing;
  - (xvi) issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices, Applicable Laws, including listing of equity shares of the Company on one or more stock exchanges, with power to authorise one or more officers of the Company to sign all or any of the aforestated documents;
  - (xvii) make applications for listing of the equity shares of the Company on the stock exchange(s) and to execute and to deliver or arrange the delivery of necessary documentation to the stock exchange(s) and to take all such other actions as may be necessary in connection with obtaining such listing;
  - (xviii) authorise and approve the incurring of expenditure including payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the IPO;
  - (xix) withdraw the DRHP or the RHP or to decide not to proceed with the IPO at any stage in accordance with the SEBI ICDR Regulations and Applicable Laws;
  - (xx) do all such acts, deeds, matters and things and execute all such other documents, etc. as it may, in consultation with the BRLMs, deem necessary or desirable for the IPO, including without limitation, determining the anchor investor portion and allocation to anchor investors, finalizing the basis of allocation and allotment of equity shares to the successful allottees and credit of equity shares to the demat accounts of the successful allottees in accordance with Applicable Laws and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;
  - (xxi) settle all questions, remove any difficulties or doubts that may arise from time to time in regard to the IPO, including with respect to the issue, offer or allotment of the equity shares, terms of the IPO, utilisation of the IPO proceeds, appointment of intermediaries for the IPO and such other issues as it may, in its absolute discretion deem fit;
  - (xxii) take such action, give such directions, as may be necessary or desirable as regards the IPO and to do all such acts, matters, deeds and things, including but not limited to the allotment of equity shares against the valid applications received in the IPO, as are in the best interests of the Company;
  - (xxiii) negotiate, finalise, settle, execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as may be deemed necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the IPO. Any documents or instruments so executed and delivered or acts and things done or caused to be done by the Board shall be conclusive evidence of the authority of the Board in so doing;

- (xxiv) authorisation of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorney, to do such acts, deeds and things as such authorised person in his/her/their absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment/transfer of the equity shares;
- (xxv) giving or authorising any concerned person to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time; and
- (xxvi) make any alteration, addition or variation in relation to the IPO and any related documents, in consultation with the BRLMs or SEBI or such other authorities as may be required, and without prejudice to the generality of the aforesaid, decide the IPO structure, the exact component of shares to be issued and expenditure in relation to the IPO; and
- (xxvii) delegate any of the powers mentioned in (i) to (xxvi) to such person or persons as the IPO Committee may deem necessary.

Our Company has also constituted certain other committees, including the Credit Committee, Debenture Committee, Banking Committee and Grievances Redressal Committee.

## Management Organisation Structure

### Organisational Structure



## Key Management Personnel

The following persons are the Key Management Personnel of our Company:

- (1) R. Sridhar, Executive Vice-Chairman and Chief Executive Officer;
- (2) Pankaj Thapar, Chief Financial Officer;
- (3) Prashant Joshi, Chief Operating Officer;
- (4) Sanjay Athalye, Chief Risk Officer;
- (5) Shailesh Shirali, Managing Director, Head – Corporate Lending and Markets;
- (6) Hansraj Thakur, Business Head – SME Finance;
- (7) A. Gowthaman, Business Head – Vehicle Finance;
- (8) Prabhat Kumar Tripathy, Business Head – Retail Home Finance;
- (9) Shreejit Menon, Business Head – Affordable Home Finance; and
- (10) Jitendra Bhati, Company Secretary.

All the Key Management Personnel are permanent employees of our Company or our Subsidiaries.

## Brief profiles of our Key Management Personnel

For a brief profile of R. Sridhar, see “*Brief Profiles of our Directors*” above on page 195.

The details of our other Key Management Personnel as of the date of this Red Herring Prospectus and their respective gross remuneration (including bonus payable for Financial Year 2017, if applicable, determined and paid in Financial Year 2018 and excluding bonus payable for Financial Year 2018, to be determined and paid in Financial Year 2019) are set forth below:

**Pankaj Thapar**, aged 56 years, is our Chief Financial Officer and has been associated with our Company since November 1, 2011. He holds a bachelor’s degree in commerce and a master’s degree in business administration from the University of Delhi. He has more than 30 years of experience in various fields including corporate finance with Indian and international entities like Everstone Capital Advisors Private Limited, Dentsu Marcom Private Limited, Coca-Cola India Inc., ANZ Grindlays Bank Limited, Citibank India and ICICI Limited. He is responsible for raising resources, treasury, accounting, regulatory compliance and board related matters. He received a gross remuneration of ₹ 28.91 million in Financial Year 2018.

**Prashant Joshi**, aged 46 years, is our Chief Operating Officer and has been associated with our Company since August 1, 2016. He holds a bachelor’s degree in commerce from University of Bombay and a post graduate diploma in management from the Indian Institute of Management, Calcutta. He has more than 20 years of experience across small and medium enterprises, and corporate banking. He has previously worked with Deutsche Bank AG, Standard Chartered Bank, IDBI Bank Limited and ICICI Limited. His function and areas of experience in the Company pertains to operations, technology and administration related functions. He received a gross remuneration of ₹ 19.22 million in Financial Year 2018.

**Sanjay Athalye**, aged 51 years, is our Chief Risk Officer and has been associated with our Company since January 25, 2017. He holds a bachelor’s degree in commerce and a master’s degree in commerce from Nagpur University. He has several years of experience in the fields of commercial finance, managing credit and risk, and portfolio quality. He has previously worked with Reliance Capital Limited, Centurion Bank of Punjab Limited, IDBI Bank Limited, ICICI Limited, Reliance Telecom Limited and Modi Xerox Limited. He received a gross remuneration of ₹ 17.44 million in Financial Year 2018.

**Shailesh Shirali**, aged 49 years, is a Managing Director, Head – Corporate Lending and Markets and has been associated with our Company since November 5, 2012. He holds a bachelor’s degree in commerce from the University of Mumbai and is a qualified chartered accountant from the Institute of Chartered Accountants of India. He is responsible for the corporate lending and markets business segment of our Company. He has several years of experience in the financial services sector, and has previously worked at Future Capital Holdings Limited. He received a gross remuneration of ₹ 51.49 million in Financial Year 2018.

**Hansraj Thakur**, aged 47 years, is our Business Head - SME Finance and has been associated with our Company since April 3, 2017. He holds a bachelor’s degree in commerce from University of Mumbai, and a post graduate diploma in business management with specialisation in marketing and finance from Ramprasad Khandelwal Institute of Management and Research. He has several years of experience in the fields of small and medium enterprises, commercial banking, and sales and relationship management. He has previously worked at IDFC Bank Limited and Standard Chartered Bank. He received a gross remuneration of ₹ 8.56 million in Financial Year 2018.

**A. Gowthaman**, aged 53 years, is our Business Head – Vehicle Finance and has been associated with our Company since July 6, 2017. He holds a bachelor’s degree in arts, a master’s degree in arts and a master’s degree in business administration from Bharathidasan University. Further, he holds a post graduate diploma in general insurance law and practice from The Tamil Nadu Dr. Ambedkar Law University. He has more than 20 years of experience in financial institutions, and has previously worked with Chola Mandalam Investment & Finance Company Limited, Shriram Transport Finance Company Limited, Shriram Investments Limited and Inter Trim Linings Super Markets Private Limited. He received a gross remuneration of ₹ 5.63 million in Financial Year 2018.

**Prabhat Kumar Tripathy**, aged 55 years, is the Business Head – Retail Home Finance of IndoStar Home Finance Private Limited, our Subsidiary, since September 29, 2017. He has been appointed as a whole-time director of IndoStar Home Finance Private Limited with effect from March 19, 2018. He holds a bachelor’s degree in civil engineering from Utkal University, and a certification as a chartered engineer from the Institution of Engineers (India), and a master’s degree in business administration from Indira Gandhi National Open University. He has more than 20 years experience with financial institutions such as Equitas Small Finance

Bank Limited, ICICI Limited, Dewan Housing Finance Corporation Limited and Maharishi Housing Development Finance Corporation Limited. He received a gross remuneration of ₹ 4.88 million in Financial Year 2018.

**Shreejit Menon**, aged 40 years, is the Business Head – Affordable Home Finance of IndoStar Home Finance Private Limited, our Subsidiary, since May 2, 2017. He has been appointed as a whole-time director of IndoStar Home Finance Private Limited with effect from March 19, 2018. He holds a bachelor's degree in commerce and master's degree in management studies from University of Mumbai. He has several years of experience with financial institutions like Religare Housing Development Finance Corporation Limited, Muthoot Housing Finance Company Limited and HSBC Limited. He received a gross remuneration of ₹ 10.57 million in Financial Year 2018.

**Jitendra Bhati**, aged 37 years, is our Company Secretary and has been associated with our Company since August 1, 2011. He holds a bachelor's degree in commerce from Jai Narayan Vyas University, Jodhpur, and a bachelor's degree in law from University of Mumbai. He is a fellow member of Institute of Company Secretaries of India. Further, he holds a post-graduation diploma in international business and finance from Jai Narayan Vyas University, Jodhpur, a post graduation diploma in business management from the Institute of Management Technology and a post graduate diploma in securities law from Government Law College, Mumbai. He has previously worked at Future Capital Holdings Limited, and has experience in the fields of legal, secretarial and compliance. He received a gross remuneration of ₹ 8.15 million in Financial Year 2018.

#### **Relationship among Key Management Personnel**

None of our Key Management Personnel are related to each other.

#### **Bonus or profit sharing plan for the Key Management Personnel**

There is no bonus or profit sharing plan for the Key Management Personnel of our Company.

For further details regarding the remuneration details of R. Sridhar, see “*Remuneration details of our Executive Directors*” on page 196.

#### **Shareholding of Key Management Personnel**

For details of our Key Management Personnel who hold Equity Shares or stock options of our Company as on the date of this Red Herring Prospectus, see “*Capital Structure*” on page 85. For details of our Key Management Personnel who hold equity shares in our Subsidiaries as on the date of this Red Herring Prospectus, see “*History and Certain Corporate Matters*” on page 186.

#### **Service Contracts with Key Management Personnel**

Except for terms set forth in the appointment letters, our Key Management Personnel have not entered into any other service contracts with our Company or our Subsidiaries, as the case may be.

Except for statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company, including Key Management Personnel, is entitled to any benefit upon termination of employment.

#### **Interest of Key Management Personnel**

None of our Key Management Personnel have any interest in our Company except to the extent of their shareholding in our Company and our Subsidiaries, remuneration from our Company and our Subsidiaries, directorships in our Subsidiaries, and benefits and reimbursement of expenses incurred by them in the ordinary course of business.

As on the date of this Red Herring Prospectus, no loans have been availed by any of our Key Management Personnel from our Company.

#### **Contingent and deferred compensation payable to Key Management Personnel**

There is no contingent or deferred compensation accrued for the Fiscal 2018, payable at a later date.

### **Changes in Key Management Personnel during the last three years**

Changes in our Key Management Personnel during the three years immediately preceding the date of this Red Herring Prospectus set forth below:

<b>Name</b>	<b>Designation</b>	<b>Date of change</b>	<b>Reason</b>
Vimal Bhandari	Managing Director and Chief Executive Officer	April 1, 2016	Re-appointment
Prashant Joshi	Managing Director, Head – SME and Retail	August 1, 2016	Appointment
Ashish Kohli	Head – SME Finance	August 31, 2016	Resignation
Vimal Bhandari	Managing Director and Chief Executive Officer	April 18, 2017	Resignation
R. Sridhar	Executive Vice-Chairman and Chief Executive Officer	April 18, 2017	Appointment
Prashant Joshi	Chief Operating Officer	August 17, 2017	Change in designation
Hansraj Thakur	Business Head - SME Finance	September 18, 2017	Change in designation
Sanjay Athalye	Chief Risk Officer	September 18, 2017	Change in designation
A. Gowthaman	Business Head Vehicle Finance	July 6, 2017	Appointment
Prabhat Kumar Tripathy	Business Head – Retail Home Finance (Employee of Subsidiary)	September 29, 2017	Appointment
Shreejit Menon	Business Head – Affordable Home Finance (Employee of Subsidiary)	September 18, 2017	Change in designation

### **Employee stock option and stock purchase schemes**

For details on our Company’s employee stock option schemes, see “*Capital Structure*” at page 85.

### **Payment of non-salary related benefits to officers of our Company**

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

### **Arrangements and understanding with major shareholders, customers, suppliers or others**

None of our Key Management Personnel have been appointed pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

## OUR PROMOTER AND PROMOTER GROUP

### Our Promoter

The Promoter of our Company is Indostar Capital.

### Details of our Promoter

#### *Corporate information and history*

Our Promoter was incorporated as a private company limited by shares under the laws of Mauritius on October 25, 2010, with its registered office located at 3rd Floor, Standard Chartered Tower, Bank Street, 19 Cyberville, Ebene 72201, Mauritius. Our Promoter is registered with the Financial Services Commission of Mauritius and has been granted a Category I – Global Business Licence under Licence No. C110009102.

The principal activity of our Promoter is that of investment holding.

As on date of this Red Herring Prospectus, our Promoter holds 71,102,635 Equity Shares, representing 90.12% of the issued, subscribed and paid-up equity share capital of our Company.

#### *Board of directors*

The board of directors of our Promoter comprises the following persons:

- (1) Alok Oberoi;
- (2) Atul Kapur;
- (3) Deepak Shahdarpuri;
- (4) Lorraine Brooks Entwistle;
- (5) Amit Manocha;
- (6) Soraj Bissoonauth;
- (7) Anisha Poonyth;
- (8) Sanjoy Chatterjee; and
- (9) Marie Francoise Krin Chin Chung Kee Mew (permanent alternate director to Sanjoy Chatterjee).

#### *Shareholding pattern of our Promoter*

The shareholding pattern of our Promoter as on the date of this Red Herring Prospectus is as follows:

Entity / Person	Number of equity shares	Percentage of equity share capital (%)
Indostar Everstone	9,070,118	42.54
ACP LIBRA Limited <sup>#</sup>	3,487,256	16.35
Beacon India Private Equity Fund	2,300,000	10.79
Everstar Holdings Pte. Ltd.	1,855,090	8.70
Global Long Short Partners Mauritius I Limited	1,800,000	8.44
Private Opportunities (Mauritius) I Limited	1,200,000	5.63
CDIB Capital Investment II Limited	992,674	4.65
Beacon Light Group Limited <sup>#</sup>	618,363	2.90
<b>Total</b>	<b>21,323,501</b>	<b>100.00</b>

<sup>#</sup> ACP LIBRA Limited and Beacon Light Group Limited are under common control.

For further details in relation to our Promoter, see “History and Certain Corporate Matters – Material Agreements” on page 189.

#### *Financial information*

The financial information derived from the latest available audited financial statements of our Promoter for the periods mentioned below is as follows:

(in USD million, except per share data)

Particulars	As at December 31, 2016 and period from April 1, 2016 to December 31, 2016	As at March 31, 2016 and year ended March 31, 2016	As at March 31, 2015 and year ended March 31, 2015
Equity Capital	21.32	21.32	19.92
Reserves and surplus (excluding revaluation reserves)	433.42	410.39	450.64
Total income	23.35	0.01	187.84
Profit/(Loss) after Tax	23.03	(52.85)	187.80
Basic EPS	NA	NA	NA
Diluted EPS	NA	NA	NA
Net asset value per share	NA	NA	NA

There are no significant notes of the auditors in relation to the aforementioned financial statements.

#### *Details of the promoters of our Promoter*

The promoters of our Promoter are Indostar Everstone and Everstar Holdings Pte. Ltd.

#### **Indostar Everstone**

The details of Indostar Everstone are as follows:

#### *Corporate information and history*

Indostar Everstone was incorporated as a private company limited by shares under the laws of Mauritius on January 27, 2011, with its registered office located at 3rd Floor, Standard Chartered Tower, Bank Street, 19, Cybercity, Ebene, 72201 Mauritius.

Indostar Everstone does not hold any Equity Shares in our Company. However, Indostar Everstone owns 42.54% of the equity shareholding of our Promoter.

#### *Board of Directors*

The board of directors of Indostar Everstone comprises the following persons:

- (1) Soraj Bissoonauth;
- (2) Anisha Poonyth;
- (3) Sanjoy Chatterjee;
- (4) Marie Francoise Krin Chin Chung Kee Mew (director and permanent alternate director to Sanjoy Chatterjee).
- (5) Stephen Choi; and
- (6) Shelly Smith.

#### *Shareholding pattern*

The shareholding pattern of Indostar Everstone as on the date of this Red Herring Prospectus is as follows:

#### *Equity Shares:*

Entity / Person	Number of shares	Percentage of share capital (%)
Everstone Capital Partners II LLC	1	100.00
<b>Total</b>	<b>1</b>	<b>100.00</b>

#### *Preference Shares:*

Entity / Person	Number of shares	Percentage of share capital (%)
Everstone Capital Partners II LLC	6,164,786	67.65



Entity / Person	Number of shares	Percentage of share capital (%)
Schooner Private Equity LLC	853,113	9.36
76 West Holdings LLC	475,042	5.21
Zedan Limited	185,965	2.04
CDIB Capital Investment II Limited	992,332	10.89
ECP Texas CoInvestment Pte. Ltd.	441,892	4.85
<b>Total</b>	<b>9,113,130</b>	<b>100.00</b>

#### ***Everstar Holdings Pte. Ltd. (“EHPL”)***

The details of EHPL are as follows:

##### *Corporate information and history*

EHPL was incorporated in Singapore as a private company limited by shares with registration number 201627721N on October 10, 2016, with its office located at 163 Penang Road, #08-01, Winsland House II, Singapore (238463).

EHPL does not hold any Equity Shares in our Company. However, EHPL owns 8.70% of the equity shareholding of our Promoter.

##### *Board of Directors*

The board of directors of EHPL comprises the following persons:

- (1) Ms. Shelly Smith; and
- (2) Mr. Sanjoy Chatterjee.

##### *Shareholding pattern*

The shareholding pattern of EHPL as on the date of this Red Herring Prospectus is as follows:

##### *Ordinary Shares:*

Entity / Person	Number of shares	Percentage of share capital (%)
ECP III Pte. Ltd.	1	100.00
<b>Total</b>	<b>1</b>	<b>100.00</b>

#### ***Ownership of Indostar Everstone and EHPL***

Indostar Everstone is owned by Everstone Capital Partners II LLC and EHPL is 100% owned by ECP III Pte. Ltd.. Everstone Capital Management serves as the investment manager of Everstone Capital Partners II LLC and Everstone Capital Asia Pte. Ltd. serves as the investment manager of ECP III Pte. Ltd.

Everstone Capital Management and Everstone Capital Asia Pte. Ltd. do not hold any Equity Shares in our Company. However, Everstone Capital Management and Everstone Capital Asia Pte. Ltd., through their role as the investment managers of Everstone Capital Partners II LLC and ECP III Pte. Ltd., respectively, indirectly control voting rights of Indostar Everstone and EHPL, as on the date of this Red Herring Prospectus.

Sameer Sain and Atul Kapur together control, through one or more entities, Everstone Capital Management and Everstone Capital Asia Pte. Ltd. Further, they disclaim beneficial ownership of Equity Shares in our Company, other than to the extent of their respective economic interest, direct or indirect, in Everstone Capital Partners II LLC and ECP III Pte. Ltd.

#### **Change in control or management in the last three years**

Our Promoter is not the original promoter of our Company and has not acquired control of the Company in the five years immediately preceding the date of filing of the Draft Red Herring Prospectus. Further, there has been no change in control or management of our Promoter in the last three years. We confirm that the details of the

PAN, bank account numbers, the company registration number and the addresses of the registrar of companies where the Promoter is registered, to the extent applicable, has been submitted with the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

### **Interests of our Promoter in our Company**

Our Promoter is interested in our Company to the extent of its shareholding in and control over our Company, dividend payable on such shareholding and other distributions in respect of its Equity Shares, if any. For details of Equity Shares held by our Promoter, see “*Capital Structure*” on page 85. For details of directors nominated on our Board by our Promoter, see “*Our Management*” on page 193. Our Promoter may also be deemed to be interested in our Company to the extent of corporate guarantees provided in relation to certain loans availed by our Company. For details, see “*History and Certain Corporate Matters – Guarantees given by Promoter*” on page 192.

Except in the normal course of business and as stated in “*History and Corporate Matters*” and “*Related Party Transactions*” on pages 186 and 222, respectively, our Company has not entered into any contract, agreements or arrangements in which our Promoter is directly or indirectly interested and no payments have been made to our Promoter in respect of the contracts, agreements or arrangements which are proposed to be made with it.

Our Promoter has no interest, whether direct or indirect, in any property acquired by our Company in the two years preceding the date of this Red Herring Prospectus and the Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery, etc.

No sum has been paid or agreed to be paid by our Company, to our Promoter or to such firm or company in cash or shares wherein our Promoter is interested as member, or promoter or otherwise as an inducement by any person for services rendered by the Promoter or by such firm or company in connection with the promotion or formation of our Company.

Our Promoter does not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Our Promoter is not interested in any entity which holds any intellectual property rights that are used by our Company.

### **Payment or benefits to our Promoter or Promoter Group in the last two years**

Except in the ordinary course of business and as stated in “*Related Party Transactions*” on page 222, there has been no payment or benefits by our Company to our Promoter and members of our Promoter Group during the two years preceding the date of this Red Herring Prospectus and the Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoter or Promoter Group as on the date of this Red Herring Prospectus.

### ***Other confirmations***

Our Promoter is not related to any of the sundry debtors of our Company.

Our Promoter has confirmed that it has not been identified as a wilful defaulter as defined under the SEBI ICDR Regulations.

Neither our Promoter nor members of our Promoter Group have been prohibited from accessing or operating in capital markets, nor have they been restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory authority. Our Promoter is not, nor has it ever been a promoter, director or person in control of any company which is debarred from accessing capital markets under any order or directions made by SEBI.

Due to the nature of its core business activities, the Promoter may not have adequate experience in the business activities undertaken by our Company. For details, see “*Risk Factors –Our Promoter may not have adequate experience in the business activities undertaken by our Company*” on page 37.

**Companies or firms with which our Promoter has disassociated in the last three years**

Our Promoter has not disassociated itself from any company or firm in the last three years preceding the date of the Draft Red Herring Prospectus.

**Promoter Group**

Apart from our Promoter, the entities comprising the Promoter Group are as follows:

- (1) Indostar Everstone;
- (2) Everstone Capital Partners II LLC;
- (3) ACP LIBRA Limited; and
- (4) Beacon India Private Equity Fund ;

The abovementioned entities, except Everstone Capital Partners II LLC, have been identified as part of the Promoter Group based on their individual direct shareholding in our Promoter. Everstone Capital Partners II LLC has been identified as part of Promoter Group due (i) its direct shareholding in our Company and (ii) Indostar Everstone being owned by it.

Further, ACP LIBRA Limited and Beacon India Private Equity Fund are classified as Promoter Group solely on account of owning 10% or more of the equity share capital of our Promoter.

## OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, to identify ‘group companies’ for the purpose of disclosure in offer documents, our Company considered companies covered under applicable accounting standards (*i.e.*, companies disclosed as related parties in accordance with Accounting Standard 18) as per the Restated Consolidated Financial Statements, irrespective of whether the Company has had any transaction with such related party and certain other companies as considered material by our Board pursuant to the materiality policy adopted by the Company by a board resolution dated April 6, 2018.

In terms of the materiality policy, the following companies would be considered ‘material’ and identified as ‘Group Companies’:

- (i) A member of the Promoter Group with whom our Company has entered into one or more transactions that, individually or cumulatively, exceed 10% of the total standalone or consolidated revenues of our Company, whichever is lower, in each of Fiscal Year 2013, 2014, 2015, 2016, 2017 and the nine month period ended December 31, 2017 (“**Relevant Period**”); and/or
- (ii) A company which, after the Relevant Period, would require disclosure in the standalone or consolidated financial statements of our Company for subsequent periods as entities covered under Accounting Standard 18.

Based on the above, Indostar Capital, Firstgear Technologies Private Limited (“**FTPL**”) and JR Capital Services Private Limited (“**JRCSPL**”) are our Group Companies. For avoidance of doubt, it is clarified that companies which, subsequent to the Relevant Period, have ceased to be related parties of our Company in terms of Accounting Standard 18 solely on account of there being no significant influence/ control over such company in terms of Accounting Standard 18 are not considered as Group Companies for the purpose of disclosure in this RHP.

Relevant details of FTPL and JRCSPL are set forth below. For details of Indostar Capital, see “*Our Promoter and Promoter Group*” on page 213.

### Firstgear Technologies Private Limited

FTPL was incorporated on June 30, 2016 as a private limited company under the Companies Act, 2013, with the RoC. Its CIN is U74999MH2016PTC283114 and its registered office is situated at 203, Ashok Kumar Towers, 47 Union Park, Chembur, Mumbai 400 071.

The main object of FTPL is, *inter alia*, to offer to consumers, online services through the means of its website and mobile application and an online aggregator of automotive (car and two-wheeler) service providers.

#### *Interest of the Promoter*

Our Promoter does not have any interest in FTPL.

#### *Financial Information*

The following information has been derived from the latest available audited financial statements of FTPL for the Fiscal Year mentioned below\*.

<i>(in ₹ million except per share data)</i>	
Particulars	For the period ended March 31, 2017
Equity Capital	0.10
Reserves and Surplus	(0.27)
Sales	0.02
Total Income	0.02
Profit/(Loss) after Tax	(0.27)
Earnings per share (basic) (₹) (Face Value ₹ 10)	(26.83)
Earnings per share (diluted) (₹) (Face Value ₹ 10)	(26.83)
Dividend (%)	0
Net asset value per share	(16.82)

*\*As the company was incorporated in Fiscal Year 2017, disclosure of information relating financial statements of Fiscal Year 2016 and Fiscal Year 2015 is not applicable.*

There are no significant notes of the auditors in relation to the aforementioned financial statements.

### **JR Capital Services Private Limited**

JRCSPL was incorporated on March 20, 2015 as a private limited company under the Companies Act, 2013, with the RoC. Its CIN is U74999MH2015PTC262883 and its registered office is situated at Flat No. 1200, 12th Floor, Supreme Eptome, Opp. Cubic Mall, Dr. C.G. Road, Chembur, Mumbai 400074.

The main object of JRCSPL is to, *inter alia*, act as an advisor, consultant in all field of business.

#### *Interest of the Promoter*

Our Promoter does not have any interest in JRCSPL.

#### *Financial Information*

The following information has been derived from the latest available audited financial statements of JRCSPL for the Fiscal Years mentioned below.

*(in ₹ million, except per share data)*

<b>Particulars</b>	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2015</b>
Equity Capital	00.10	00.10	00.10
Reserves and Surplus	84.60	83.22	00.44
Sales	16.30	126.99	00.64
Total Income	19.80	141.92	00.64
Profit/(Loss) after Tax	01.38	82.78	00.44
Earnings per share (basic) (₹) (Face value ₹10)	13.79	827.84	43.50
Earnings per share (diluted) (₹) (Face value ₹10)	13.79	827.84	43.50
Dividend (%)	0	0	0
Net asset value per share	846.98	833.19	00.56

There are no significant notes of the auditors in relation to the aforementioned financial statements.

### **Interest of our Group Companies in our Company**

#### **(a) Business interests**

Except for our Promoter and as stated below, our Group Companies do not have any interest in the promotion or any business interest in our Company. Further, except for our Promoter, our Group Companies do not hold any Equity Shares in our Company. For details of Equity Shares held by our Promoter, see “*Our Promoter and Promoter Group*” and “*Capital Structure*” on pages 213 and 85, respectively.

JRCSPL is promoted by R. Sridhar and Padmapriya Sridhar (spouse of R. Sridhar). R. Sridhar, Padmapriya Sridhar and their son Bharadwaj Sridhar, are members of the board of directors of JRCSPL and together hold 100% of its paid up share capital.

R. Sridhar is our Executive Vice-Chairman and Chief Executive Officer. Apart from receiving remuneration from our Company, he holds 317,460 Equity Shares and 2,411,500 employee stock options issued by our Company.

#### **(b) In the properties acquired or proposed to be acquired by our Company in the past two years preceding the filing of this Red Herring Prospectus with SEBI**

Our Group Companies do not have any interest in the properties acquired by our Company in the two years preceding the filing of this Red Herring Prospectus or proposed to be acquired by our Company.

#### **(c) In transactions for acquisition of land, construction of building and supply of machinery**

Our Group Companies do not have any interest in any transactions for the acquisition of land, construction of building or supply of machinery.

### **Common Pursuits**

There are no common pursuits among our Group Companies and our Company.

### **Related Business Transactions within the Group Companies and significance on the financial performance of our Company**

See “*Related Party Transactions*” on page 222.

### **Sale/Purchase between Group Companies and our Company**

Our Group Companies are not involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company.

### **Defunct Group Companies**

Our Group Companies have not become defunct and no application has been made to the Registrar of Companies for striking off their name during the five years preceding the date of filing of the Draft Red Herring Prospectus and this Red Herring Prospectus.

### **Sick Group Companies**

Our Group Companies do not fall under the definition of sick industrial companies under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985 nor have they been declared insolvent or bankrupt under the Insolvency and Bankruptcy Code, 2016. Further no winding up, insolvency or bankruptcy proceedings have been initiated against them.

### **Losses made by our Group Companies**

One of our Group Companies incurred losses in Fiscal Year 2017. Provided below are details of the losses suffered by such Group Company:

<i>(in ₹ million)</i>	
<b>Name of the Group Company</b>	<b>Fiscal Year 2017</b>
Firstgear Technologies Private Limited	(0.27)*

\* Loss after tax

Further, our Promoter incurred losses of USD 52.85 million in the year ended March 31, 2016. For details, see “*Our Promoter and Promoter Group*” on page 213.

### **Other confirmations**

Our Group Companies are not listed or have not failed to list on any recognised stock exchange in India or abroad.

Our Group Companies have not made any public or rights issue of securities in the preceding three years.

Except for FTPL, which had negative net worth in Fiscal Year 2017, our Group Companies did not have negative net worth in the last three audited Financial Years.

Our Group Companies have not been debarred from accessing the capital market for any reasons by the SEBI or any other authorities.

Our Group Companies have not been identified as wilful defaulters as defined in the SEBI ICDR Regulations.

Our Group Companies have not committed any violations of securities laws in the past and no proceeding pertaining to such penalties are pending against them.

## **RELATED PARTY TRANSACTIONS**

For details of the related party disclosures, as per the requirements under Accounting Standard 18 ‘Related Party Disclosures’ specified under Section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Amendment Rules, 2016 and the relevant provisions of the Companies Act, see “*Annexure 25 - Restated Consolidated Statement of Related Party Transactions*” of the Restated Consolidated Financial Statements and “*Annexure 25 - Restated Standalone Statement of Related Party Transactions*” of the Restated Standalone Financial Statements on pages 257 and 293, respectively.



## SELECTED STATISTICAL INFORMATION

The following information is included for analytical purposes and should be read in conjunction with our restated financial statements on page 230, as well as “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 156 and 301, respectively.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

The following financial and statistical information should be read in conjunction with our restated financial statements as of and for fiscal 2013, 2014, 2015, 2016 and 2017 and the nine month period ended December 31, 2017, including annexures, on page 230.

### Financial Ratios

The following table sets forth, for the periods indicated, certain of our financial ratios:

#### Net Interest Income

Particulars	For Fiscal					For the Nine Month Period ended December 31, 2017
	2013	2014	2015	2016	2017	
	(₹ in million)					
Interest income on:						
Loan portfolio	1,859.64	3,220.26	4,230.53	5,341.21	6,320.12	4,865.64
Deposits with banks	123.99	268.24	337.44	236.83	113.47	12.14
Investments in PTCs	-	-	-	-	2.21	40.03
Debt instruments	18.68	106.03	85.64	62.09	-	230.64
	2,002.31	3,594.53	4,653.61	5,640.13	6,435.80	5,148.45
Less : Finance costs	(758.65)	(1,918.85)	(2,579.29)	(2,892.59)	(3,118.49)	(2,290.50)
Net Interest Income	1,243.66	1,675.68	2,074.32	2,747.54	3,317.31	2,857.95

Particulars	For Fiscal					For the Nine Month Period ended December 31, 2017
	2013	2014	2015	2016	2017	
	(₹ in million, except percentages)					
<i>Average Portfolio yield<sup>1</sup></i>						
Corporate lending	14.1%	14.6%	14.3%	14.6%	14.1%	14.0%
SME lending	-	-	-	11.3%	11.1%	10.4%
Housing finance	-	-	-	-	-	0.0%
<b>Aggregate portfolio yield<sup>2</sup></b>	14.1%	14.6%	14.3%	14.5%	13.8%	13.3%
Interest spread <sup>3</sup>	2.3%	2.5%	2.5%	3.3%	3.5%	4.2%
Net Interest Margin <sup>4</sup>	8.2%	6.6%	6.0%	6.5%	6.8%	6.9%
Total Income <sup>5</sup>	1,657.12	2,050.20	2,701.27	3,547.91	4,080.68	3,568.97
Cost to Income <sup>6</sup>	20.1%	16.8%	15.2%	16.4%	17.8%	27.6%
Average Equity <sup>7</sup>	9,797.81	10,803.04	12,104.41	14,135.19	17,222.78	19,897.94
Return on Average Equity <sup>8</sup>	9.2%	10.4%	12.3%	13.6%	12.2%	10.9%

Particulars	For Fiscal					For the Nine Month Period ended December 31, 2017
	2013	2014	2015	2016	2017	
	(₹ in million, except percentages)					
Average Assets <sup>9</sup>	16,307.18	26,839.43	35,762.24	43,424.75	50,910.37	57,669.23
Return on Average Assets <sup>10</sup>	5.5%	4.2%	4.2%	4.4%	4.1%	3.8%

1. Average portfolio yield is calculated considering the interest income earned from the relevant loan portfolio divided by Monthly Average Portfolio (calculated by considering the closing balance of each month for the relevant period) for each of our business lines, i.e., Corporate lending, SME lending and Housing finance. Average portfolio yield for the nine month period ended December 31, 2017 have been presented on an annualized basis.
2. Aggregate portfolio yield is calculated considering the interest income earned from the total loan portfolio divided by Monthly Average Portfolio.
3. Interest spread represents Aggregate portfolio yield reduced by Average borrowing cost for the relevant period.
4. Net Interest margin represents net interest income divided by average interest earning assets for the relevant period.
5. Total income represents sum of net interest income, fees income, gain on sale of loan asset and other income.
6. Cost to Income is calculated by dividing sum of employee benefit expenses, depreciation and amortisation expense and other expenses by total income.
7. Average Equity represents the simple average of our Equity as of the last day of the relevant period and last day of the previous period.
8. Return on Average Equity is calculated as the profit after tax for the relevant period as a percentage of Average Equity in such period.
9. Average Assets represents the simple average of our total assets as of the last day of the relevant period and last day of the previous period.
10. Return on Average Assets is calculated as the profit after tax for the relevant period as a percentage of Average Assets in such period.

### Total Credit Exposure

	As of and for the Fiscal					As of and for the Nine Month Period ended December 31, 2017
Particulars	2013	2014	2015	2016	2017	
	(₹ in million, except percentages)					
Gross Advances						
Secured, considered good						
Hypothecation loans	11,079.12	12,966.17	19,528.70	22,395.57	25,759.36	25,216.59
Debentures	5,436.20	10,610.99	9,250.67	14,355.30	16,662.88	18,781.93
Short term loans	-	250.00	1,000.00	1,000.00	-	1,741.30
Secured, considered doubtful						
Hypothecation loans	-	193.85	193.85	100.00	727.33	890.00
Unsecured, considered good						
Hypothecation loans	-	1,000.00	800.00	-	750.00	-
Debentures	-	99.57	-	-	2,550.00	3,550.00
Short term loans	1,150.00	600.00	2,973.10	4,800.00	5,000.00	1,287.20
Loan to Indostar Trust	14.00	-	-	-	-	-
Gross Advances (A)	17,679.32	25,720.58	33,746.32	42,650.87	51,449.58	51,467.02
Non-current investments						
Investment in pass through certificates (PTCs)					909.09	249.89
Investments in debentures - Quoted	650.00	608.40	546.00			
Total Non-current investments (B)	650.00	608.40	546.00	-	909.09	249.89
Total Credit Exposure (A) + (B)	18,329.32	26,328.98	34,292.32	42,650.87	52,358.67	51,716.91

The following table sets forth, for the periods indicated, selected information relating to our total credit exposure:

Particulars	As of and for the Fiscal					As of and for the Nine Month Period ended December 31, 2017
	2013	2014	2015	2016	2017	
	(₹ in million, except percentages)					
<b>Credit exposure<sup>1</sup></b>						
Corporate lending	18,329.32	26,328.98	34,218.24	40,418.73	45,857.93	39,693.97
SME lending	-	-	74.08	2,232.14	6,500.74	11,733.97
Housing finance	-	-	-	-	-	145.95
<b>Vehicle Finance</b>						<b>143.01</b>
<b>Total credit exposure</b>	<b>18,329.32</b>	<b>26,328.98</b>	<b>34,292.32</b>	<b>42,650.87</b>	<b>52,358.67</b>	<b>51,716.91</b>
<b>Distribution of total credit exposure<sup>2</sup></b>						
Corporate lending	100.0%	100.0%	99.8%	94.8%	87.6%	76.8%
SME lending	-	-	0.2%	5.2%	12.4%	22.7%
Housing finance	-	-	-	-	-	0.3%
<b>Vehicle Finance</b>						<b>0.3%</b>
<b>Gross disbursements<sup>3</sup></b>						
Corporate lending	28,646.47	29,491.16	33,170.84	38,320.56	43,498.20	23,362.39
SME lending	-	-	74.08	2,655.49	5,535.60	8,399.09
Housing finance	-	-	-	-	-	148.75
<b>Vehicle Finance</b>						<b>143.08</b>
<b>Total</b>	<b>28,646.47</b>	<b>29,491.16</b>	<b>33,244.92</b>	<b>40,976.05</b>	<b>49,033.80</b>	<b>32,053.31</b>
<b>Aggregate pre-payments, repayments and sell-downs<sup>4</sup></b>						
Corporate lending	19,019.67	21,491.50	25,281.57	32,120.07	38,059.00	29,526.36
SME lending	-	-	-	497.43	1,267.00	3,165.86
Housing finance						2.80
<b>Vehicle Finance</b>						<b>0.07</b>
<b>Total</b>	<b>19,019.67</b>	<b>21,491.50</b>	<b>25,281.57</b>	<b>32,617.50</b>	<b>39,326.00</b>	<b>32,695.09</b>
Percentage of total credit exposure that is secured <sup>5</sup>	100.0%	96.2%	86.7%	89.5%	82.8%	88.8%
Percentage of total credit exposure with fixed interest rates <sup>6</sup>	80.2%	75.4%	64.3%	62.7%	66.8%	62.5%
Percentage of total credit exposure subject to monthly interest payments <sup>7</sup>	71.7%	78.5%	62.4%	73.1%	65.7%	71.2%
Percentage of total credit exposure subject to monthly principal repayments <sup>8</sup>	-	-	-	62.1%	61.1%	71.2%

1. Credit exposure represents the total value of outstanding credit exposure as on the end of the relevant period.
2. Distribution of total credit exposure represents % share of respective vertical's credit exposure out of total credit exposure. It is calculated by dividing the respective vertical's outstanding credit exposure with total credit exposure as on closing date of the respective period.
3. Gross Disbursement represents the aggregate of all credit exposure to our customers in the relevant period.
4. Aggregate pre-payments, repayments and sell-downs represent the amount of total credit exposure that has been either prepaid or repaid by the borrower. It also includes the amount of total credit exposure that the Company has sold down to other parties.
5. Percentage of total credit exposure that is secured represents the proportion of total credit exposure that are secured by way of charge on tangible or intangible property of the borrower.
6. Percentage of total credit exposure with fixed interest rates represents the proportion of total credit exposure where interest charged from the borrower are fixed in nature.
7. Percentage of total credit exposure subject to monthly interest payments represents the proportion of total credit exposure where borrowers need to pay interest on the outstanding credit exposure on a monthly basis.

8. Percentage of total credit exposure subject to monthly principal repayments represents the proportion of total credit exposure where principal repayment of outstanding credit exposure made on a monthly basis.

## Borrowings

The following table sets forth, for the periods indicated, selected information relating to our borrowings, including our credit ratings and the number and mix of our lenders:

Particulars	As of and for the Fiscal					As of and for the Nine Month Period ended December 31, 2017
	2013	2014	2015	2016	2017	
	(₹ in million, except percentages)					
<b>Borrowings</b>						
Term loans from banks	7,055.68	12,808.60	15,410.64	14,522.21	14,653.98	15,543.06
Redeemable Non-convertible debentures	2,650.00	4,504.84	6,888.01	10,492.16	11,213.46	8,219.30
Commercial paper	1,337.58	1,668.42	3,439.22	3,905.49	6,918.04	12,560.83
Bank Overdrafts	-	-	-	1,088.67	947.47	509.34
Inter corporate deposit						50.00
<b>Total</b>	11,043.26	18,981.86	25,737.87	30,008.54	33,732.95	36,882.53
<b>Borrowing mix</b>						
Term loans from banks	63.9%	67.5%	59.9%	48.4%	43.4%	42.1%
Redeemable Non-convertible debentures	24.0%	23.7%	26.8%	35.0%	33.2%	22.3%
Commercial paper	12.1%	8.8%	13.4%	13.0%	20.5%	34.1%
Bank Overdrafts	-	-	-	3.6%	2.8%	1.4%
Inter corporate deposit						0.1%
<b>Average Borrowing cost</b>						
Aggregate borrowing cost	11.8%	12.1%	11.9%	11.1%	10.3%	9.1%
Term loans from banks including bank overdrafts	12.3%	12.6%	12.3%	11.7%	10.8%	9.8%
Redeemable Non-convertible debentures	11.4%	11.7%	11.7%	11.2%	10.7%	10.4%
Commercial paper	10.8%	10.1%	9.6%	8.0%	7.4%	7.1%
Incremental cost of borrowing	12.5%	11.8%	11.3%	10.3%	9.8%	8.4%
<b>Credit rating for each type of borrowing</b>						
Term loans from banks	AA(-)	AA(-)	AA(-)	AA(-)	AA(-)	AA(-)
Redeemable Non-convertible debentures	AA(-)	AA(-)	AA(-)	AA(-)	AA(-)	AA(-)
Commercial paper	A1(+)	A1(+)	A1(+)	A1(+)	A1(+)	A1(+)
<b>Number of lenders</b>						
Banks	10	21	21	24	25	27
Mutual funds	9	12	16	17	19	21
Financial institutions and insurance companies	-	-	-	-	2	2
Others	-	-	2	2	2	2
<b>Total</b>	<b>19</b>	<b>33</b>	<b>39</b>	<b>43</b>	<b>48</b>	<b>52</b>

Average Borrowing Cost is calculated on average monthly outstanding borrowing as at the end of the relevant period. Borrowings represent aggregate long-term borrowings, short-term borrowings and current maturities of long term debts as of the end of the relevant period. Average Borrowing cost for the nine month period ended December 31, 2017 have been presented on an annualized basis.

## Asset Quality

The following table sets forth certain information regarding classification of our assets and provisioning:

Particulars	As of and for the Fiscal					As of and for the Nine Month Period ended December 31, 2017
	2013	2014	2015	2016	2017	
	(₹ in million, except percentages)					
<i>Gross NPA and Net NPA</i>						
Gross NPA (Amount)	-	193.85	193.85	100.00	727.34	890.00
Gross NPA (Percentage) <sup>1</sup>	-	0.8%	0.6%	0.2%	1.4%	1.7%
Net NPA (Amount)	-	174.46	174.46	80.00	619.51	707.14
Net NPA (Percentage) <sup>2</sup>	-	0.7%	0.5%	0.2%	1.2%	1.3%
<i>Gross NPA for each business line</i>						
Corporate lending	-	193.85	193.85	100.00	666.40	594.40
SME lending	-	-	-	-	60.94	295.60
<i>Net NPA for each business line</i>						
Corporate lending	-	174.46	174.46	80.00	579.76	445.52
SME lending	-	-	-	-	39.75	261.62

1. Gross NPA (Percentage) represents Gross NPA as of the last day of the relevant period as a percentage of Gross Advances as of the last day of the relevant period. Gross Advances represents loans and advances to customers as debentures, hypothecation loans and short term loans as of the end of the relevant period.
2. Net NPA (Percentage) represents net NPA as of the last day of the relevant period as a percentage of Net Advances as of the last day of the relevant period. Net Advances represents gross advances as reduced by provision for non-performing assets as of the end of the relevant period.

### Capital Adequacy

Our Company is subject to the CRAR requirements prescribed by the RBI. As of December 31, 2017, our Company was required to maintain a minimum CRAR of 15.0% based on the total capital to risk weighted assets. The following table sets forth certain information relating to our CRAR as of the periods indicated:

Particulars	As of March 31,					As of December 31, 2017
	2013	2014	2015	2016	2017	
	(₹ in million, except percentages)					
CRAR	50.2%	41.5%	32.6%	34.2%	33.8%	31.6%
Tier I Capital	49.6%	41.1%	32.3%	33.8%	33.4%	31.3%
Tier II Capital	0.6%	0.4%	0.4%	0.4%	0.4%	0.3%
Risk weighted assets	20,571.48	27,462.47	39,041.93	44,888.81	56,127.44	65,697.71
Leverage <sup>1</sup>	1.7x	2.5x	3.0x	3.1x	3.0x	2.9x
Debt / Equity <sup>2</sup>	1.08	1.67	2.00	1.95	1.77	1.78

1. Leverage is calculated by dividing the Average Assets by Average Equity.
2. Debt/Equity is calculated by dividing total borrowings by total equity.

### Productivity Ratios

The following table sets forth, for the periods indicated, certain of our productivity ratios:

Particulars	As of March 31,					As of December 31, 2017
	2013	2014	2015	2016	2017	
	(₹ in million, except percentages)					
Number of branches <sup>1</sup>	-	-	-	3	7	43
Number of employees <sup>2</sup>	30	27	36	74	93	531
<b>Number of credit exposures outstanding<sup>3</sup></b>						
Corporate lending	39	52	57	64	60	61
SME lending	-	-	4	189	499	993
Housing finance	-	-	-	-	-	116
Vehicle Finance						248
<b>Total</b>	<b>39</b>	<b>52</b>	<b>61</b>	<b>253</b>	<b>559</b>	<b>1,418</b>
<b>Number of customers<sup>4</sup></b>						
Corporate lending	34	42	49	53	48	36
SME lending	-	-	4	143	426	861
Housing finance	-	-	-	-	-	109
Vehicle Finance						248
<b>Total</b>	<b>34</b>	<b>42</b>	<b>53</b>	<b>196</b>	<b>474</b>	<b>1,254</b>

1. Number of branches represents aggregate number of branches of our Company as of the last day of the relevant period.
2. Number of employees represents aggregate number of employees of our Company as of the last day of relevant period.
3. Number of credit exposures outstanding represents total number of credit exposure outstanding as of the last day of the relevant period, excluding PTCs.
4. Number of customers represents total number of customers as of the last day of the relevant period.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by our Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act, 2013. The dividend, if any, will depend on a number of factors, including but not limited to the future expansion plans and capital requirements, profit earned during the fiscal year, capital requirements, and surpluses, contractual restrictions, liquidity and applicable taxes including dividend distribution tax payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

### ***Dividends on Equity Shares***

Our Company has not paid any dividend since its incorporation. Our Company does not have a formal dividend policy. The amount paid as dividends in the past is not necessarily indicative of our dividend policy or dividend amounts, if any, in the future. For details in relation to the risk involved, see “*Risk Factors – Our ability to pay dividends will depend on our earnings, financial condition, cash flows, capital requirements, capital expenditures and restrictive covenants of our financing arrangements*” on page 36.

**SECTION V – FINANCIAL INFORMATION**  
**FINANCIAL STATEMENTS**

<b>Particulars</b>	<b>Page number</b>
Auditors' Report on the restated consolidated summary statement of assets and liabilities as at December 31, 2017, March 31, 2017, 2016, 2015 and 2014 and restated consolidated summary statements of profit and loss and cash flows for the nine month period ended December 31, 2017 and for each of the years ended March 31, 2017, 2016, 2015 and 2014 of IndoStar Capital Finance Limited	231
Auditors' Report on the restated standalone summary statement of assets and liabilities as at December 31, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 and restated standalone summary statements of profit and loss and cash flows for the nine month period ended December 31, 2017 and for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 of IndoStar Capital Finance Limited	271



**Auditors' Report on the restated consolidated summary statement of assets and liabilities as at December 31, 2017, March 31, 2017, 2016, 2015 and 2014 and restated consolidated summary statements of profit and loss and cash flows for the nine months period ended December 31, 2017 and for each of the years ended March 31, 2017, 2016, 2015 and 2014 of IndoStar Capital Finance Limited (collectively, the "Restated Consolidated Summary Statements")**

The Board of Directors  
IndoStar Capital Finance Limited  
20<sup>th</sup> -Floor, Tower 2A  
One Indiabulls Centre,  
Senapati Bapat Marg,  
Mumbai – 400013

Dear Sirs / Madams,

1. We have examined the attached Restated Consolidated Summary Statements of IndoStar Capital Finance Limited (the "Company") and its subsidiaries consisting of IndoStar Home Finance Private Limited and IndoStar Asset Advisory Private Limited (collectively known as the "Group") as at December 31, 2017, March 31, 2017, 2016, 2015 and 2014 and for the nine months period ended December 31, 2017 and for each of the years ended March 31, 2017, 2016, 2015 and 2014, annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed initial public offer of equity shares of face value of Rs. 10 each ("IPO"). The Restated Consolidated Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:
  - a) sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1) of Section 26 of Chapter III of The Companies Act, 2013 (the "Act") read with rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules"); and
  - b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

**Management's Responsibility for the Restated Consolidated Summary Statements**

2. The preparation of Restated Consolidated Summary Statements, which are to be included in the offer documents, is the responsibility of the Management of the Company for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Consolidated Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Rules and the ICDR Regulations.

### Auditors' Responsibilities

3. We have examined such Restated Consolidated Summary Statements taking into consideration:
  - a) the terms of reference and our engagement agreed with you vide our engagement letter dated December 27, 2017, requesting us to carry out work on such Restated Consolidated Summary Statements in connection with the Company's proposed IPO;
  - b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and
  - c) the requirements of Section 26 of the Act read with applicable provisions within Rule 4 to 6 of the Rules and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the IPO.
4. The Company proposes to make an IPO which comprises a fresh issue of equity shares of Rs.10 each by the Company and an offer for sale by certain shareholders of the existing equity shares of Rs.10 each, at such premium, arrived at by a book building process (referred to as the "Issue"), as may be decided by the Board of Directors of the Company.

### Restated Consolidated Summary Statements as per audited consolidated financial statements

5. The Restated Consolidated Summary Statements have been compiled by the management from:
  - a) the audited consolidated financial statements of the Company as at and for the nine months period ended December 31, 2017 and as at and for each of the years ended March 31, 2017, 2016, 2015 and 2014, which have been approved by the Board of Directors at their meetings held on April 06, 2018, May 12, 2017, May 13, 2016, May 15, 2015 and February 05, 2018, respectively;
  - b) the audited consolidated financial statements include information in relation to the Company's subsidiary as listed below:

Name of the Entity	Relationship	Name of Auditor	Period covered
IndoStar Asset Advisory Private Limited	Subsidiary	S R B C & CO LLP	For years ended March 31, 2015 and March 31, 2014
		S. R. Batliboi & CO LLP	For nine months period ended December 31, 2017, years ended March 31, 2017 and March 31, 2016
IndoStar Home Finance Private Limited	Subsidiary	S. R. Batliboi & CO LLP	For nine months period ended December 31, 2017, years ended March 31, 2017 and March 31, 2016

6. For the purpose of our examination, we have relied on our Auditors' Report issued by us dated April 06, 2018, May 12, 2017, May 13, 2016, May 15, 2015 and February 05, 2018 on the consolidated financial statements of the Company as at and for the nine months period ended December 31, 2017 and as at and for each of the years ended March 31, 2017, 2016, 2015 and 2014, respectively, as referred in Para 5 (a) above.

7. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, read with rules 4 to 6 of the Rules, the ICDR Regulations and the Guidance Note, we report that:
  - a) The Restated Consolidated Summary Statement of assets and liabilities of the Company as at December 31, 2017, March 31, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Consolidated Summary Statement of Material Adjustments and Regroupings.
  - b) The Restated Consolidated Summary Statement of profit and loss of the Company for the nine months ended December 31, 2017 and each of the years ended March 31, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Consolidated Summary Statement of Material Adjustments and Regroupings.
  - c) The Restated Consolidated Summary Statement of cash flows of the Company for the nine months ended December 31, 2017 and each of the years ended March 31, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Consolidated Summary Statement of Material Adjustments and Regroupings.
  - d) Based on our examination and according to the information and explanations given to us, we further report that:
    - i) Restated Consolidated Summary Statements have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
    - ii) Restated Consolidated Summary Statements have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
    - iii) Restated Consolidated Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Consolidated Summary Statements;
    - iv) There are no qualifications in the auditors' reports on the audited consolidated financial statements of the Company as at December 31, 2017, March 31, 2017, 2016, 2015 and 2014 and for the nine months period ended December 31, 2017 and for each of the years ended March 31, 2017, 2016, 2015 and 2014, which require any adjustments to the Restated Consolidated Summary Statements; and
    - v) Other audit qualifications included in the auditors' report pursuant to Rule 11(d) of Companies (Audit and Auditors) Amendment Rules, 2017 on the consolidated financial statements for the year ended 2017, which do not require any corrective adjustment in the Restated Consolidated Summary Statements, are as follows

**A. Auditors' Report for the Financial year ended March 31, 2017****Paragraph 2(g)(iv) of Report on Other Legal and Regulatory Requirements**

The Holding Company, subsidiaries incorporated in India have provided disclosures in Note 29 in the consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding to the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. However, as stated in note 29 in the financial statements, the borrowers of the Company have directly deposited cash in the Company's bank accounts and we report that we were not made available sufficient appropriate audit evidence regarding denomination wise details of such deposits, details of which, as represented to us, are not available with the Company.

8. We have not audited any financial statements of the Group as of any date or for any period subsequent to December 31, 2017. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to December 31, 2017.

**Other Financial Information**

9. At the Company's request, we have also examined the following restated financial information proposed to be included in the offer document, prepared by the Management and approved by the Board of Directors of the Company on April 06, 2018 and annexed to this report relating to the Group, as at and for the nine months period ended December 31, 2017 and each of the years ended March 31, 2017, 2016, 2015 and 2014:
- i. Restated Consolidated Statement of Share Capital, enclosed as Annexure 6;
  - ii. Restated Consolidated Statement of Reserves and Surplus, enclosed as Annexure 7;
  - iii. Restated Consolidated Statement of Long-term Borrowings, enclosed as Annexure 8;
  - iv. Restated Consolidated Statement of Other Liabilities, enclosed as Annexure 9;
  - v. Restated Consolidated Statement of Provisions, enclosed as Annexure 10;
  - vi. Restated Consolidated Statement of Short-term borrowings, enclosed as Annexure 11;
  - vii. Restated Consolidated Statement of Property, Plant and Equipment and Intangible Assets, enclosed as Annexure 12;
  - viii. Restated Consolidated Statement of Investments, enclosed as Annexure 13;
  - ix. Restated Consolidated Statement of Deferred Tax assets(net), enclosed as Annexure 14;
  - x. Restated Consolidated Statement of Loans and Advances, enclosed as Annexure 15;
  - xi. Restated Consolidated Statement of Other Non-Current and Other Current Assets, enclosed as Annexure 16;
  - xii. Restated Consolidated Statement of Cash and Bank Balances, enclosed as Annexure 17;
  - xiii. Restated Consolidated Statement of Revenue from operations, enclosed as Annexure 18;
  - xiv. Restated Consolidated Statement of Other Income, enclosed as Annexure 19;
  - xv. Restated Consolidated Statement of Employee Benefit Expenses, enclosed as Annexure 20;

- xvi. Restated Consolidated Statement of Finance Costs, enclosed as Annexure 21;
  - xvii. Restated Consolidated Statement of Other Expenses, enclosed as Annexure 22;
  - xviii. Restated Consolidated Statement of Provisions and Write offs, enclosed as Annexure 23;
  - xix. Restated Consolidated Statement of Earnings per share, enclosed as Annexure 24;
  - xx. Restated Consolidated Statement of Related Party transactions, enclosed as Annexure 25;
  - xxi. Restated Consolidated Statement of Employee stock option plans, enclosed as Annexure 26;
  - xxii. Restated Consolidated Statement of Additional Information, enclosed as Annexure 27;
  - xxiii. Restated Consolidated Statement of Capitalisation, enclosed as Annexure 28;
  - xxiv. Restated Consolidated Statement of Accounting Ratios, enclosed as Annexure 29; and
  - xxv. Restated Consolidated Statement of Dividend, enclosed as Annexure 30.
10. According to the information and explanations given to us, in our opinion, the Restated Consolidated Summary Statements and the above Restated Consolidated Statements contained in Annexures 6 to 30 accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure 5, are prepared after making adjustments and regroupings as considered appropriate and disclosed in Annexure 4 and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act read with rules 4 to 6 of the Rules, the ICDR Regulations and the Guidance Note.
11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. Our report is intended solely for use of the management for inclusion in the red herring prospectus and prospectus to be filed with SEBI, BSE Limited, National Stock Exchange of India Limited and Registrar of the Companies, Maharashtra situated at Mumbai in connection with the proposed IPO of the Company and is not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Yours faithfully,

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

ICAI Firm registration number: 301003E/E300005

**per Jayesh Gandhi**

Partner

Membership No. 037924

Mumbai

April 06, 2018

INDOSTAR CAPITAL FINANCE LIMITED

ANNEXURE 1: RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Millions)

	Annexure	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Equity and liabilities</b>						
<b>Shareholders' funds</b>						
Share capital	6	786.79	783.62	733.54	683.65	683.23
Reserves and surplus	7	19,981.55	18,243.92	14,684.48	12,168.70	10,673.25
		<b>20,768.34</b>	<b>19,027.54</b>	<b>15,418.02</b>	<b>12,852.35</b>	<b>11,356.48</b>
<b>Non-current liabilities</b>						
Long-term borrowings	8	15,418.39	19,106.12	17,588.66	16,138.35	11,915.70
Other long-term liabilities	9	39.08	72.37	102.68	138.99	578.14
Long-term provisions	10	342.10	269.48	146.14	119.52	108.97
		<b>15,799.57</b>	<b>19,447.97</b>	<b>17,837.48</b>	<b>16,396.86</b>	<b>12,602.81</b>
<b>Current liabilities</b>						
Short-term borrowings	11	13,120.17	7,865.51	4,994.16	3,439.22	1,668.42
Trade payables						
(i) Micro, small and medium enterprises	9.1	-	-	-	-	-
(ii) Others		19.32	52.84	6.67	4.45	0.18
Other current liabilities	9	10,640.42	8,337.47	8,618.21	7,165.82	5,950.42
Short-term provisions	10	102.94	156.36	58.50	57.76	29.71
		<b>23,882.85</b>	<b>16,412.18</b>	<b>13,677.54</b>	<b>10,667.25</b>	<b>7,648.73</b>
<b>TOTAL</b>		<b>60,450.76</b>	<b>54,887.69</b>	<b>46,933.04</b>	<b>39,916.46</b>	<b>31,608.02</b>
<b>Assets</b>						
<b>Non-current assets</b>						
Fixed assets						
Property, Plant and Equipment	12	122.28	69.22	30.21	6.33	9.62
Intangible assets	12	14.24	18.79	2.88	2.38	1.24
Capital work-in-progress		122.33	-	4.43	-	-
Non-current investments	13	1,388.45	630.31	-	546.00	608.40
Deferred tax assets (net)	14	183.17	163.65	103.02	85.17	81.30
Long-term loans and advances	15	39,240.12	39,330.91	30,992.48	24,337.75	21,368.10
Other non-current assets	16	-	-	-	53.70	104.05
		<b>41,070.59</b>	<b>40,212.88</b>	<b>31,133.02</b>	<b>25,031.33</b>	<b>22,172.71</b>
<b>Current assets</b>						
Current investments	13	5,727.30	1,239.38	-	-	-
Cash and bank balances	17	754.34	651.30	3,596.09	4,856.46	4,681.80
Short-term loans and advances	15	12,439.58	12,275.35	11,846.53	9,582.82	4,495.64
Other current assets	16	458.95	508.78	357.40	445.85	257.87
		<b>19,380.17</b>	<b>14,674.81</b>	<b>15,800.02</b>	<b>14,885.13</b>	<b>9,435.31</b>
<b>TOTAL</b>		<b>60,450.76</b>	<b>54,887.69</b>	<b>46,933.04</b>	<b>39,916.46</b>	<b>31,608.02</b>
<b>Significant Accounting Policies</b>	<b>5</b>					

The accompanying summary of significant accounting policies (Annexure 5) and restated notes to accounts (Annexure 6 - 30) and notes on adjustments for restated consolidated summary financial information (Annexure 4) are an integral part of this statement.

As per our report of even date  
**For S R Batliboi & Co LLP**  
ICAIA Firm Registration No. 301003E/E300005  
Chartered Accountants

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

**per Jayesh Gandhi**  
Partner  
Membership No. 037924

**R. Sridhar**  
Executive Vice-Chairman & CEO  
DIN: 00136697

**Dhanpal Jhaveri**  
Chairman  
DIN: 02018124

**Pankaj Thapar**  
Chief Financial Officer

**Jitendra Bhati**  
Company Secretary

Place: Mumbai  
Date: 06 April 2018

Place: Mumbai  
Date: 06 April 2018

**INDOSTAR CAPITAL FINANCE LIMITED**

**ANNEXURE 2: RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS**

		(Rs. in Millions)				
	Annexure	For the period ended		For the year ended		
		December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Income</b>						
Revenue from operations	18	5,801.62	7,193.03	6,439.96	5,280.53	3,945.64
Other income	19	57.85	6.14	0.54	0.03	23.41
<b>Total Revenue (I)</b>		<b>5,859.47</b>	<b>7,199.17</b>	<b>6,440.50</b>	<b>5,280.56</b>	<b>3,969.05</b>
<b>Expenses</b>						
Employee benefit expenses	20	565.24	481.90	394.50	280.58	251.92
Finance costs	21	2,290.50	3,118.49	2,892.59	2,579.29	1,918.85
Depreciation and amortization expense	12	23.48	18.78	5.13	7.12	8.71
Other expenses	22	395.06	226.32	182.39	122.74	83.57
Provisions and write offs	23	86.15	123.28	33.82	30.37	13.54
<b>Total expenses (II)</b>		<b>3,360.43</b>	<b>3,968.77</b>	<b>3,508.43</b>	<b>3,020.10</b>	<b>2,276.59</b>
<b>Profit before tax (III)= (I)-(II)</b>		<b>2,499.04</b>	<b>3,230.40</b>	<b>2,932.07</b>	<b>2,260.46</b>	<b>1,692.46</b>
<b>Tax expenses:</b>						
Current tax		877.75	1,180.56	1,033.50	773.96	613.95
Deferred tax		(19.52)	(60.63)	(17.85)	(3.87)	(42.81)
Tax relating to earlier periods		-	2.52	-	-	-
<b>Total tax expenses (IV)</b>		<b>858.23</b>	<b>1,122.45</b>	<b>1,015.65</b>	<b>770.09</b>	<b>571.14</b>
<b>Profit after tax (as restated) (V)=(IV)-(III)</b>		<b>1,640.81</b>	<b>2,107.95</b>	<b>1,916.42</b>	<b>1,490.37</b>	<b>1,121.32</b>
<b>Profit / (loss) for the period</b>		<b>1,640.81</b>	<b>2,107.95</b>	<b>1,916.42</b>	<b>1,490.37</b>	<b>1,121.32</b>
Attributable to:						
Equity holders of the Parent		1,640.81	2,107.95	1,916.42	1,490.37	1,121.32
Minority Interest		-	-	-	-	-
<b>Earnings per equity share *</b>	<b>24</b>					
Basic (Rs.)		20.87	28.69	26.75	21.72	16.34
Diluted (Rs.)		18.82	26.31	26.41	21.43	16.27
Nominal value per share (Rs.)		10.00	10.00	10.00	10.00	10.00

**Significant Accounting Policies**

**5**

The accompanying summary of significant accounting policies (Annexure 5) and restated notes to accounts (Annexure 6 - 30) and notes on adjustments for restated consolidated summary financial information (Annexure 4) are an integral part of this statement.

\* Basic EPS and Diluted EPS for the period ended December 31, 2017 are not annualised.

As per our report of even date

**For S R Batliboi & Co LLP**

ICAI Firm Registration No. 301003E/E300005

Chartered Accountants

**For and on behalf of the Board of Directors**

**IndoStar Capital Finance Limited**

**per Jayesh Gandhi**

Partner

Membership No. 037924

**R. Sridhar**

Executive Vice-Chairman & CEO

DIN: 00136697

**Dhanpal Jhaveri**

Chairman

DIN: 02018124

**Pankaj Thapar**

Chief Financial Officer

**Jitendra Bhati**

Company Secretary

Place: Mumbai

Date: 06 April 2018

Place: Mumbai

Date: 06 April 2018

**INDOSTAR CAPITAL FINANCE LIMITED**

**ANNEXURE 3 : RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOW**

Particulars	(Rs. in Millions)				
	Period ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
<b>Cash flow from operating activities</b>					
<b>Net profit before tax as per statement of profit and loss</b>	<b>2,499.04</b>	<b>3,230.40</b>	<b>2,932.07</b>	<b>2,260.46</b>	<b>1,692.46</b>
<b>Add/(Less) :</b>					
Depreciation and amortisation	23.48	18.78	5.13	7.12	8.71
Loss / (profit) on sale of fixed assets (net)	-	0.09	0.02	0.02	-
Provisions for non performing assets	75.03	87.82	0.62	-	19.38
Provisions for standard assets	(3.81)	35.46	33.20	30.37	(5.84)
Provision for gratuity	0.59	2.13	0.84	0.74	(0.34)
Provision for leave encashment	2.42	1.12	0.76	1.16	(0.08)
<b>Operating profit before working capital changes</b>	<b>2,596.75</b>	<b>3,375.80</b>	<b>2,972.64</b>	<b>2,299.87</b>	<b>1,714.29</b>
<b>Movement in working capital</b>					
Increase / (decrease) in trade payables	(33.52)	46.17	2.23	4.27	(16.79)
Increase / (decrease) in other liabilities	2,269.65	(311.05)	1,416.08	776.25	3,312.40
(Increase) / Decrease in loans and advances	(73.44)	(8,767.25)	(8,918.45)	(8,051.32)	(8,109.75)
(Increase) / Decrease in other assets	49.84	(151.39)	142.15	(137.64)	(80.44)
<b>Cash generated from/(used in) operations</b>	<b>4,809.28</b>	<b>(5,807.72)</b>	<b>(4,385.35)</b>	<b>(5,108.57)</b>	<b>(3,180.29)</b>
Direct taxes paid (net of refunds)	(932.78)	(1,088.41)	(1,041.69)	(767.62)	(647.47)
<b>Total Tax paid</b>	<b>(932.78)</b>	<b>(1,088.41)</b>	<b>(1,041.69)</b>	<b>(767.62)</b>	<b>(647.47)</b>
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>3,876.50</b>	<b>(6,896.13)</b>	<b>(5,427.04)</b>	<b>(5,876.19)</b>	<b>(3,827.76)</b>
<b>Cash flows from investing activities</b>					
Purchase of fixed assets	(71.99)	(69.42)	(29.54)	(5.03)	(1.58)
Payments of capital work in progress	(122.34)	-	(4.43)	-	-
Proceeds from sale of fixed assets	-	0.07	0.00	0.03	0.01
Investment in Preference Shares	-	(39.98)	-	-	-
Investment in Pass through certificates	659.20	(909.09)	-	-	-
(Investment) / Repayments from fixed income debt instruments	(5,825.32)	-	546.00	62.40	41.60
Investments in Mutual Fund units	(79.94)	(920.62)	-	-	(13,955.14)
Sale of debt mutual fund units & fixed income debt instruments	-	-	-	-	14,448.60
Bank deposits (having original maturity of more than three months)(net)	80.00	-	2,655.00	(2,320.00)	(215.00)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(5,360.39)</b>	<b>(1,939.04)</b>	<b>3,167.03</b>	<b>(2,262.60)</b>	<b>318.49</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of Equity Share Capital	3.17	50.07	49.89	-	-
Proceeds from Securities Premium on issue of Equity Share Capital	96.82	1,451.49	599.45	-	-
Call money received on shares forfeited	-	-	0.04	-	-
Amount raised from short term borrowings	5,254.67	2,871.34	1,554.95	1,770.79	330.84
Term loans from banks	1,309.15	218.44	23.44	1,662.19	3,469.41
Amount received / (repaid) on issue / redemption of NCDs	(4,996.88)	1,299.02	1,426.86	2,560.47	1,354.84
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>1,666.93</b>	<b>5,890.36</b>	<b>3,654.63</b>	<b>5,993.45</b>	<b>5,155.09</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>183.04</b>	<b>(2,944.79)</b>	<b>1,394.63</b>	<b>(2,145.34)</b>	<b>1,645.82</b>
Cash and cash equivalents at the beginning of the year / period	571.30	3,516.09	2,121.46	4,266.80	2,620.98
<b>Cash and cash equivalents at the end of the year / period</b>	<b>754.34</b>	<b>571.30</b>	<b>3,516.09</b>	<b>2,121.46</b>	<b>4,266.80</b>
<b>Components of cash and cash equivalents</b>					
Cash and Cash Equivalents at the end of the year / period					
i) Cheque on hand	-	-	0.42	4.09	-
ii) Cash on hand	0.00	0.03	0.05	0.00	0.00
ii) Balances with scheduled banks in:					
Current accounts	665.04	469.27	940.17	287.37	1,151.80
Deposits with original maturity of less than three months	89.30	102.00	2,575.45	1,830.00	3,115.00
<b>Total cash and cash equivalents (Refer annexure 17)</b>	<b>754.34</b>	<b>571.30</b>	<b>3,516.09</b>	<b>2,121.46</b>	<b>4,266.80</b>

The accompanying summary of significant accounting policies (Annexure 5) and restated notes to accounts (Annexure 6 - 30) and notes on adjustments for restated consolidated summary financial information (Annexure 4) are an integral part of this statement.

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

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

**per Jayesh Gandhi**  
Partner  
Membership No. 037924

**R. Sridhar**  
Executive Vice-Chairman & CEO  
DIN: 00136697

**Dhanpal Jhaveri**  
Chairman  
DIN: 02018124

**Pankaj Thapar**  
Chief Financial Officer

**Jitendra Bhati**  
Company Secretary

Place: Mumbai  
Date: 06 April 2018

Place: Mumbai  
Date: 06 April 2018



**ANNEXURE 4 : Restated Consolidated Statement of material adjustments and regroupings**

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**4.1 Material adjustment**

There are no material adjustments in the consolidated statement of Profit and Loss Account for the period ended December 31, 2017 and years ended March 31, 2017, March 31, 2016, March 31, 2015, and March 31, 2014 due to errors or any accounting policy change.

**4.2 Non adjusting items**

Audit qualifications included in the auditors' reports issued on the Standalone financial statements, which do not require any corrective adjustment in the Restated Standalone Summary Financial Statements are as follows:

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**Auditors' Report for the Financial year ended March 31, 2017**

**Paragraph 2(g)(iv) of Report on Other Legal and Regulatory Requirements**

The Holding Company, subsidiaries incorporated in India have provided disclosures in Note 29 in the consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding to the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. However, as stated in note 29 in the financial statements, the borrowers of the Company have directly deposited cash in the Company's bank accounts and we report that we were not made available sufficient appropriate audit evidence regarding denomination wise details of such deposits, details of which, as represented to us, are not available with the Company.

**4.3 Material regroupings:**

With effect from April 1, 2014, Schedule III notified under the Companies Act, 2013 has become applicable to the Company and its subsidiaries for preparation and presentation of financial statements. The adoption of Schedule III does not impact the recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company and its subsidiaries have reclassified the figures for the previous financial years ended March 31, 2014 and March 31, 2013 in accordance with the requirements of the Companies Act, 2013.

Appropriate adjustments have been made in the Restated consolidated summary statement of Asset and Liabilities, Restated consolidated summary statement of Profit and Loss and Restated consolidated summary Statement of cash flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the classifications as per the audited financial statements of the Company and its subsidiaries as at and for the period ended December 31, 2017 prepared in accordance with Schedule III of the Companies Act, 2013 and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2009 (as amended).

**ANNEXURE 5 : Significant Accounting Policies**

**1. Basis of preparation**

The restated Consolidated financial statements relates to M/s. IndoStar Capital Finance Limited ('the company' or 'ICFL'), its subsidiary companies (hereinafter collectively referred to as the 'Group').

The restated consolidated summary statement of assets and liabilities of the Group as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 and the related restated consolidated summary statement of profits and losses and related restated consolidated summary statement of cash flows for the period ended December 31, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 (collectively referred to as "Restated Consolidated Summary Statements") have been compiled by the management from the audited consolidated financial statements of the Company as at and for the period ended December 31, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 respectively which were originally approved by the Board of Directors of the Company at that relevant time. The accounting policies have been consistently applied by the Company in preparation of the Restated consolidated Summary Statements and are consistent with those adopted in the preparation of interim financial statement for the period ended December 31, 2017.

The Restated Consolidated Summary Statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis. The company has prepared the Restated Consolidated Summary Statements to comply in all material aspects of the Accounting Standards (AS) notified under the Companies Act, 1956 and under Section 133 of the Companies Act 2013 ('the Act'), read together with rule 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016, the directions issued by Reserve Bank of India (RBI) as applicable to Non Banking Finance Company (NBFC), National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions 2010 ('NHB Regulations').

These Restated Consolidated Summary Statements have been prepared specifically for the inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with its proposed initial public offering.

These Restated consolidated summary statements have been prepared by the Group to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act, 2013 read with rule 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and (the Securities and Exchange Board of India Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI on August 26, 2009 as amended.

**2. Basis of Consolidation**

- i. The Restated Financial Statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as of the company i.e. period ended December 31, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and are prepared based on the accounting policies consistent with those used by the Group.
- ii. The financial statements of the group have been prepared in accordance with the AS 21- 'Consolidated Financial Statements' in consolidated financial statements, notified under the provisions of the Companies Act, 2013 (the 'Act') and other generally accepted accounting principles in India.
- iii. The restated consolidated summary statements have been prepared on the following basis :
  - 1 The restated summary statements of the company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.  
The restated consolidated summary statements are prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible unless otherwise stated, are made in the restated consolidated summary statements and are presented in the same manner as the Company's restated standalone summary statements.
  - 2 The excess of cost to the company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
  - 3 Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- iv. The subsidiary companies IndoStar Asset Advisory Private Limited (IAAPL) and IndoStar Home Finance Private Limited (IHFPL) are 100% subsidiaries of IndoStar Capital Finance Limited w.e.f. February 21, 2013 and January 01, 2016 respectively and same are considered for preparation of restated consolidated summary statements.

Particulars	Country of Incorporation	Financial Year ends on
IndoStar Asset Advisory Private Limited (IAAPL)	India	March 31
IndoStar Home Finance Private Limited (IHFPL)	India	March 31

**2.1 Significant Accounting Policies**

**(a) Presentation and disclosure of financial statements**

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

**(b) Use of estimates**

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

**Change of estimate**

During the year ended March 31, 2016 the company had changed its accounting estimate related to the recognition of origination fees collected from the clients, based on the fees collected and behaviour of the loan portfolio. Had the Company followed earlier estimates, profit for the year would have been lower by Rs. 62.70 million

**(c) Property, Plant and Equipment /Intangible Assets, Depreciation/Amortisation and Impairment**

**Property, Plant and Equipment**

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

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

**Depreciation on Property, Plant and Equipment**

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
Furniture and Fixtures	5 Years	10 Years
Office Equipments	5 Years	5 Years
Office Equipments - Mobiles	2 Years	5 Years
Computers	3 Years	3 Years
Servers and networks	5 Years	6 Years

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

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

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.

**Intangible Assets /Amortisation**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated 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 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.

**Impairment of Property, Plant & Equipment and 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 wherever the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

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

**(d) Investments**

Investments intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments. Unquoted investments in units of mutual funds are stated at net asset value. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(e) **Provisioning / Write-off of assets**

Non performing loans are written off / provided as per the minimum provision required as per the extant RBI Prudential Norms/Master Directions applicable to a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) and as per NHB regulations applicable to Housing Finance Companies (HFC). Pursuant to the RBI Prudential Norms/Master Directions and NHB regulations, the Group's recognition norms of Non- Performing Assets (NPA) are as follows:

Period / Year Ended	Days Past Due (DPD)
December 31, 2017	90
March 31, 2017	120
March 31, 2016	150
March 31, 2015	180
March 31, 2014	180

Provision on standard assets is made as per management estimates and is more than the extant RBI Prudential Norms/Master Directions applicable to a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) and NHB regulations applicable to Housing Finance Companies (HFC).

(f) **Loans**

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

(g) **Leases**

**Where the Group is the lessee**

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

(h) **Foreign currency translation**

**Initial recognition**

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

**Conversion**

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

**Exchange differences**

All exchange differences are dealt with in the Statement of profit and loss account.

(i) **Revenue recognition**

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

- Income from financing and investing activities is recognised on accrual basis, except in case of income on non-performing assets, which is recognised on receipt basis.
- Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.
- Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.
- Dividend is recognised as income when right to receive payment is established.
- Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- Origination fees is recognised as income on signing of the binding term sheet by the client. Part of the origination fees is recognised upfront based on the management estimate and the balance fee is amortised over the tenure of the loan.
- Syndication fee and other fees are recognised as income when a significant portion of the arrangement is completed.

(j) **Retirement and other employee benefits**

**Provident Fund**

All the employees of the Group are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Group contribute monthly at a stipulated rate. The Group 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.

**Gratuity**

The Group 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 Group accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

**Leave Encashment**

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date. Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred. Accumulated leave which is expected to be utilised within next 12 months is treated as short term compensated absences and the accumulated leave which are carried forward beyond 12 months are treated as long term compensated absences.

**(k) Income tax**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India [and tax laws prevailing in the respective tax jurisdictions where the Group operates]. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

**(l) Segment reporting**

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

**(m) Earnings per share**

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year/period are adjusted for the effects of all dilutive potential equity shares.

Partly paid equity shares, if any, are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events, if any, such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that can change the number of equity shares outstanding, without a corresponding change in resources.

**(n) Provisions**

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

**(o) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(p) Borrowing costs**

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

**(q) Employee stock compensation costs**

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method.

**(r) Contingent liabilities**

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

ANNEXURE 6 : Restated Consolidated Statement of Share capital

	(Rs. in Millions)				
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Authorized shares</b>					
Equity Shares of Rs. 10/- each					
- Number of shares	90,000,000	90,000,000	80,000,000	80,000,000	80,000,000
- Amount in Rs.	900.00	900.00	800.00	800.00	800.00
	<b>900.00</b>	<b>900.00</b>	<b>800.00</b>	<b>800.00</b>	<b>800.00</b>
<b>Issued Capital</b>					
Equity Shares of Rs. 10/- each					
- Number of shares	78,679,259	78,361,799	73,354,429	77,658,197	77,658,197
- Amount in Rs.	786.79	783.62	733.54	683.65	683.23
	<b>786.79</b>	<b>783.62</b>	<b>733.54</b>	<b>683.65</b>	<b>683.23</b>
<b>Total Issued Share Capital</b>					
	<b>786.79</b>	<b>783.62</b>	<b>733.54</b>	<b>683.65</b>	<b>683.23</b>
<b>Subscribed Capital *</b>					
Equity Shares of Rs. 10/- each					
- Number of shares	78,679,259	78,361,799	73,354,429	77,658,197	77,658,197
- Amount in Rs.	786.79	783.62	733.54	683.65	683.23
	<b>786.79</b>	<b>783.62</b>	<b>733.54</b>	<b>683.65</b>	<b>683.23</b>
<b>Total Subscribed Capital</b>					
	<b>786.79</b>	<b>783.62</b>	<b>733.54</b>	<b>683.65</b>	<b>683.23</b>
<b>Paid-up Capital</b>					
<b>Fully Paid-Up:</b>					
Equity Shares of Rs. 10/- each					
- Number of shares	78,679,259	78,361,799	73,354,429	68,619,947	68,619,947
- Amount in Rs.	786.79	783.62	733.54	683.59	683.17
<b>Partly Paid-Up:*</b>					
Equity Shares of Rs. 10/- each, Re. 0.01/- paid up					
- Number of shares	-	-	-	9,038,250	9,038,250
- Amount in Rs.	-	-	-	0.06	0.06
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>786.79</b>	<b>783.62</b>	<b>733.54</b>	<b>683.65</b>	<b>683.23</b>

\* Equity shares issued which were not subscribed to were cancelled after obtaining necessary approval from the shareholders in accordance with the Companies Act, 2013.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year / period

<i>Equity Shares</i>										
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of Shares	Rs. in Millions	No. of Shares	Rs. in Millions	No. of Shares	Rs. in Millions	No. of Shares	Rs. in Millions	No. of Shares	Rs. in Millions
At the beginning of the year / period	78,361,799	783.62	73,354,429	733.54	77,658,197	686.29	77,658,197	686.29	77,658,197	686.29
Add: Shares issued during the year / period	317,460	3.17	5,007,370	50.08	-	-				
Add: call money received on 4,734,482 partly paid shares @ 9.99 per share						47.30				
Less: 4,303,768 shares Rs.0.01 paid up per share forfeited on non- payment of call money					(4,303,768)	(0.05)				
Less: Adjustment for fully paid up shares issued to employees through Indostar Trust or held by Indostar Trust							-	(2.61)	-	(3.03)
Less: Adjustment for partly paid up shares issued to employees through Indostar Trust or held by Indostar Trust							-	(0.03)	-	(0.03)
<b>Outstanding at the end of the year / period</b>	<b>78,679,259</b>	<b>786.79</b>	<b>78,361,799</b>	<b>783.62</b>	<b>73,354,429</b>	<b>733.54</b>	<b>77,658,197</b>	<b>683.65</b>	<b>77,658,197</b>	<b>683.23</b>

(b) 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.

(c) Shares held by holding company

<b>Name of the holding company</b>	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
<b>Equity shares of Rs. 10/- each</b>										
Indostar Capital (Mauritius)	71,102,635	90.37	71,102,635	90.74	71,369,635	97.30	68,035,332	87.61	68,035,332	87.61

(d) Details of shareholders holding more than 5% shares in the Company on date of reporting

<i>Equity shares</i>										
<b>Name of the shareholder</b>	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
<b>Equity shares of Rs. 10/- each</b>										
Indostar Capital (Mauritius) (Holding Company)	71,102,635	90.37	71,102,635	90.74	71,369,635	97.30	68,035,332	87.61	68,035,332	87.61

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

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer annexure 26.

INDOSTAR CAPITAL FINANCE LIMITED

ANNEXURE 7 : Restated Consolidated Statement of Reserves and surplus

	(Rs. in Millions)				
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Statutory Reserve u/s 45- IC of RBI Act, 1934*</b>					
Balance as per last Balance Sheet	1,609.12	1,191.05	809.01	510.89	286.61
Add: Transfer from surplus balance in statement of profit and loss	-	418.08	382.03	298.13	224.27
<b>Closing Balance</b>	<b>1,609.12</b>	<b>1,609.12</b>	<b>1,191.05</b>	<b>809.02</b>	<b>510.88</b>
<b>Securities premium account</b>					
Balance as per last financial statements	10,246.76	8,795.27	8,227.13	8,227.13	8,227.13
Add: Received during the period	96.82	1,451.49	568.14	-	-
(Less) / Add : Premium on equity shares issued to employees through Indostar Trust or held by Indostar Trust	-	-	-	(31.32)	(36.39)
<b>Closing Balance</b>	<b>10,343.58</b>	<b>10,246.76</b>	<b>8,795.27</b>	<b>8,195.81</b>	<b>8,190.74</b>
<b>Statutory Reserve pursuant to Section 29C of the National Housing Bank Act, 1987*</b>					
Balance as per last account	0.85	-	-	-	-
Add: Transfer from surplus balance in statement of profit and loss	-	0.85	-	-	-
<b>Closing balance</b>	<b>0.85</b>	<b>0.85</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital Reserve</b> (4,303,768 shares Rs.0.01 paid up per share forfeited on non- payment of call money and amount received transferred)					
	0.04	0.04	0.04	-	-
<b>Closing Balance</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>-</b>	<b>-</b>
<b>Surplus in Statement of profit and loss</b>					
Balance as per last financial statements	6,387.15	4,698.12	3,163.73	1,971.63	1,074.58
Profit for the year	1,640.81	2,107.96	1,916.42	1,490.37	1,121.32
	<b>8,027.96</b>	<b>6,806.08</b>	<b>5,080.15</b>	<b>3,462.00</b>	<b>2,195.90</b>
Less: Transferred to Statutory Reserve u/s 45-IC of RBI Act 1934*	-	(418.08)	(382.03)	(298.13)	(224.27)
Less: Transfer to statutory reserve as per Section 29C of the National Housing Bank Act, 1987*	-	(0.85)	-	-	-
<b>Closing Balance</b>	<b>8,027.96</b>	<b>6,387.15</b>	<b>4,698.12</b>	<b>3,163.87</b>	<b>1,971.63</b>
<b>Total reserves and surplus</b>	<b>19,981.55</b>	<b>18,243.92</b>	<b>14,684.48</b>	<b>12,168.70</b>	<b>10,673.25</b>

\*Transfer of 20% of the profit after tax before restatement adjustment, if any, to the statutory reserves is made annually in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934 and Section 29C of the National Housing Bank Act, 1987.

## ANNEXURE 8 : Restated Consolidated Statement of Long-term borrowings

(Rs. in Millions)										
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current*	Non-current	Current*	Non-current	Current*	Non-current	Current*	Non-current	Current*
<b>Term loans from banks (refer Note (a) below)</b>										
<b>Secured</b>	11,124.09	4,418.97	9,814.94	4,839.04	9,596.49	4,925.72	9,573.05	5,837.59	7,910.86	4,897.74
<b>Redeemable non convertible debentures (refer Note (b) below)</b>										
<b>Secured</b>	4,294.30	3,925.00	9,291.18	1,922.27	7,992.16	2,500.00	6,565.31	322.71	4,004.84	500.00
Less: transferred to Other liabilities	-	(8,343.97)	-	(6,761.32)	-	(7,425.72)	-	(6,160.30)	-	(5,397.74)
<b>Total</b>	<b>15,418.39</b>	<b>-</b>	<b>19,106.12</b>	<b>-</b>	<b>17,588.66</b>	<b>-</b>	<b>16,138.35</b>	<b>-</b>	<b>11,915.70</b>	<b>-</b>
*Amount disclosed under the head 'Other liabilities'										

## (a) Term loan from banks:

(Rs. in Millions)												
Particulars - Bank Name	Rate of interest	Repayment details	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	-	-	333.60	333.60	333.20
Axis Bank Limited- TL II	>=8.75%<13%	13-Quarterly repayments	-	-	-	-	153.85	307.69	461.54	307.69	750.00	250.00
Axis Bank Limited - TL III	>=8.75%<13%	13-Quarterly repayments	-	-	-	-	246.15	123.08	92.31	7.69	-	-
Axis Bank TL - IV	>=8.35%<10.50%	16-Quarterly repayments	343.75	125.00	-	-	-	-	-	-	-	-
Bank of Baroda Limited	>=8.75%<13%	16-Quarterly repayments	-	62.50	-	250.00	250.00	250.00	500.00	250.00	750.00	250.00
Bank of Baroda Limited - TL II	>=8.75%<13%	20-Quarterly repayments	150.00	200.00	300.00	200.00	500.00	200.00	700.00	200.00	-	-
Bank of India Limited	>=8.75%<13%	16-Quarterly repayments	-	93.75	-	375.00	375.00	375.00	750.00	375.00	1,218.75	281.25
Bank of India II	>=8.35%<10.50%	8 - Half yearly repayments	-	-	-	-	-	-	-	-	-	-
Canara Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	333.60	333.60	333.20	666.67	333.33
Canara Bank Limited - TL II	>=8.75%<10.75%	8 - Half yearly repayments	750.00	250.00	437.50	62.50	-	-	-	-	-	-
Corporation Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	50.00	50.00	100.00	150.00	100.00
Corporation Bank Limited - TL II	>=8.75%<13%	9 - Half yearly repayments	100.00	66.67	133.33	66.67	200.00	66.67	266.67	33.33	-	-
Dena Bank	>=8.75%<10.75%	8 - Half yearly repayments	312.50	125.00	375.00	125.00	150.00	-	-	-	-	-
Dena Bank - TL II	>=8.75%<10.75%	8 - Half yearly repayments	375.00	125.00	437.50	62.50	-	-	-	-	-	-
Development Credit Bank Limited	>=8.75%<13%	7-Quarterly repayments	-	-	-	-	-	-	-	107.20	107.20	142.80
Federal Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	83.33	83.33	83.33	166.67	83.33
Federal Bank Limited - TL II	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	25.00	33.33	58.33	33.33	-	-
Federal Bank Limited - TL III	>=8.75%<10.75%	12-Quarterly repayments	133.33	266.67	333.33	266.67	-	-	-	-	-	-
ICICI Bank Limited	>=8.75%<13%	9-Quarterly repayments	-	-	-	-	-	-	-	90.91	90.91	363.64
ICICI Bank Limited - II	>=8.75%<13%	10-Quarterly repayments	-	-	-	300.00	300.00	400.00	700.00	300.00	-	-
IDBI Bank Limited	>=8.75%<10.75%	18 - Quarterly repayments	-	-	250.00	111.11	361.11	111.11	-	-	-	-
IDBI Bank Limited - II	>=8.75%<10.75%	16-Quarterly repayments	343.75	125.00	437.50	62.50	-	-	-	-	-	-
Indian Overseas Bank Limited	>=8.75%<13%	18-Quarterly repayments	55.56	222.22	222.22	222.22	444.44	222.22	666.67	222.22	888.89	111.11
IndusInd Bank Limited	>= 11% < 13%	Bullet payment	-	-	-	-	-	-	-	-	-	-
IndusInd Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	75.00	75.00	100.00	175.00	400.00
IndusInd Bank Limited - TL II	>=8.75%<13%	10-Quarterly repayments	-	-	-	-	30.00	120.00	150.00	120.00	-	-
ING Vysya Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	41.67	41.67	166.67	208.33	166.67
ING Vysya Bank Limited - TL III	>=8.75%<13%	20-Quarterly repayments	225.00	200.00	375.00	200.00	575.00	200.00	775.00	200.00	-	-
Indian Bank	>=8.75%<10.75%	8 - Half yearly repayments	187.50	62.50	250.00	-	-	-	-	-	-	-
Kotak Mahindra Bank Limited	>= 11% < 13%	7-Quarterly repayments	-	-	-	-	-	-	-	-	-	166.07
Kotak Mahindra Bank Limited- TL II	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	83.33	83.33	166.67	250.00	166.67
Kotak Mahindra Bank Limited - TL III	>=8.75%<13%	16-Quarterly repayments	-	250.00	187.50	250.00	437.50	250.00	687.50	250.00	-	-
Kotak Mahindra Bank Limited - TL IV	>=8.75%<10.75%	16-Quarterly repayments	375.00	250.00	562.50	250.00	-	-	-	-	-	-
Kotak Mahindra Bank - TL V	>=8.35%<10.50%	16-Quarterly repayments	343.75	125.00	-	-	-	-	-	-	-	-
Punjab National Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	133.34	133.33	333.33	466.67	333.33
Punjab National Bank - II	>=8.75%<10.75%	16-Quarterly repayments	240.63	137.50	343.75	137.50	481.25	68.75	-	-	-	-
SIDBI	>=8.75%<10.75%	20-Quarterly repayments	650.00	200.00	1,200.00	300.00	-	-	-	-	-	-
South Indian Bank Limited	>=8.75%<13%	18-Quarterly repayments	69.43	55.56	111.11	55.56	166.67	55.56	222.22	27.78	-	-
South Indian Bank - II	>=8.75%<10.75%	16-Quarterly repayments	125.00	62.50	171.88	62.50	234.38	15.63	-	-	-	-
State Bank of Bikaner and Jaipur Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	0.02	166.67	166.67	166.67	333.33	166.67
State Bank of Bikaner and Jaipur Limited - II	>=8.75%<10.75%	8 - Half yearly repayments	-	-	562.50	187.50	750.00	-	-	-	-	-
State Bank of Hyderabad Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	83.33	83.33	166.67	250.00	166.67
State Bank of Hyderabad Limited - II	>=8.75%<10.75%	18-Quarterly repayments	-	-	611.11	222.22	833.33	166.67	-	-	-	-
State Bank of Hyderabad Limited - III	>=8.75%<10.75%	8 - Half yearly repayments	-	-	375.00	125.00	-	-	-	-	-	-
State Bank of India Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	-	-	667.20	667.20	666.40
State Bank of India Limited - TL II	>=8.75%<13%	18-Quarterly repayments	666.60	444.40	999.90	444.40	1,444.30	444.40	1,888.70	111.30	-	-
State Bank of Mysore Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	20.65	20.65	83.40	104.05	83.40
State Bank of Mysore Limited - TL II	>=8.75%<13%	9 - Half yearly repayments	166.60	166.60	249.90	166.60	416.50	166.70	583.20	166.80	-	-
State Bank of Mysore Limited - TL III	>=8.75%<10.75%	9 - Half yearly repayments	277.60	111.20	333.20	111.20	444.40	55.60	-	-	-	-
State Bank of Patiala Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	-	-	333.60	333.60	333.20
State Bank of Patiala - II	>=8.75%<10.75%	9 - Half yearly repayments	-	-	555.20	222.40	777.60	222.40	-	-	-	-
SIDBI II	>=8.25%<10.75%	20-Quarterly repayments	325.00	100.00								
Bank of India	>=8.25%<10.75%	8 - Half yearly repayments	1,125.00	375.00								
Catholic Syrian Bank	>=8.25%<10.75%	8 - Half yearly repayments	500.00	-								
SIDBI III	>=8.25%<10.75%	18-Quarterly repayments	1,500.00	-								
Vijaya Bank	>=8.25%<10.75%	8 - Half yearly repayments	437.50	62.50								
Allahabad Bank	>=8.25%<10.75%	8 - Half yearly repayments	375.00	125.00								
Karnataka Bank	>=8.25%<10.75%	8 - Half yearly repayments	500.00	-	-	-	-	-	-	-	-	-
DCB	>=8.25%<10.75%	17-Quarterly repayments	470.59	29.40	-	-	-	-	-	-	-	-
<b>Total</b>			<b>11,124.09</b>	<b>4,418.97</b>	<b>9,814.94</b>	<b>4,839.04</b>	<b>9,596.49</b>	<b>4,925.72</b>	<b>9,573.05</b>	<b>5,837.59</b>	<b>7,910.86</b>	<b>4,897.74</b>



ANNEXURE 8 : Restated Consolidated Statement of Long-term borrowings

Nature of Security:

First pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge by way of hypothecation on the standard asset portfolio of receivable of Rs.19,849.74 million (March 2017 Rs. 25,302.51 million, March 2016 Rs. 23,144.05 million, March 2015 Rs. 21,689.50 million, March 2014 Rs. 17,245.36 million)

b) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of Rs. 10,00,000/- each

Terms of repayment

Redeemable within	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Rate of interest		Rate of interest		Rate of interest		Rate of interest		Rate of interest	
	>= 0% < 11.40%		>= 0% < 11.55%		>= 0% < 12.25%		>= 0% < 13%		>= 0% < 13%	
	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current
Above 60 Months	150.00	-	150.00	-	150.00	-	150.00	-	150.00	-
48-60 Months	500.00	-	500.00	-	1,000.00	-	1,350.00	-	1,200.59	-
36-48 Months	500.00	-	1,000.00	-	1,350.00	-	1,215.94	-	350.00	-
24-36 Months	500.00	-	3,569.51	-	3,731.33	-	1,349.37	-	2,000.00	-
12-24 Months	2,644.30	-	4,071.67	-	1,760.83	-	2,500.00	-	304.25	-
0-12 Months	-	3,925.00	-	1,922.27	-	2,500.00	-	322.71	-	500.00
Total	4,294.30	3,925.00	9,291.18	1,922.27	7,992.16	2,500.00	6,565.31	322.71	4,004.84	500.00

Nature of Security:

1. Security is created in favour of the Debenture Trustee, as follows:

(i) first pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge on by way of hypothecation on the standard asset portfolio of receivables of Rs 8,741.77 million (March 2017 : Rs.11,932.02 million, March 2016: Rs 11,654.26 million; March 2015: Rs 7,976.11 million; March 2014: Rs 5,550 million)

(ii) first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat

2. Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Group.

## ANNEXURE 9 : Restated Consolidated Statement of Other Liabilities

	(Rs. in Millions)									
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Deposits from clients	-	-	-	-	-	-	-	210.33	452.46	-
Unamortised fees	39.08	39.93	72.37	48.05	102.68	76.04	138.99	63.18	125.68	62.05
Interest accrued but not due on loans	-	530.19	-	761.50	-	741.76	-	584.09	-	397.24
Current maturities of long term debts (Refer Annexure 8)	-	8,343.97	-	6,761.32	-	7,425.72	-	6,160.30	-	5,397.74
Book Overdraft	-	762.27	-	510.80	-	178.11	-	-	-	-
Employee benefits payable	-	187.52	-	168.36	-	153.74	-	110.00	-	85.33
Other liabilities (includes statutory liabilities)	-	776.54	-	87.44	-	42.84	-	37.92	-	8.06
	<b>39.08</b>	<b>10,640.42</b>	<b>72.37</b>	<b>8,337.47</b>	<b>102.68</b>	<b>8,618.21</b>	<b>138.99</b>	<b>7,165.82</b>	<b>578.14</b>	<b>5,950.42</b>

## 9.1 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the period ended December 31, 2017 and year ended March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, no supplier has intimated the Group about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

## ANNEXURE 10 : Restated Consolidated Statement of Provisions

	(Rs. in Millions)									
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
<b>For employee benefit</b>										
For gratuity	0.78	3.78	2.23	1.75	0.41	1.43	-	1.00	-	0.26
For leave encashment and availment	5.66	0.78	3.34	0.68	2.59	0.30	2.05	0.09	0.93	0.05
	<b>6.44</b>	<b>4.56</b>	<b>5.57</b>	<b>2.43</b>	<b>3.00</b>	<b>1.73</b>	<b>2.05</b>	<b>1.09</b>	<b>0.93</b>	<b>0.31</b>
<b>For Others</b>										
For non-performing assets	182.86	-	107.82	-	20.00	-	19.39	-	19.38	-
For standard assets	152.80	50.45	156.09	50.97	123.14	48.47	98.08	40.32	88.66	19.37
For income tax (net of advance tax)	-	47.93	-	102.96	-	8.30	-	16.35	-	10.03
	<b>335.66</b>	<b>98.38</b>	<b>263.91</b>	<b>153.93</b>	<b>143.14</b>	<b>56.77</b>	<b>117.47</b>	<b>56.67</b>	<b>108.04</b>	<b>29.40</b>
	<b>342.10</b>	<b>102.94</b>	<b>269.48</b>	<b>156.36</b>	<b>146.14</b>	<b>58.50</b>	<b>119.52</b>	<b>57.76</b>	<b>108.97</b>	<b>29.71</b>

ANNEXURE 11 : Restated Consolidated Statement of Short-term borrowings

	(Rs. in Millions)				
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Secured *</b>					
Bank overdraft	509.34	947.47	1,088.67	-	-
	<b>509.34</b>	<b>947.47</b>	<b>1,088.67</b>	<b>-</b>	<b>-</b>
<b>Unsecured</b>					
Inter Corporate Deposit	50.00	-	-	-	-
<b>Commercial papers</b>					
i) From banks	2,500.00	500.00	500.00	250.00	1,000.00
ii) Other than banks	10,250.00	6,550.00	3,500.00	3,250.00	750.00
Less: Unamortised discount	(189.17)	(131.96)	(94.51)	(60.78)	(81.58)
	<b>12,560.83</b>	<b>6,918.04</b>	<b>3,905.49</b>	<b>3,439.22</b>	<b>1,668.42</b>
	<b>13,120.17</b>	<b>7,865.51</b>	<b>4,994.16</b>	<b>3,439.22</b>	<b>1,668.42</b>

\* Secured by First pari-passu charge by way of hypothecation on the standard asset portfolio

## ANNEXURE 12 : Restated Consolidated Statement of Property, Plant and Equipment and Intangible Assets:

(Rs. in Millions)

Particulars	Property, Plant and Equipment						Intangible Assets	Total
	Land - Freehold*	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Total	Software	
<b>Cost</b>								
<b>At 1 April 2012</b>	-	4.06	1.52	2.79	13.46	21.83		21.83
Additions	1.51	0.46	0.20	0.42	3.00	5.58	-	5.58
Deductions						-		-
<b>As at March 31, 2013</b>	<b>1.51</b>	<b>4.52</b>	<b>1.73</b>	<b>3.21</b>	<b>16.45</b>	<b>27.41</b>	<b>-</b>	<b>27.41</b>
Additions	-	0.14	0.33	-	-	0.47	1.49	1.95
Deductions	-	-	0.02	0.44	-	0.46	-	0.46
<b>As at March 31, 2014</b>	<b>1.51</b>	<b>4.65</b>	<b>2.04</b>	<b>2.77</b>	<b>16.45</b>	<b>27.42</b>	<b>1.49</b>	<b>28.91</b>
Additions	-	2.39	0.75	0.12	-	3.26	1.77	5.03
Deductions	-	0.08	0.07	-	-	0.15	-	0.15
<b>As at March 31, 2015</b>	<b>1.51</b>	<b>6.96</b>	<b>2.72</b>	<b>2.89</b>	<b>16.45</b>	<b>30.53</b>	<b>3.26</b>	<b>33.79</b>
Additions	-	9.25	2.02	1.28	15.32	27.86	1.67	29.54
Deductions	-	-	0.43	0.14	-	0.57	-	0.57
<b>As at March 31, 2016</b>	<b>1.51</b>	<b>16.21</b>	<b>4.31</b>	<b>4.03</b>	<b>31.77</b>	<b>57.83</b>	<b>4.93</b>	<b>62.76</b>
Additions	-	22.36	5.95	0.52	19.87	48.70	25.15	73.85
Deductions	-	0.21	0.35	-	-	0.56	-	0.56
<b>As at March 31, 2017</b>	<b>1.51</b>	<b>38.36</b>	<b>9.90</b>	<b>4.55</b>	<b>51.64</b>	<b>105.96</b>	<b>30.08</b>	<b>136.04</b>
Additions	-	23.19	1.92	0.10	43.94	69.15	2.85	72.00
Deductions	-	-	-	-	-	-	-	-
<b>As at December 31, 2017</b>	<b>1.51</b>	<b>61.55</b>	<b>11.83</b>	<b>4.65</b>	<b>95.58</b>	<b>175.11</b>	<b>32.93</b>	<b>208.04</b>
<b>Depreciation</b>								
<b>At 1 April 2012</b>	-	0.25	0.14	0.20	1.48	2.08		2.08
Charge for the year	-	1.08	0.45	0.58	5.61	7.72		7.72
Deductions	-	-	-	0.01	-	0.01		0.01
<b>As at March 31, 2013</b>	<b>-</b>	<b>1.33</b>	<b>0.60</b>	<b>0.77</b>	<b>7.09</b>	<b>9.79</b>	<b>-</b>	<b>9.79</b>
Charge for the year	-	1.54	0.44	0.88	5.61	8.47	0.25	8.71
Deductions	-	-	0.01	0.44	-	0.45	-	0.45
<b>As at March 31, 2014</b>	<b>-</b>	<b>2.87</b>	<b>1.03</b>	<b>1.21</b>	<b>12.70</b>	<b>17.81</b>	<b>0.25</b>	<b>18.06</b>
Charge for the year	-	1.66	0.53	0.56	3.75	6.49	0.63	7.12
Deductions	-	0.07	0.03	-	-	0.10	-	0.10
<b>As at March 31, 2015</b>	<b>-</b>	<b>4.46</b>	<b>1.52</b>	<b>1.77</b>	<b>16.45</b>	<b>24.20</b>	<b>0.88</b>	<b>25.07</b>
Charge for the year	-	2.18	0.81	0.61	0.35	3.95	1.18	5.13
Deductions	-	-	0.42	0.12	-	0.54	-	0.54
<b>As at March 31, 2016</b>	<b>-</b>	<b>6.64</b>	<b>1.91</b>	<b>2.26</b>	<b>16.80</b>	<b>27.61</b>	<b>2.05</b>	<b>29.67</b>
Charge for the year	-	4.36	1.26	0.66	3.26	9.54	9.23	18.78
Deductions	-	0.11	0.30	-	-	0.41	-	0.41
<b>As at March 31, 2017</b>	<b>-</b>	<b>10.89</b>	<b>2.87</b>	<b>2.92</b>	<b>20.06</b>	<b>36.74</b>	<b>11.29</b>	<b>48.03</b>
Charge for the year	-	8.47	1.88	0.31	5.42	16.09	7.40	23.48
Deductions	-	-	-	-	-	-	-	-
<b>As at December 31, 2017</b>	<b>-</b>	<b>19.36</b>	<b>4.76</b>	<b>3.23</b>	<b>25.49</b>	<b>52.83</b>	<b>18.69</b>	<b>71.52</b>
Net Block								
<b>As at March 31, 2013</b>	<b>1.51</b>	<b>3.18</b>	<b>1.13</b>	<b>2.44</b>	<b>9.36</b>	<b>17.62</b>	<b>-</b>	<b>17.62</b>
<b>As at March 31, 2014</b>	<b>1.51</b>	<b>1.78</b>	<b>1.01</b>	<b>1.56</b>	<b>3.75</b>	<b>9.62</b>	<b>1.24</b>	<b>10.85</b>
<b>As at March 31, 2015</b>	<b>1.51</b>	<b>2.50</b>	<b>1.19</b>	<b>1.13</b>	<b>-</b>	<b>6.33</b>	<b>2.38</b>	<b>8.71</b>
<b>As at March 31, 2016</b>	<b>1.51</b>	<b>9.57</b>	<b>2.39</b>	<b>1.78</b>	<b>14.97</b>	<b>30.21</b>	<b>2.88</b>	<b>33.09</b>
<b>As at March 31, 2017</b>	<b>1.51</b>	<b>27.47</b>	<b>7.03</b>	<b>1.64</b>	<b>31.58</b>	<b>69.22</b>	<b>18.79</b>	<b>88.01</b>
<b>As at December 31, 2017</b>	<b>1.51</b>	<b>42.20</b>	<b>7.07</b>	<b>1.42</b>	<b>70.09</b>	<b>122.28</b>	<b>14.24</b>	<b>136.52</b>

\*Mortgaged as security against Secured Non Convertible Debentures

ANNEXURE 13 : Restated Consolidated Statement of Investments

Non-Current Investments	(Rs. in Millions)									
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Face Value (Rs.)	Non-current	Face Value (Rs.)	Non-current	Face Value (Rs.)	Non-current	Face Value (Rs.)	Non-current	Face Value (Rs.)	Non-current
<b>Long Term Non-trade investments (valued at cost unless stated otherwise)</b>										
<b>Unquoted - Compulsorily Convertible Preference Share</b>										
GC Web Ventures Private Limited										
- Cost of Investment	150	39.98	150	39.98	-	-	-	-	-	-
- Number of CCPS		862		862	-	-	-	-	-	-
<b>Other Investments (valued at cost unless stated otherwise)</b>										
<b>Investment in pass through certificates (PTCs)</b>										
Firefinch CV IFMR Capital 2017	1	249.89	1	590.33	-	-	-	-	-	-
<b>Investment in Bonds (Quoted)</b>										
8.85% HDFC Bank Ltd (Perpetual)	1,000,000	101.37								
8.55% ICICI Bank Ltd (Perpetual)	1,000,000	997.21								
<b>Investments in debentures - Quoted</b>										
Indrajit Power Private Limited							840,000	546.00	936,000	608.40
- Cost of Investment		-		-		-		650		650
- Number of Debentures		-		-		-				
<b>Total Non-Current Investment</b>		<b>1,388.45</b>		<b>630.31</b>		<b>-</b>		<b>546.00</b>		<b>608.40</b>

Current Investments	(Rs. in Millions)									
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
<b>Investment in pass through certificates (PTCs)</b>										
Venus SBL IFMR Capital 2017										
- Cost of Investment	-	-	318,755,435	318.76	-	-	-	-	-	-
<b>Investment in Bonds (Quoted)</b>										
8.85% HDFC Bank Ltd (Perpetual)	1,250	1,270.67		-		-		-		-
9.20% ICICI Bank Ltd (Perpetual)	500	510.24		-		-		-		-
9.00% State Bank of India (Perpetual)	800	818.93		-		-		-		-
8.39% State Bank of India (Perpetual)	500	503.33		-		-		-		-
8.75% State Bank of India (Perpetual)	50	50.90		-		-		-		-
10.20% RBL Tier II	1,500	1,572.67		-		-		-		-
<b>Total Investments in Bonds</b>		<b>4,726.74</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>
<b>Investment in Mutual Funds - Unquoted</b>										
BOI AXA Liquid Fund - Direct- Growth	50,840	100.06		-		-		-		-
BNP Paribas Overnight Fund - Direct - Growth	38,137	100.05		-		-		-		-
Franklin India Treasury Management A/c - Super IP	39,165	100.06		-		-		-		-
LIC MF Liquid Fund	32,308	100.06		-		-		-		-
HDFC Liquid Fund - Growth	148,621	500.27		-		-		-		-
DHFL Pramerica Insta Cash Plus Fund - Growth	450,856	100.06		-		-		-		-
Kotak Liquid Scheme - Plan A - DDR	-	-	752,869	920.62		-		-		-
<b>Total Investments in Mutual Funds</b>		<b>1,000.56</b>		<b>920.62</b>		<b>-</b>		<b>-</b>		<b>-</b>
<b>Total Current Investment</b>		<b>5,727.30</b>		<b>1,239.38</b>		<b>-</b>		<b>-</b>		<b>-</b>

<b>Aggregate Value of Quoted Investments</b>										
Cost		5,825.32		-		-		546.00		608.40
Market Value		5,831.72		-		-		546.00		608.40
<b>Aggregate Value of Unquoted Investments</b>										
Cost		1,289.87		1,869.69		-		-		-

13.1 Investment Detail

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

November 10, 2014	(Rs. in Millions)									
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
<b>Value of Investment</b>										
<b>Gross Value of Investment</b>	<b>1,388.45</b>	<b>5,727.30</b>	<b>630.31</b>	<b>1,239.38</b>	-	-	<b>546.00</b>	-	<b>608.40</b>	-
In India	1,388.45	5,727.30	630.31	1,239.38	-	-	546.00	-	608.40	-
Outside India	-	-	-	-	-	-	-	-	-	-
<b>Provision for Depreciation</b>										
In India	-	-	-	-	-	-	-	-	-	-
Outside India	-	-	-	-	-	-	-	-	-	-
<b>Net Value of Investment</b>	<b>1,388.45</b>	<b>5,727.30</b>	<b>630.31</b>	<b>1,239.38</b>	-	-	<b>546.00</b>	-	<b>608.40</b>	-
In India	1,388.45	5,727.30	630.31	1,239.38	-	-	546.00	-	608.40	-
Outside India	-	-	-	-	-	-	-	-	-	-
<b>Movement of provisions held towards depreciation on investment</b>										
<b>Opening Balance</b>	-	-	-	-	-	-	-	-	-	-
Add: Provisions made during the year	-	-	-	-	-	-	-	-	-	-
Less: Write Off/Write Back Excess provision during the year	-	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	-	-	-	-	-	-	-	-	-	-

## ANNEXURE 14 : Restated Consolidated Statement of Deferred tax assets (net)

(Rs. in Millions)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Deferred tax liability</b>					
Borrowing costs unamortised	13.52	20.54	29.65	42.07	29.62
<b>Gross deferred tax liability</b>	<b>13.52</b>	<b>20.54</b>	<b>29.65</b>	<b>42.07</b>	<b>29.62</b>
<b>Deferred tax asset</b>					
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	0.19	(1.30)	2.95	3.82	3.38
Provision for standard assets	70.21	71.66	59.39	47.04	36.72
Origination fees unamortised	27.34	41.67	61.77	68.72	63.81
Provision for gratuity	1.53	1.38	0.64	0.34	0.09
Provision for leave encashment	2.07	1.39	1.00	0.73	0.33
Interest on the NPA Loans not accrued in books	32.07	32.07	-	-	-
Provision for non performing assets	63.28	37.32	6.92	6.59	6.59
Loss of Subsidiary	-				
<b>Gross deferred tax asset</b>	<b>196.69</b>	<b>184.19</b>	<b>132.67</b>	<b>127.24</b>	<b>110.92</b>
<b>Net deferred tax asset</b>	<b>183.17</b>	<b>163.65</b>	<b>103.02</b>	<b>85.17</b>	<b>81.30</b>

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ANNEXURE 15 : Restated Consolidated Statement of Loans and Advances

(Rs. in Millions)										
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
<b>Unsecured, considered good</b>										
<b>Security Deposits</b>										
Unsecured, considered good	69.47	0.04	25.51	-	19.09	-	4.59	-	4.58	-
<b>Secured, considered good</b>										
Hypothecation loans	21,673.44	3,543.15	22,602.78	3,156.59	17,881.08	4,514.49	14,879.00	4,649.70	9,781.90	3,184.27
Debentures	14,123.02	4,658.91	14,013.99	2,648.89	12,902.68	1,452.63	8,590.03	660.64	10,302.39	308.60
Short term loans	-	1,741.30	-	-	-	1,000.00	-	1,000.00	-	250.00
<b>Secured, considered doubtful</b>										
Hypothecation loans	890.00	-	727.33	-	100.00	-	193.85	-	193.85	-
<b>Unsecured, considered good</b>										
Hypothecation loans	-	-	-	750.00	-	-	571.43	228.57	1,000.00	-
Debentures	2,450.00	1,100.00	1,900.00	650.00	-	-	-	-	-	99.57
Short term loans	-	1,287.20	-	5,000.00	-	4,800.00	-	2,973.10	-	600.00
Advances recoverable in cash or in kind or for value to be received	-	64.17	-	13.01	-	18.94	-	9.11	-	0.44
Prepaid expenses	34.19	44.81	61.30	52.96	89.63	55.82	98.85	61.30	85.38	52.57
Service tax (Including Input credit)	-	-	-	3.90	-	4.65	-	0.40	-	0.19
	<b>39,240.12</b>	<b>12,439.58</b>	<b>39,330.91</b>	<b>12,275.35</b>	<b>30,992.48</b>	<b>11,846.53</b>	<b>24,337.75</b>	<b>9,582.82</b>	<b>21,368.10</b>	<b>4,495.64</b>

ANNEXURE 16 : Restated Standalone Statement of Other Non-current and Current assets

(Rs. in Millions)										
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Interest accrued on investments	-	176.44	-	-	-	-	-	11.01	-	12.79
Interest accrued but not due on loans	-	282.15	-	506.43	-	350.78	53.70	414.56	104.05	228.15
Interest accrued on fixed deposits with banks	-	0.36	-	2.35	-	6.63	-	20.28	-	16.93
	<b>-</b>	<b>458.95</b>	<b>-</b>	<b>508.78</b>	<b>-</b>	<b>357.41</b>	<b>53.70</b>	<b>445.85</b>	<b>104.05</b>	<b>257.87</b>

ANNEXURE 17 : Restated Consolidated Statement of Cash and bank balances

(Rs. in Millions)					
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
	Current	Current	Current	Current	Current
<b>Cash and cash equivalents</b>					
i) Cash on hand	0.00	0.03	0.05	0.00	0.00
ii) Balances with scheduled banks in:					
Current accounts	665.04	469.27	940.17	287.37	1,151.80
Deposits with original maturity of less than three months	89.30	102.00	2,575.45	1,830.00	3,115.00
iii) Cheque on hand	-	-	0.42	4.09	-
	<b>754.34</b>	<b>571.30</b>	<b>3,516.09</b>	<b>2,121.46</b>	<b>4,266.80</b>
<b>Other bank balances</b>					
Deposits with original maturity of more than three months but less than twelve months	-	80.00	80.00	2,735.00	415.00
	<b>754.34</b>	<b>651.30</b>	<b>3,596.09</b>	<b>4,856.46</b>	<b>4,681.80</b>

**INDOSTAR CAPITAL FINANCE LIMITED**

**ANNEXURE 18 : Restated Consolidated Statement of Revenue from operations**

(Rs. in Millions)

	For the Period ended December 31, 2017	For the year ended			
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Interest income on:</b>					
- Loan portfolio	4,865.64	6,320.12	5,341.21	4,230.53	3,220.26
- Deposits with banks	12.14	113.47	236.83	337.44	268.24
- Investments in PTCs	40.03	2.21	-	-	-
- Debt instruments	230.64	-	62.09	85.64	106.03
<b>Other financial services:</b>					
- Origination fees & other charges	547.40	675.05	685.18	525.74	310.05
- Syndication & other fees	105.77	81.80	114.65	88.78	28.53
- Gain on sale of loan assets	-	0.38	-	12.40	12.53
	<b>5,801.62</b>	<b>7,193.03</b>	<b>6,439.96</b>	<b>5,280.53</b>	<b>3,945.64</b>

**ANNEXURE 19 : Restated Consolidated Statement of Other income**

(Rs. in Millions)

	For the Period ended December 31, 2017	For the year ended			
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Dividend income	0.57	2.42	0.54	-	23.36
Profit on Sale of Investments	57.09	3.70	-	-	-
Miscellaneous income	0.19	0.02	0.00	0.03	0.05
	<b>57.85</b>	<b>6.14</b>	<b>0.54</b>	<b>0.03</b>	<b>23.41</b>

**ANNEXURE 20 : Restated Consolidated Statement of Employee benefit expenses**

(Rs. in Millions)

	For the Period ended December 31, 2017	For the year ended			
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Salaries, other allowances and bonus	546.13	465.24	383.67	270.99	246.23
Gratuity expenses	1.28	3.38	0.84	1.60	0.09
Leave encashment	3.39	1.60	0.82	1.28	0.37
Contribution to provident and other funds	9.42	8.82	7.06	4.76	4.34
Staff welfare expenses	5.02	2.86	2.11	1.95	0.89
	<b>565.24</b>	<b>481.90</b>	<b>394.50</b>	<b>280.58</b>	<b>251.92</b>

**20.1 Details of employees benefits**

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

The Group has an funded defined benefit gratuity plan for ICFL and unfunded defined benefit gratuity plan for IHFPL. 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 AS 15 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

**Profit and loss account**

**Net employee benefit expense (recognized in employee cost)**

(Rs. in Millions)

	For the Period ended December 31, 2017	For the year ended			
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Current service cost	1.44	1.43	1.50	1.04	0.95
Interest cost on benefit obligation	0.32	0.39	0.32	0.21	0.16
Expected return on plan assets	(0.15)	(0.30)	(0.33)	(0.23)	(0.15)
Net actuarial (gain) / loss recognised in the year	0.97	0.86	(0.64)	0.58	(0.84)
Past service cost	-	-	-	-	-
Adjustment in respect of interest not credited in the previous year	-	-	-	-	(0.03)
<b>Net benefit expense</b>	<b>2.58</b>	<b>2.38</b>	<b>0.85</b>	<b>1.60</b>	<b>0.09</b>
<b>Actual return on plan assets</b>	<b>0.13</b>	<b>0.27</b>	<b>0.27</b>	<b>0.20</b>	<b>0.14</b>

**Balance sheet**

**Details of Provision for gratuity**

(Rs. in Millions)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Change in Fair Value of Assets</b>					
Opening value of plan assets	2.62	3.34	3.07	2.02	1.42
Transfer in/(out) plan assets	-	-	-	-	0.03
Expected return	0.15	0.30	0.33	0.23	0.15
Actuarial gain/(loss)	(0.02)	(0.03)	(0.06)	(0.03)	(0.01)
Assets distributed on settlements	-	-	-	-	-
Contributions by employer	-	-	-	0.86	0.43
Assets acquired in an amalgamation in the nature of purchase	-	-	-	-	-
Exchange differences on foreign plans	-	-	-	-	-
Benefits paid	(0.25)	(1.00)	-	-	-
<b>Closing value of plan assets</b>	<b>2.50</b>	<b>2.61</b>	<b>3.34</b>	<b>3.07</b>	<b>2.02</b>
Defined benefit obligation	(7.06)	(6.59)	(5.19)	(4.08)	(2.28)
Fair value of plan assets	2.50	2.61	3.34	3.07	2.02
Less: Unrecognised past service cost	-	-	-	-	-
<b>Plan asset / (liability)</b>	<b>(4.56)</b>	<b>(3.97)</b>	<b>(1.84)</b>	<b>(1.00)</b>	<b>(0.26)</b>

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

(Rs. in Millions)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Opening defined benefit obligation	6.59	5.19	4.08	2.28	2.02
Interest cost	0.32	0.39	0.32	0.21	0.16
Current service cost	1.44	1.43	1.50	1.04	0.95
Benefits paid	(2.24)	(1.25)	-	-	-
Actuarial (gains) / losses on obligation	0.95	0.83	(0.70)	0.55	(0.85)
<b>Closing defined benefit obligation</b>	<b>7.06</b>	<b>6.59</b>	<b>5.19</b>	<b>4.08</b>	<b>2.28</b>

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

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Investments with insurer</b>	100%	100%	100%	100%	100%



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

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Discount Rate	7.40%	7.10%	7.80%	7.80%	9.10%
Expected Return on Plan Assets	7.40%	7.10%	7.80%	9.00%	9.00%
Increase in compensation cost	6.00%	6.00%	6.00%	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	10% at younger ages reducing to 6% at older ages	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages

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

The expected rate of return on plan assets is based on actuarial expectation of the average long term return expected on investments of the fund during the estimated term of the obligation.

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

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Defined benefit obligation	7.06	6.59	5.19	4.08	2.28
Plan assets	2.50	2.61	3.34	3.07	2.02
Surplus / (deficit)	(4.56)	(3.97)	(1.84)	(1.00)	(0.26)
Experience adjustments on plan liabilities	1.11	0.54	(1.68)	0.03	(0.63)
Experience adjustments on plan assets	0.02	0.03	0.06	0.03	0.01

**ANNEXURE 21 : Restated Consolidated Statement of Finance cost**

	For the Period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Interest expense on</b>					
Debentures	722.75	1,151.15	971.11	753.78	424.12
Deposits from clients	-	-	1.12	67.31	35.15
Loans from banks	939.83	1,555.50	1,608.70	1,487.69	1,225.01
Commercial paper	556.07	315.35	225.65	190.81	168.58
Security Deposits	5.58	-	-	-	-
Inter Corporate Deposit	1.65	-	-	-	-
<b>Other borrowing costs</b>					
Processing charges on loans	25.87	44.78	50.37	52.76	39.05
Bank charges & other related costs	38.75	51.72	35.64	26.93	26.95
	<b>2,290.50</b>	<b>3,118.49</b>	<b>2,892.59</b>	<b>2,579.29</b>	<b>1,918.85</b>

**ANNEXURE 22 : Restated Consolidated Statement of Other expenses**

	For the Period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Rent	43.87	39.53	23.20	17.74	17.72
Rates & taxes	11.91	4.23	8.18	8.45	12.28
Printing and stationery	2.13	1.33	1.40	0.60	0.54
Travelling & conveyance	13.78	8.43	7.45	3.70	3.18
Advertisement	81.31	0.58	0.52	0.20	1.01
Business Promotion	2.46	2.60	2.45	2.08	2.21
Conference charges	0.20	0.06	0.35	0.14	0.71
Commission & brokerage	110.44	48.15	27.56	1.03	-
Office expenses	24.53	22.52	20.50	13.91	12.13
Directors' sitting fees	4.46	2.16	4.88	8.01	0.98
Insurance	3.06	2.20	1.53	3.79	1.43
Communication expenses	6.08	3.65	2.14	1.15	1.20
Payment to auditor	-	-	-	-	-
- Audit fees	2.98	4.34	3.71	2.67	1.52
- Tax audit fees	0.19	0.38	0.32	0.32	0.27
- Certification	0.27	0.73	0.35	0.27	0.36
- Out of pocket	-	-	-	0.05	0.02
Loss on sale of loan assets	-	-	7.90	-	-
Bank charges	-	-	-	1.53	1.25
CSR expenses	6.13	16.39	12.50	10.00	-
Legal & professional charges	74.91	66.60	55.12	44.81	21.54
Loss on sale of fixed assets (net)	-	0.09	0.02	0.02	-
Loss on sale of investments	-	-	-	-	3.33
Membership & subscriptions	6.35	2.38	2.30	2.26	1.86
Preliminary Expenses	-	-	-	-	0.03
	<b>395.06</b>	<b>226.32</b>	<b>182.39</b>	<b>122.74</b>	<b>83.57</b>

**ANNEXURE 23 : Restated Consolidated Statement of Provisions and write offs**

	For the Period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Provision for standard assets	(3.81)	35.46	33.20	30.37	(5.84)
Provision for non-performing assets	75.03	87.82	0.62	-	19.38
Debts written off	14.93	-	-	-	-
	<b>86.15</b>	<b>123.28</b>	<b>33.82</b>	<b>30.37</b>	<b>13.54</b>

**INDOSTAR CAPITAL FINANCE LIMITED**

**ANNEXURE 24 : Restated Consolidated Statement of Earning Per share**

	(Rs. in Millions)				
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
Profit/ (loss) after tax (A)	1,640.81	2,107.95	1,916.42	1,490.37	1,121.32
Weighted average number of equity shares in calculating basic EPS (B)	78,636,546	73,481,031	71,641,552	68,628,985	68,628,985
Effect of dilution:					
Add: Effect of dilution - Stock option granted to employees	8,569,071	6,638,561	913,000	924,000	303,000
Weighted average number of equity shares in calculating diluted EPS (C)	87,205,617	80,119,592	72,554,552	69,552,985	68,931,985
<b>Earning per share *</b>					
Basic (In Rs.) (A / B)	20.87	28.69	26.75	21.72	16.34
Diluted (In Rs.) (A / C)	18.82	26.31	26.41	21.43	16.27
Nominal value per share (In Rs.)	10.00	10.00	10.00	10.00	10.00

\* EPS and Diluted EPS for the period ended December 31, 2017 are not annualised.

**IndoStar Capital Finance Limited**

**ANNEXURE 25 : Restated Consolidated Statement of Related Party Transactions**

**Names of related parties where control exists irrespective of whether transactions have occurred or not**

Particulars	For the period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Holding Company</b>	Indostar Capital (Mauritius)	Indostar Capital (Mauritius)	Indostar Capital (Mauritius)	Indostar Capital (Mauritius)	Indostar Capital (Mauritius)

**Names of other related parties**

<b>Key Managerial Personnel</b>	R Sridhar - Executive Vice Chairman & CEO *	-	-	-	-
	Vimal Bhandari - MD & CEO ^	Vimal Bhandari - MD & CEO	Vimal Bhandari - MD & CEO	Vimal Bhandari - MD & CEO	Vimal Bhandari - MD & CEO
	Shailesh Shirali - Wholetime Director	Shailesh Shirali - Wholetime Director	Shailesh Shirali - Wholetime Director	Shailesh Shirali - Wholetime Director	Shailesh Shirali - Wholetime Director
	-	-	-	-	Sanjay Hinduja - Wholetime Director #

\* since 21st April, 2017; ^ till 30th April, 2017; # till 31 August 2013

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

(Rs. in Millions)

Name of related party & nature of relationship	Particulars	For the period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
<b>Key managerial personnel</b> R Sridhar	Investment in share capital	3.17	-	-	-	-
	Securities premium	96.83	-	-	-	-
	Remuneration paid*	19.74	-	-	-	-
	Expenses reimbursed	0.12	-	-	-	-
Vimal Bhandari	Investment in share capital	-	-	6.86	-	-
	Securities premium	-	-	82.34	-	-
	Remuneration paid*	3.60	33.46	48.49	43.94	39.94
	Expenses reimbursed	0.08	0.69	0.66	0.73	0.77
Shailesh Shirali	Investment in share capital	-	-	23.05	-	-
	Securities premium	-	-	276.92	-	-
	Remuneration paid*	18.44	52.14	49.00	46.65	39.15
Sanjay Hinduja	Remuneration paid*	-	-	-	-	7.71
	Expenses reimbursed	-	-	-	-	0.03

\* includes bonus on accrual basis

**II. Balance as at period end**

(Rs. in Millions)

Name of related party & nature of relationship	Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Holding Company</b> Indostar Capital (Mauritius)	Investment in share capital	711.03	711.03	713.70	680.35	680.35
	Securities premium	8,532.32	8,532.32	8,564.36	8,164.24	8,164.24
<b>Key managerial personnel</b> R. Sridhar	Investment in share capital	3.17	-	-	-	-
	Securities premium	96.83	-	-	-	-
Vimal Bhandari	Investment in share capital	4.31	4.31	4.31	2.31	2.31
	Securities premium	51.77	51.77	51.77	27.69	27.69
Shailesh Shirali	Investment in share capital	2.64	2.64	5.97	0.02	0.02
	Securities premium	31.63	31.63	71.63	-	-

**ANNEXURE 26- Employee stock option plans**

The Group provides share-based employee benefits to the employees of the Company, the Holding Company or Subsidiary Company working in India or outside India, the Director, whether a whole time Director or otherwise; whether in India or outside India, including the Director of the Company, the Holding Company or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid Employees who are on deputation at the request of the Company and during the period ended 30 September 2017, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

The Board of Directors approved the share based employee benefits i.e. issue of stock options to the key employees and directors of the company under four schemes viz. ESOP Plan 2012, ESOP Plan 2016, ESOP Plan 2016 II, ESOP Plan 2017 and ESOP Plan 2018 in their Meetings held on 20 June 2012, 11 April 2016, 21 September 2016, 18 April 2017 and 12 December 2017 respectively. According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. No options have been granted under ESOP Plan 2018 till 31st December 2017. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years.

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

The details of activity under various ESOP Schemes are summarized below:

Particulars	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016	ESOP Plan 2016	ESOP Plan 2016-II	ESOP Plan 2016-II	ESOP Plan 2016	ESOP Plan 2016-II	ESOP Plan 2016	ESOP Plan 2017	ESOP Plan 2016	ESOP Plan 2016-II
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche IV	Tranche III	Tranche V	Tranche I	Tranche VI	Tranche IV
Date of grant	21-Aug-12	18-Feb-13	28-Mar-13	14-Aug-13	23-Apr-14	16-May-16	16-May-16	16-May-16	16-May-16	19-Oct-16	04-Nov-16	22-Mar-17	22-Mar-17	18-May-17	18-May-17	26-Jul-17	26-Jul-17
Number of option granted	203,000	100,000	20,000	10,000	666,000	602,254	2,498,036	15,000	25,000	2,370,000	20,000	150,000	367,000	225,000	1,428,500	70,000	250,000
Number of option exercised	3,400	200	-	-	470	-	-	-	-	-	-	-	-	-	-	-	-
Number of option cancelled	37,700	-	20,000	10,000	41,690	-	287,259	5,000	-	20,000	-	-	-	-	-	25,000	-
Number of option outstanding	161,900	99,800	-	-	623,840	602,254	2,210,777	10,000	25,000	2,350,000	20,000	150,000	367,000	225,000	1,428,500	45,000	250,000
Weighted average remaining contractual life (in years)	3.5	4.0	NA	NA	5.0	3.0	3.0	5.0	3.5	5.0	5.0	5.0	5.0	5.0	6.0	7.0	6.0
Weighted average fair value of options granted (Rs)	99.63	102.52	91.11	92.16	105.67	82.87	82.87	108.11	90.32	119.65	119.91	139.36	139.36	163.34	176.42	173.12	173.12
Weighted Average Exercise Price (Rs)	140.00	145.00	145.10	147.24	149.37	225.00	225.00	225.00	225.00	255.00	255.00	300.00	300.00	315.00	315.00	328.00	328.00

The range of exercise prices for options outstanding at the end of the year was Rs 140.00 to Rs 328.00.

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

Particulars	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016	ESOP Plan 2016	ESOP Plan 2016-II	ESOP Plan 2016-II	ESOP Plan 2016	ESOP Plan 2016-II	ESOP Plan 2016	ESOP Plan 2017	ESOP Plan 2016	ESOP Plan 2016-II
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche IV	Tranche III	Tranche V	Tranche I	Tranche VI	Tranche IV
Dividend yield (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected volatility	0.5811	0.5765	0.5709	0.5671	0.5733	0.4300	0.4300	0.4200	0.4300	0.4200	0.4200	0.4200	0.4200	0.4400	0.4300	0.4400	0.4400
Risk-free interest rate	8%	8%	8%	8%	8%	7.39%	7.39%	7.64%	7.44%	6.83%	6.88%	6.96%	6.96%	7.03%	7.29%	6.76%	6.76%
Weighted average share price (Rs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Exercise price (Rs)	140.00	145.00	145.10	147.24	149.37	225.00	225.00	225.00	225.00	255.00	255.00	300.00	300.00	315.00	315.00	328.00	328.00
Expected life of options granted in years	4	4	NA	NA	5	3	3	5	4	5	5	5	5	6	7	6	6

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

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

Particulars	(Rs. in Millions)				
	For the period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Profit after tax as reported	1,640.81	2,107.95	1,916.42	1,490.37	1,121.32
Add: ESOP cost using the intrinsic value method	-	-	-	-	-
Less: ESOP cost using the fair value method	128.13	341.31	18.47	18.05	5.81
<b>Proforma profit after tax</b>	<b>1,512.68</b>	<b>1,766.65</b>	<b>1,897.94</b>	<b>1,472.32</b>	<b>1,115.50</b>
<b>Earnings Per Share</b>					
<b>Basic</b>					
- As reported	20.87	28.69	26.75	21.72	16.34
- Proforma	19.24	24.04	26.49	21.45	16.25
<b>Diluted</b>					
- As reported	18.82	26.31	26.41	21.43	16.27
- Proforma	17.35	22.05	26.16	21.17	16.18

**ANNEXURE 27 : Restated Consolidated Statement of Additional information****ANNEXURE 27.1 : Restated Consolidated statement of Contingent liabilities and Commitments**

Particulars	(Rs. in Millions)				
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Contingent Liabilities</b>					
Corporate guarantee given by Group to banks	535.80	629.08	-	-	-
Pending Litigation with Income Tax Authorities	-	-	0.26	-	-
<b>Capital Commitments</b>					
Loans sanctioned not yet disbursed	12,694.06	3,124.40	3,392.53	4,459.75	1,088.08
Estimated amount of contracts remaining to be executed on capital account	48.54	-	18.35	-	-

**ANNEXURE 27.2 : Restated Consolidated statement of Segment Reporting**

The Group operates in a single business segment i.e. lending to borrowers, which have similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e. domestic.

**ANNEXURE 27.3 : Restated Standalone statement of Details of Specified Bank Notes (SBNs) held and transacted by the Group during the period November 8, 2016 to December 30, 2016**  
**Disclosures Pursuant to the MCA Notification dated March 30, 2017**

(Rs. in Millions)			
Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	0.00	0.00
(+) Permitted receipts	-	0.32	0.32
(-) Permitted payments	-	(0.32)	(0.32)
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	0.01	0.01

Note:

In the ordinary course of business, the loan borrowers of the Group have directly deposited cash amounting to Rs.1.44 million as part of their loan repayments in the collection bank accounts of the Group during the period from November 9, 2016 to December 30, 2016. The denomination wise details of which are currently not available with the Group. Accordingly, this amount has not been included in the table above.

**ANNEXURE 27.4 : LEASE****In case of assets taken on lease**

The Group has taken various office premises under operating lease. The lease payments recognized in the statement of profit & loss are Rs.43.87 million (March 31, 2017: Rs. 39.12 million; March 31, 2016: Rs. 23.20 million; March 31, 2015: Rs.17.74 million; March 31, 2014: Rs.17.72 million). The non-cancellable operating lease agreements are for a period ranging between 11 to 60 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Particulars	(Rs. in Millions)				
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014
<b>Minimum Lease Payments:</b>					
Not later than one year	27.14	52.27	35.00	16.54	11.03
Later than one year but not later than five years	32.63	169.11	141.52	65.62	-
Later than five years	-	-	6.17	-	-

**27.5** Previous years figures have been regrouped / reclassified, where necessary, to conform to current period's classification.

**INDOSTAR CAPITAL FINANCE LIMITED**

**ANNEXURE 27.6 : Asset Liability management**

**For the period ended December 31, 2017**

(Rs. in Millions)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	801.03	308.33	669.41	972.21	2,177.32	10,108.95	1,015.15	-
Market borrowings	3,734.10	5,014.29	1,236.17	4,588.00	1,963.27	3,644.31	650.00	-
<b>Assets:</b>								
Loans & advances	1,552.62	380.82	1,622.24	1,364.62	7,406.91	21,165.13	6,736.31	11,092.42
Investments	5,753.56	26.63	26.92	75.32	94.74	-	-	1,338.66

**For the year ended March 31, 2017**

(Rs. in Millions)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	1,183.57	243.75	550.69	1,345.23	2,463.27	7,384.87	2,430.07	-
Market borrowings	1,894.35	2,304.42	1,237.66	2,535.01	868.86	7,641.18	1,500.00	150.00
<b>Assets:</b>								
Loans & advances	1,713.17	45.96	3,155.03	2,393.25	4,581.83	24,612.59	7,114.11	7,833.64
Investments	1,007.19	73.03	77.31	227.49	269.18	175.50	-	140.09

**For the year ended March 31, 2016**

(Rs. in Millions)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	1,469.57	462.96	532.16	1,385.72	2,342.12	6,712.26	2,884.23	-
Market borrowings	100.00	2,642.25	2,940.54	-	722.70	6,692.16	1,150.00	150.00
<b>Assets:</b>								
Loans & advances	444.29	454.80	3,875.61	2,972.88	4,023.62	22,684.08	6,181.88	2,013.72
Investments	-	-	-	-	-	-	-	100.10

**For the year ended March 31, 2015**

(Rs. in Millions)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	91.67	629.76	652.93	1,466.85	2,996.39	6,963.32	2,498.64	111.10
Market borrowings	1,739.16	990.67	-	240.37	791.72	4,699.37	1,715.94	150.00
<b>Assets:</b>								
Loans & advances	1,209.96	967.12	976.94	2,000.15	4,357.84	17,030.17	6,973.02	231.12
Investments	-	-	-	41.60	41.60	187.20	275.70	-

**For the year ended March 31, 2014**

(Rs. in Millions)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	341.67	313.64	647.38	1,179.77	2,415.29	6,664.34	1,246.53	-
Market borrowings	-	-	246.05	490.22	1,432.15	2,304.25	1,550.59	150.00
<b>Assets:</b>								
Loans & advances	347.59	191.47	423.69	1,349.34	2,130.35	16,545.54	4,151.39	581.20
Investments	-	-	-	31.20	31.20	166.40	379.70	-

**For the year ended March 31, 2013**

(Rs. in Millions)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	-	500.00	222.02	215.91	492.10	1,184.20	4,187.28	254.17
Market borrowings	498.14	542.80	296.64	-	-	-	650.00	2,000.00
<b>Assets:</b>								
Loans & advances	1,197.65	176.54	1,337.55	577.25	1,458.06	8,547.03	4,271.93	113.31
Investments	493.46	-	-	-	650.00	-	-	-

**INDOSTAR CAPITAL FINANCE LIMITED**

**ANNEXURE 27.7: Additional information as required by Paragraph 2 of the General Instructions for Preparation of Restated Consolidated Financial Statements to Schedule III to the Companies Act, 2013.**

Name of entity in the group	Net assets, i.e., total assets minus total liabilities									
	As at December 31,2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	As % of consolidated net assets	Amount (Rs. In Millions)	As % of consolidated net assets	Amount (Rs. In Millions)	As % of consolidated net assets	Amount (Rs. In Millions)	As % of consolidated net assets	Amount (Rs. In Millions)	As % of consolidated net assets	Amount (Rs. In Millions)
<b>Parent</b>										
IndoStar Capital Finance Limited	99.20%	20,801.42	99.35%	19,004.16	99.32%	15,412.21	100.00%	12,852.67	100.00%	11,356.52
<b>Subsidiaries</b>										
IndoStar Home Finance Private Limited	0.73%	152.93	0.55%	105.32	0.65%	101.06	0.00%	-	0.00%	-
IndoStar Asset Advisory Private Limited	0.07%	14.10	0.09%	18.16	0.03%	4.85	0.00%	(0.36)	0.00%	0.06
Minority Interest	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	<b>100.00%</b>	<b>20,968.45</b>	<b>100.00%</b>	<b>19,127.64</b>	<b>100.00%</b>	<b>15,518.12</b>	<b>100.00%</b>	<b>12,852.31</b>	<b>100.00%</b>	<b>11,356.58</b>

Name of entity in the group	Share of Profit or Loss									
	As at December 31,2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014	
	As % of consolidated Profit or Loss	Amount (Rs. In Millions)	As % of consolidated Profit or Loss	Amount (Rs. In Millions)	As % of consolidated Profit or Loss	Amount (Rs. In Millions)	As % of consolidated Profit or Loss	Amount (Rs. In Millions)	As % of consolidated Profit or Loss	Amount (Rs. In Millions)
<b>Parent</b>										
IndoStar Capital Finance Limited	103.44%	1,697.27	99.17%	2,090.38	99.67%	1,910.16	100.03%	1,490.65	100.00%	1,121.36
<b>Subsidiaries</b>										
IndoStar Home Finance Private Limited	(3.19%)	(52.40)	0.20%	4.26	0.06%	1.06	0.00%	-	0.00%	-
IndoStar Asset Advisory Private Limited	(0.25%)	(4.06)	0.63%	13.31	0.27%	5.20	(0.03%)	(0.41)	(0.00%)	(0.04)
Minority Interest	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	<b>100.00%</b>	<b>1,640.81</b>	<b>100.00%</b>	<b>2,107.95</b>	<b>100.00%</b>	<b>1,916.42</b>	<b>100.00%</b>	<b>1,490.23</b>	<b>100.00%</b>	<b>1,121.32</b>

**INDOSTAR CAPITAL FINANCE LIMITED**

**ANNEXURE 28 : Restated Consolidated Statement of Capitalisation**

**Position of Debt and Shareholder's funds as at December 31, 2017 as below:**

**(Rs. in Millions)**

<b>Particulars</b>	<b>Pre Issue</b>	<b>Post Issue</b>
Short Term Debt* (A)	13,120.17	[●]
Long Term Debt (B)	15,418.39	[●]
Add: Current maturities of long term borrowings (including non convertible debentures) (C)	8,343.97	[●]
<b>Total Debt (D= A+B+C)</b>	<b>36,882.53</b>	<b>[●]</b>
<b>Shareholder's Funds</b>		
Share Capital ('E)	786.79	[●]
Reserves & Surplus (F)	19,981.55	[●]
<b>Total Shareholder's Funds (G=E+F)</b>	<b>20,768.34</b>	<b>[●]</b>
<b>Long Term Debt** / Shareholder's Funds (H=(B+C)/G)</b>	1.14	[●]
<b>Total Debt / Shareholder's Funds (I=D/G)</b>	1.78	[●]

\* Short term debts represent borrowings having a repayment tenure of 12 months or less.

\*\* Long term debts include current portion of long-term borrowings repayable over the next twelve months.

Note:

1. The above figures are based on the restated figures. The issue price and number of shares are being finalised and hence the post-issue capitalisation statement cannot be presented.



ANNEXURE 29 : Restated Consolidated Statement of Accounting Ratios

Accounting Ratios

Table (A)

(Rs. in Millions)

Particulars		For the period ended December 31, 2017	For the year ended			
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
<b>Basic and Diluted Earnings Per Share (Rs.)</b>	<b>A</b>					
<b>Basic Earnings Per Share (Basic EPS) *</b>						
Profit/ (loss) after tax (A)		1,640.81	2,107.95	1,916.42	1,490.37	1,121.32
Weighted average number of Equity Shares outstanding (B) (refer note no. 4)		78,636,546	73,481,031	71,641,552	68,628,985	68,628,985
<b>Earning Per Share - basic (A / B) (refer note no. 3(i))</b>		<b>20.87</b>	<b>28.69</b>	<b>26.75</b>	<b>21.72</b>	<b>16.34</b>
<b>Nominal value per share</b>		<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Diluted Earnings Per Share (Diluted EPS) *</b>						
Profit/ (loss) after tax (A)		1,640.81	2,107.95	1,916.42	1,490.37	1,121.32
Weighted average number of Shares used for calculating Basic EPS (B) (refer note no. 4)		78,636,546	73,481,031	71,641,552	68,628,985	68,628,985
Add: Effect of ESOPs which are dilutive (C)		8,569,071	6,638,561	913,000	924,000	303,000
Weighted average number of shares considered for calculating Diluted EPS (D)=(B+C)		87,205,617	80,119,592	72,554,552	69,552,985	68,931,985
<b>Earning Per Share - Diluted (A / D) (refer note no. 3(i))</b>		<b>18.82</b>	<b>26.31</b>	<b>26.41</b>	<b>21.43</b>	<b>16.27</b>
<b>Nominal value per share</b>		<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Net Assets Value per equity share (Rs.)</b>	<b>B</b>	<b>As at December 31, 2017</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>
Net worth, as restated (A) (refer note no. 5)		20,768.34	19,027.54	15,418.02	12,852.35	11,356.48
Number of equity shares outstanding at the end of the year (or period) (B)		78,679,259	78,361,799	73,354,429	77,658,197	77,658,197
<b>Net Assets Value per equity share (Rs.) (C)=(A)/(B) (refer note no. 3 (ii))</b>		<b>263.96</b>	<b>242.82</b>	<b>210.19</b>	<b>165.50</b>	<b>146.24</b>
<b>Return on Net worth *</b>	<b>C</b>	<b>For the period ended December 31, 2017</b>	<b>For the year ended</b>			
			<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>
Net Profit after tax, as restated (A)		1,640.81	2,107.95	1,916.42	1,490.37	1,121.32
Net worth, as restated (B)		20,768.34	19,027.54	15,418.02	12,852.35	11,356.48
<b>Return on Net Worth % ( C)= (A)/ (B) (refer note no. 3 (iii))</b>		<b>7.90%</b>	<b>11.08%</b>	<b>12.43%</b>	<b>11.60%</b>	<b>9.87%</b>

\* Basic EPS, Diluted EPS and Return on Net worth for the period ended December 31, 2017 are not annualised.

1. The figures disclosed above are based on the restated consolidated summary financial statements of the Group.

2. The above statement should be read with the notes to restated consolidated summary statements of assets and liabilities, profit and loss and cash flow appearing in Annexure 5 to 30.

3. The ratios have been computed as per the following formulae:

(i) Earnings per share	=	$\frac{\text{Net profit available to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
(ii) Net asset value per equity share	=	$\frac{\text{Net worth excluding revaluation reserve as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$
(iii) Return on net worth (%)	=	$\frac{\text{Net profit after tax}}{\text{Net worth excluding revaluation reserve at the end of the year}}$

4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year/period adjusted by the number of equity shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year/period.

5. Net worth for ratios mentioned in above note represents the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

6. Earnings per share calculations are in accordance with Accounting Standard 20 on Earnings Per Share notified under section 133 of the Companies Act 2013, read together along with Companies (Accounting Standards) Amendment Rules, 2016.

**INDOSTAR CAPITAL FINANCE LIMITED**

**ANNEXURE 30 : Restated Consolidated Statement of Dividend**

Particulars	For the period ended December 31, 2017	For the year ended			
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Equity shares - Face value – (Rs.)	10.00	10.00	10.00	10.00	10.00
% of Dividend	Nil	Nil	Nil	Nil	Nil
Final dividend	Nil	Nil	Nil	Nil	Nil

**Auditors' Report on the restated standalone summary statement of assets and liabilities as at December 31, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 and restated standalone summary statements of profit and loss and cash flows for the nine months period ended December 31, 2017 and for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 of IndoStar Capital Finance Limited (collectively, the "Restated Standalone Summary Statements")**

The Board of Directors  
IndoStar Capital Finance Limited  
20<sup>th</sup>-Floor, Tower 2A  
One Indiabulls Centre,  
Senapati Bapat Marg,  
Mumbai – 400013

Dear Sirs / Madams,

1. We have examined the attached Restated Standalone Summary Statements of IndoStar Capital Finance Limited (the "Company") as at December 31, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 and for the nine months period ended December 31, 2017 and for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013, annexed to this report and prepared by the Company for the purpose of inclusion in the offer document in connection with its proposed initial public offer of equity shares of face value of Rs.10 each ("IPO"). The Restated Standalone Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared by the Company in accordance with the requirements of:
  - a) sub-clauses (i), (ii) and (iii) of clause (b) of sub-section (1) of Section 26 of Chapter III of The Companies Act, 2013 (the "Act") read with rules 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules"); and
  - b) relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "ICDR Regulations") issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

**Management's Responsibility for the Restated Standalone Summary Statements**

2. The preparation of Restated Standalone Summary Statements, which are to be included in the offer documents, is the responsibility of the Management of the Company for the purpose set out in paragraph 13 below. The Management's responsibility includes designing, implementing and maintaining adequate internal controls relevant to the preparation and presentation of the Restated Standalone Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Rules and the ICDR Regulations.

**Auditors' Responsibilities**

3. We have examined such Restated Standalone Summary Statements taking into consideration:

- a) the terms of reference and our engagement agreed with you vide our engagement letter dated December 27, 2017, requesting us to carry out work on such Restated Standalone Summary Statements in connection with the Company's proposed IPO;
  - b) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (the "Guidance Note"); and
  - c) the requirements of Section 26 of the Act read with applicable provisions within Rule 4 to 6 of the Rules and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the ICDR Regulations in connection with the IPO.
4. The Company proposes to make an IPO which comprises a fresh issue of equity shares of Rs.10 each by the Company and an offer for sale by certain shareholders of the existing equity shares of Rs.10 each, at such premium, arrived at by a book building process (referred to as the "Issue"), as may be decided by the Board of Directors of the Company.

#### **Restated Standalone Summary Statements as per audited financial statements**

5. The Restated Standalone Summary Statements have been compiled by the management from:
- a) the audited standalone financial statements of the Company as at and for the nine months period ended December 31, 2017 and as at and for each of the years ended March 31, 2017, 2016 and 2015, which have been approved by the Board of Directors at their meetings held on April 06, 2018, May 12, 2017, May 13, 2016 and May 15, 2015, respectively; and
  - b) the audited standalone financial statements of the Company as at and for each of the years ended March 31, 2014 and 2013 which have been approved by the Board of Directors at their meetings held on May 22, 2014 and May 17, 2013, respectively.
6. For the purpose of our examination, we have relied on:
- a) Auditors' Report issued by us dated April 06, 2018, May 12, 2017, May 13, 2016 and May 15, 2015 on the standalone financial statements of the Company as at and for the nine months period ended December 31, 2017 and as at and for each of the years ended March 31, 2017, 2016 and 2015, respectively, as referred in Para 5 (a) above; and
  - b) Auditors' Report issued by S R B C & CO LLP dated May 22, 2014 and May 17, 2013 on the standalone financial statements of the Company as at and for the years ended March 31, 2014 and 2013, respectively, as referred in Para 5 (b) above.
7. Based on our examination, in accordance with the requirements of Section 26 of Part I of Chapter III of the Act, read with rules 4 to 6 of the Rules, the ICDR Regulations and the Guidance Note, we report that:

- a) The Restated Standalone Summary Statement of assets and liabilities of the Company as at December 31, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure 1 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Summary Statement of Material Adjustments and Regroupings.
- b) The Restated Standalone Summary Statement of profit and loss of the Company for the nine months ended December 31, 2017 and each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure 2 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Summary Statement of Material Adjustments and Regroupings.
- c) The Restated Standalone Summary Statement of cash flows of the Company for the nine months ended December 31, 2017 and each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013 examined by us, as set out in Annexure 3 to this report, have been arrived at after making adjustments and regrouping/ reclassifications as in our opinion were appropriate and more fully described in Annexure 4 – Restated Standalone Summary Statement of Material Adjustments and Regroupings.
- d) Based on our examination and according to the information and explanations given to us, we further report that:
  - i) Restated Standalone Summary Statements have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
  - ii) Restated Standalone Summary Statements have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
  - iii) Restated Standalone Summary Statements do not contain any extra-ordinary items that need to be disclosed separately in the Restated Standalone Summary Statements;
  - iv) There are no qualifications in the auditors' reports on the audited financial statements of the Company as at December 31, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 and for the nine months period ended December 31, 2017 and for each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013, which require any adjustments to the Restated Standalone Summary Statements; and
  - v) Other audit qualifications included in the auditors' report pursuant to Rule 11(d) of Companies (Audit and Auditors) Amendment Rules, 2017 on the financial statements for the year ended 2017 and Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2016 on the financial statements for the years ended March 31,

2017 and 2016, which do not require any corrective adjustment in the Restated Standalone Summary Statements, are as follows:

**A. Auditors' Report for the Financial year ended March 31, 2017**

Paragraph 2(g)(iv) of Report on Other Legal and Regulatory Requirements

The Company has provided disclosures in Note 35 to these financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in SBNs during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. However, as stated in note 35 in the financial statements, the borrowers of the Company have directly deposited cash in the Company's bank accounts and we report that we were not made available sufficient appropriate audit evidence regarding denomination wise details of such deposits, details of which, as represented to us, are not available with the Company.

**B. Annexure to auditors' report for the year ended March 31, 2017:**

Clause (x)

We have been informed that one borrower of the Company has committed fraud amounting to Rs. 208.76 lakhs during the year under audit. Investigations are in progress and police complaint has been lodged against the borrower and an amount of Rs. 41.08 lakhs have been recovered from the borrower.

**C. Annexure to auditors' report for the year ended March 31, 2016:**

Clause (vii)(c)

According to the records of the Company, the dues outstanding of income-tax, service tax, and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Expense disallowed	255,032	Financial Year 2012-13	Commissioner of Income Tax (Appeals)

8. We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2017. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to December 31, 2017.

## Other Financial Information

9. At the Company's request, we have also examined the following restated standalone financial information proposed to be included in the offer document, prepared by the Management and approved by the Board of Directors of the Company on April 06, 2018 and annexed to this report relating to the Company, as at and for the nine months period ended December 31, 2017 and each of the years ended March 31, 2017, 2016, 2015, 2014 and 2013:
  - i. Restated Standalone Statement of Share Capital, enclosed as Annexure 6;
  - ii. Restated Standalone Statement of Reserves and Surplus, enclosed as Annexure 7;
  - iii. Restated Standalone Statement of Long-term Borrowings, enclosed as Annexure 8;
  - iv. Restated Standalone Statement of Other liabilities, enclosed as Annexure 9;
  - v. Restated Standalone Statement of Provisions, enclosed as Annexure 10;
  - vi. Restated Standalone Statement of Short-term borrowings, enclosed as Annexure 11;
  - vii. Restated Standalone Statement of Property, Plant and Equipment and Intangible Assets, enclosed as Annexure 12;
  - viii. Restated Standalone Statement of Investments, enclosed as Annexure 13;
  - ix. Restated Standalone Statement of Deferred Tax asset(net), enclosed as Annexure 14;
  - x. Restated Standalone Statement of Loans and Advances, enclosed as Annexure 15;
  - xi. Restated Standalone Statement of Other Non-Current and Other Current Assets, enclosed as Annexure 16;
  - xii. Restated Standalone Statement of Cash and Bank Balances, enclosed as Annexure 17;
  - xiii. Restated Standalone Statement of Revenue from operations, enclosed as Annexure 18;
  - xiv. Restated Standalone Statement of Other Income, enclosed as Annexure 19;
  - xv. Restated Standalone Statement of Employee Benefit Expenses, enclosed as Annexure 20;
  - xvi. Restated Standalone Statement of Finance Costs, enclosed as Annexure 21;
  - xvii. Restated Standalone Statement of Other Expenses, enclosed as Annexure 22;
  - xviii. Restated Standalone Statement of Provisions for standard asset & NPA and Write offs, enclosed as Annexure 23 and 23.1;
  - xix. Restated Standalone Statement of Earnings per share, enclosed as Annexure 24;
  - xx. Restated Standalone Statement of Related Party transactions, enclosed as Annexure 25;
  - xxi. Restated Standalone Statement of Employee stock option plans, enclosed as Annexure 26
  - xxii. Restated Standalone Statement of Additional Information, enclosed as Annexure 27;
  - xxiii. Restated Standalone Statement of Tax Shelter, enclosed as Annexure 28;
  - xxiv. Restated Standalone Statement of Capitalisation, enclosed as Annexure 29;
  - xxv. Restated Standalone Statement of Accounting Ratios, enclosed as Annexure 30;
  - xxvi. Restated Standalone Statement of Dividend, enclosed as Annexure 31;
10. According to the information and explanations given to us, in our opinion, the Restated Standalone Summary Statements and the above restated financial information contained in Annexures 6 to 31 accompanying this report, read with Summary of Significant Accounting

Policies disclosed in Annexure 5, are prepared after making adjustments and regroupings/reclassifications as considered appropriate and disclosed in Annexure 4 and have been prepared in accordance with Section 26 of Part I of Chapter III of the Act read with rules 4 to 6 of the Rules, the ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a reissuance or redating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
13. Our report is intended solely for use of the management for inclusion in the red herring prospectus and prospectus to be filed with SEBI, BSE Limited, National Stock Exchange of India Limited and Registrar of the Companies, Maharashtra situated at Mumbai in connection with the proposed IPO of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

Yours faithfully,

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

ICAI Firm registration number: 301003E/E300005

**per Jayesh Gandhi**  
Partner  
Membership No. 037924

Mumbai  
April 06, 2018



INDOSTAR CAPITAL FINANCE LIMITED

ANNEXURE 1: RESTATED STANDALONE SUMMARY STATEMENT OF ASSETS AND LIABILITIES

							(Rs. in Millions)
	Annexure	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Equity and liabilities</b>							
<b>Shareholders' funds</b>							
Share capital	6	786.79	783.62	733.54	683.65	683.23	684.37
Reserves and surplus	7	20,014.63	18,220.54	14,678.67	12,169.02	10,673.29	9,565.25
		<b>20,801.42</b>	<b>19,004.16</b>	<b>15,412.21</b>	<b>12,852.67</b>	<b>11,356.52</b>	<b>10,249.62</b>
<b>Non-current liabilities</b>							
Long-term borrowings	8	15,418.38	19,106.12	17,588.66	16,138.35	11,915.70	7,091.45
Other long-term liabilities	9	39.08	72.37	102.68	138.99	578.14	128.00
Long-term provisions	10	341.18	269.48	146.14	119.52	108.97	82.87
		<b>15,798.64</b>	<b>19,447.97</b>	<b>17,837.48</b>	<b>16,396.86</b>	<b>12,602.81</b>	<b>7,302.32</b>
<b>Current liabilities</b>							
Short-term borrowings	11	13,120.17	7,865.51	4,994.16	3,439.22	1,668.42	1,337.58
Trade payables							
(i) Micro, small and medium enterprises	9.1	-	-	-	-	-	-
(ii) Others		18.79	42.27	4.45	4.45	0.18	6.37
Other current liabilities	9	10,542.24	8,336.28	8,617.21	7,165.77	5,950.38	3,098.76
Short-term provisions	10	105.40	157.46	57.22	57.89	29.71	76.20
		<b>23,786.60</b>	<b>16,401.52</b>	<b>13,673.04</b>	<b>10,667.33</b>	<b>7,648.69</b>	<b>4,518.91</b>
<b>TOTAL</b>		<b>60,386.66</b>	<b>54,853.65</b>	<b>46,922.73</b>	<b>39,916.86</b>	<b>31,608.02</b>	<b>22,070.85</b>
<b>Assets</b>							
<b>Non-current assets</b>							
Fixed assets							
Property, Plant and Equipment	12	116.70	69.17	30.13	6.33	9.62	17.62
Intangible assets	12	14.24	18.79	2.88	2.38	1.24	-
Capital work-in-progress		120.25	-	4.43	-	-	-
Intangible assets under development		-	-	-	-	-	0.37
Non-current investments	13	1,588.55	730.41	100.10	546.10	608.50	650.00
Deferred tax assets (net)	14	183.18	163.65	103.02	85.17	81.30	38.49
Long-term loans and advances	15	39,092.33	39,317.87	30,977.15	24,337.75	21,368.10	12,983.06
Other non-current assets	16	-	-	-	53.70	104.05	49.65
		<b>41,115.25</b>	<b>40,299.89</b>	<b>31,217.71</b>	<b>25,031.43</b>	<b>22,172.81</b>	<b>13,739.19</b>
<b>Current assets</b>							
Current investments	13	5,727.30	1,239.38	-	-	-	493.46
Cash and bank balances	17	662.58	544.23	3,495.92	4,856.38	4,681.70	2,820.98
Short-term loans and advances	15	12,423.74	12,262.35	11,853.13	9,583.20	4,495.64	4,785.39
Other current assets	16	457.79	507.80	355.97	445.85	257.87	231.83
		<b>19,271.41</b>	<b>14,553.76</b>	<b>15,705.02</b>	<b>14,885.43</b>	<b>9,435.21</b>	<b>8,331.66</b>
<b>TOTAL</b>		<b>60,386.66</b>	<b>54,853.65</b>	<b>46,922.73</b>	<b>39,916.86</b>	<b>31,608.02</b>	<b>22,070.85</b>
<b>Significant Accounting Policies</b>	<b>5</b>						

The accompanying summary of significant accounting policies (Annexure 5) and restated notes to accounts (Annexure 6 - 31) and notes on adjustments for restated standalone summary financial information (Annexure 4) are an integral part of this statement.

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

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

**per Jayesh Gandhi**  
 Partner  
 Membership No. 037924

**R. Sridhar**  
 Executive Vice-Chairman & CEO  
 DIN: 00136697

**Dhanpal Jhaveri**  
 Chairman  
 DIN: 02018124

**Pankaj Thapar**  
 Chief Financial Officer

**Jitendra Bhati**  
 Company Secretary

Place: Mumbai  
 Date: 06 April 2018

Place: Mumbai  
 Date: 06 April 2018

ANNEXURE 2: RESTATED STANDALONE SUMMARY STATEMENT OF PROFIT AND LOSS

		(Rs. in Millions)					
	Annexure	For the period ended		For the year ended			
		December 31, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Income</b>							
Revenue from operations	18	5,787.21	7,149.28	6,413.25	5,280.52	3,945.64	2,326.53
Other income	19	57.68	6.14	0.54	0.03	23.41	89.24
<b>Total Revenue (I)</b>		<b>5,844.89</b>	<b>7,155.42</b>	<b>6,413.79</b>	<b>5,280.55</b>	<b>3,969.05</b>	<b>2,415.77</b>
<b>Expenses</b>							
Employee benefit expenses	20	515.66	477.89	394.50	280.58	251.91	223.16
Finance costs	21	2,290.50	3,118.49	2,892.59	2,579.29	1,918.85	758.65
Depreciation and amortization expense	12	22.96	18.74	5.12	7.12	8.71	7.72
Other expenses	22	374.49	212.77	164.75	122.32	83.52	101.78
Provisions and write offs	23	85.78	123.28	33.82	30.37	13.54	27.59
<b>Total expenses (II)</b>		<b>3,289.39</b>	<b>3,951.17</b>	<b>3,490.78</b>	<b>3,019.68</b>	<b>2,276.55</b>	<b>1,118.90</b>
<b>Profit before tax (III)=(I)-(II)</b>		<b>2,555.50</b>	<b>3,204.25</b>	<b>2,923.01</b>	<b>2,260.87</b>	<b>1,692.50</b>	<b>1,296.87</b>
<b>Tax expenses:</b>							
Current tax		877.75	1,171.98	1,030.70	774.10	613.95	398.53
Deferred tax		(19.52)	(60.63)	(17.85)	(3.87)	(42.81)	(2.60)
Tax relating to earlier periods		-	2.52	-	-	-	-
<b>Total tax expenses (IV)</b>		<b>858.23</b>	<b>1,113.87</b>	<b>1,012.85</b>	<b>770.23</b>	<b>571.14</b>	<b>395.93</b>
<b>Profit after tax (as restated) (V)=(IV)-(III)</b>		<b>1,697.26</b>	<b>2,090.38</b>	<b>1,910.16</b>	<b>1,490.65</b>	<b>1,121.36</b>	<b>900.94</b>

<b>Earnings per equity share *</b>	24						
Basic (Rs.)		21.58	28.45	26.66	21.72	16.34	13.13
Diluted (Rs.)		19.46	26.09	26.33	21.43	16.27	13.13
Nominal value per share (Rs.)		10.00	10.00	10.00	10.00	10.00	10.00

Significant Accounting Policies5

The accompanying summary of significant accounting policies (Annexure 5) and restated notes to accounts (Annexure 6 - 31) and notes on adjustments for restated standalone summary financial information (Annexure 4) are an integral part of this statement.

\* Basic EPS and Diluted EPS for the period ended December 31, 2017 are not annualised.

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

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

**per Jayesh Gandhi**  
Partner  
Membership No. 037924

**R. Sridhar**  
Executive Vice-Chairman & CEO  
DIN: 00136697

**Dhanpal Jhaveri**  
Chairman  
DIN: 02018124

**Pankaj Thapar**  
Chief Financial Officer

**Jitendra Bhati**  
Company Secretary

Place: Mumbai  
Date: 06 April 2018

Place: Mumbai  
Date: 06 April 2018

ANNEXURE 3 : RESTATED STANDALONE SUMMARY STATEMENT OF CASH FLOW

Particulars	(Rs. in Millions)					
	Period ended December 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014	Year ended March 31, 2013
<b>Cash flow from operating activities</b>						
<b>Net profit before tax as per statement of profit and loss</b>	<b>2,555.50</b>	<b>3,204.25</b>	<b>2,923.01</b>	<b>2,260.87</b>	<b>1,692.50</b>	<b>1,296.87</b>
<b>Add/(Less) :</b>						
Depreciation and amortisation	22.96	18.74	5.12	7.12	8.71	7.72
Loss / (profit) on sale of fixed assets (net)	-	0.09	0.02	0.02	-	-
Provisions for non performing assets	75.03	87.82	0.62	-	19.38	-
Provisions for standard assets	(4.18)	35.46	33.20	30.37	(5.84)	27.59
Provision for gratuity	0.46	2.13	0.84	0.74	(0.34)	(0.31)
Provision for leave encashment	1.95	1.13	0.75	1.16	(0.08)	0.44
<b>Operating profit before working capital changes</b>	<b>2,651.72</b>	<b>3,349.62</b>	<b>2,963.56</b>	<b>2,300.29</b>	<b>1,714.33</b>	<b>1,332.31</b>
<b>Movement in working capital</b>						
Increase / (decrease) in trade payables	(23.48)	37.82	0.00	4.27	(6.19)	(38.49)
Increase / (decrease) in other liabilities	2,172.66	(311.24)	1,415.14	776.24	3,301.75	3,165.03
(Increase) / Decrease in loans and advances	64.15	(8,749.94)	(8,909.34)	(8,051.70)	(8,109.75)	(9,054.27)
(Increase) / Decrease in other assets	50.00	(151.82)	143.58	(137.64)	(80.44)	(243.19)
<b>Cash generated from/(used in) operations</b>	<b>4,915.05</b>	<b>(5,825.56)</b>	<b>(4,387.06)</b>	<b>(5,108.54)</b>	<b>(3,180.30)</b>	<b>(4,838.61)</b>
Direct taxes paid (net of refunds)	(931.38)	(1,077.46)	(1,040.17)	(767.63)	(647.46)	(365.09)
<b>Total Tax paid</b>	<b>(931.38)</b>	<b>(1,077.46)</b>	<b>(1,040.17)</b>	<b>(767.63)</b>	<b>(647.46)</b>	<b>(365.09)</b>
<b>Net cash flow from/ (used in) operating activities (A)</b>	<b>3,983.67</b>	<b>(6,903.02)</b>	<b>(5,427.23)</b>	<b>(5,876.17)</b>	<b>(3,827.76)</b>	<b>(5,203.70)</b>
<b>Cash flows from investing activities</b>						
Purchase of fixed assets	(65.95)	(69.42)	(29.43)	(5.03)	(1.58)	(5.96)
Payments of capital work in progress	(120.25)	-	(4.43)	-	-	-
Proceeds from sale of fixed assets	-	0.07	0.00	0.03	0.01	-
Investment in subsidiary	(100.00)	-	(100.00)	-	-	-
Investment in Preference Shares	-	(39.98)	-	-	-	-
Investment in Pass through certificates	659.20	(909.09)	-	-	-	-
(Investment) / Repayments from fixed income debt instruments	(5,825.32)	-	546.00	62.40	41.60	-
Investments in Mutual Fund units	(79.94)	(920.62)	-	-	(13,955.14)	(27,758.62)
Sale of debt mutual fund units & fixed income debt instruments	-	-	-	-	14,448.50	27,905.82
Bank deposits (having original maturity of more than three months)(net)	80.00	-	2,655.00	(2,320.00)	(215.00)	(200.00)
<b>Net cash flow from/ (used in) investing activities (B)</b>	<b>(5,452.26)</b>	<b>(1,939.04)</b>	<b>3,067.14</b>	<b>(2,262.60)</b>	<b>318.39</b>	<b>(58.76)</b>
<b>Cash flows from financing activities</b>						
Proceeds from issue of Equity Share Capital	3.17	50.07	49.89	-	-	-
Proceeds from Securities Premium on issue of Equity Share Capital	96.83	1,451.49	599.45	-	-	-
Call money received on shares forfeited	-	-	0.04	-	-	-
Amount raised from short term borrowings	5,254.67	2,871.34	1,554.95	1,770.79	330.84	344.24
Term loans from banks (net)	1,309.15	218.45	23.44	1,662.19	3,469.41	4,441.45
Amount received / (repaid) on issue / redemption of NCDs	(4,996.88)	1,299.02	1,426.86	2,560.47	1,354.84	2,650.00
<b>Net cash flow from/ (used in) in financing activities (C)</b>	<b>1,666.94</b>	<b>5,890.37</b>	<b>3,654.63</b>	<b>5,993.45</b>	<b>5,155.09</b>	<b>7,435.69</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>198.35</b>	<b>(2,951.69)</b>	<b>1,294.54</b>	<b>(2,145.33)</b>	<b>1,645.72</b>	<b>2,173.24</b>
<b>Cash and cash equivalents at the beginning of the year / period</b>	<b>464.23</b>	<b>3,415.92</b>	<b>2,121.38</b>	<b>4,266.70</b>	<b>2,620.98</b>	<b>447.74</b>
<b>Cash and cash equivalents at the end of the year / period</b>	<b>662.58</b>	<b>464.23</b>	<b>3,415.92</b>	<b>2,121.37</b>	<b>4,266.70</b>	<b>2,620.98</b>
<b>Components of cash and cash equivalents</b>						
Cash and Cash Equivalents at the end of the year / period						
i) Cheque on hand	-	-	0.42	4.09	-	-
ii) Cash on hand	0.00	0.02	0.05	-	-	0.00
ii) Balances with scheduled banks in:						
Current accounts	662.58	464.21	939.95	287.29	1,151.70	122.42
Deposits with original maturity of less than three months	-	-	2,475.50	1,830.00	3,115.00	2,498.56
<b>Total cash and cash equivalents (Refer annexure 17)</b>	<b>662.58</b>	<b>464.23</b>	<b>3,415.92</b>	<b>2,121.38</b>	<b>4,266.70</b>	<b>2,620.98</b>
The accompanying summary of significant accounting policies (Annexure 5) and restated notes to accounts (Annexure 6 - 31) and notes on adjustments for restated standalone summary financial information (Annexure 4) are an integral part of this statement.						

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

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

**per Jayesh Gandhi**  
Partner  
Membership No. 037924

**R. Sridhar**  
Executive Vice-Chairman & CEO  
DIN: 00136697

**Dhanpal Jhaveri**  
Chairman  
DIN: 02018124

**Pankaj Thapar**  
Chief Financial Officer

**Jitendra Bhati**  
Company Secretary

Place: Mumbai  
Date: 06 April 2018

Place: Mumbai  
Date: 06 April 2018

**ANNEXURE 4 : Restated Standalone Statement of material adjustments and regroupings**

**4.1 Material adjustment**

There are no material adjustments in the statement of Profit and Loss Account for the period ended December 31, 2017 and years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 due to errors or any accounting policy change.

**4.2 Non adjusting items**

Audit qualifications included in the auditors' reports issued on the Standalone financial statements, which do not require any corrective adjustment in the Restated Standalone Summary Financial Statements are as follows:

The information contained in this communication is intended solely for the use of the individual or entity to whom it is addressed and others authorized to receive it. It may contain confidential or legally privileged information. If you are not the intended recipient you are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by responding to this email and then delete it from your system. The firm is neither liable for the proper and complete transmission of the information contained in this communication nor for any delay in its receipt.

**Auditors' Report for the Financial year ended March 31, 2017**

**Paragraph 2(g)(iv) of Report on Other Legal and Regulatory Requirements**

The Company has provided disclosures in Note 35 to these financial statements as to the holding of Specified Bank Notes (SBNs) on November 8, 2016 and December 30, 2016 as well as dealings in SBNs during the period from November 9, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding to the holding and nature of cash transactions, including those in Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management. However, as stated in note 35 in the financial statements, the borrowers of the Company have directly deposited cash in the Company's bank accounts and we report that we were not made available sufficient appropriate audit evidence regarding denomination wise details of such deposits, details of which, as represented to us, are not available with the Company.

**Audit qualifications included in the Annexure to the auditors' reports issued under Companies (Auditor's Report) Order, 2016:**

**A. Annexure to auditors' report for the year ended March 31, 2017:**

Clause (x)

We have been informed that one borrower of the Company has committed fraud amounting to Rs. 208.76 lakhs during the year under audit. Investigations are in progress and police complaint has been lodged against the borrower and an amount of Rs. 41.08 lakhs have been recovered from the borrower.

**B. Annexure to auditors' report for the year ended March 31, 2016:**

Clause (vii)(c)

According to the records of the Company, the dues outstanding of income-tax, service tax, and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Expense disallowed	255,032	Financial Year 2012-13	Commissioner of Income Tax (Appeals)

**4.3 Material regroupings:**

With effect from April 1, 2014, Schedule III notified under the Companies Act, 2013 has become applicable to the Company for preparation and presentation of its financial statements. The adoption of Schedule III does not impact the recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has reclassified the figures for the previous financial years ended March 31, 2014 and March 31, 2013 in accordance with the requirements of the Companies Act, 2013.

Appropriate adjustments have been made in the Restated Standalone financial Statement of Asset and Liabilities, Restated Standalone financial Statement of Profit and Loss and Restated Standalone financial Statement of cash flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the classifications as per the audited financial statements of the Company as at and for the period ended December 31, 2017 prepared in accordance with Schedule III of the Companies Act, 2013 and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2009 (as amended).

## INDOSTAR CAPITAL FINANCE LIMITED

### ANNEXURE 5 : Significant Accounting Policies

#### 1. Corporate Information

IndoStar Capital Finance Limited ('the Company' or 'ICFL') was incorporated on 21st July 2009. The Company is registered with the Reserve Bank of India (RBI) as a Non-Banking Financial Company vide Certificate No. N-13.02109. The Company is primarily engaged in Lending business.

#### 2. Basis of preparation

The restated standalone summary statement of assets and liabilities of the Company as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and the related restated standalone summary statement of profits and losses and related restated standalone summary statement of cash flows for the period ended December 31, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 (collectively referred to as "Restated Standalone Summary Statements") have been compiled by the management from the audited standalone financial statements of the Company as at and for the period ended December 31, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 respectively which were originally approved by the Board of Directors of the Company at that relevant time. The accounting policies have been consistently applied by the Company in preparation of the Restated Standalone Summary Statements and are consistent with those adopted in the preparation of interim financial statement for the period ended December 31, 2017.

The Restated Standalone Summary Statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis. The company has prepared the Restated Standalone Summary Statements to comply in all material aspects of the Accounting Standards (AS) notified under the Companies Act, 1956 and under Section 133 of the Companies Act 2013 ('the Act'), read together with rule 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016 and the directions issued by Reserve Bank of India (RBI) as applicable to Non Banking Finance Company (NBFC).

These Restated Standalone Summary Statements have been prepared specifically for the inclusion in the offer document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with its proposed initial public offering.

These Restated Standalone Summary Statements have been prepared by the Company to comply in all material respects with the requirements of Sub-clause (i), (ii) and (iii) of clause (b) of Sub-section (1) of Section 26 of Chapter III of The Companies Act, 2013 read with rule 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and (the Securities and Exchange Board of India Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI Guidelines") issued by SEBI on August 26, 2009 as amended.

#### 2.1 Significant Accounting Policies

##### (a) Presentation and disclosure of financial statements

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

##### (b) Use of estimates

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

##### Change of estimate

During the year ended March 31, 2016 the company had changed its accounting estimate related to the recognition of origination fees collected from the clients, based on the fees collected and behaviour of the loan portfolio. Had the Company followed earlier estimates, profit for the year would have been lower by Rs. 62.70 million

##### (c) Property, Plant and Equipment /Intangible Assets, Depreciation/Amortisation and Impairment

###### Property, Plant and Equipment

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

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

### Depreciation on Property, Plant and Equipment

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
Furniture and Fixtures	5 Years	10 Years
Office Equipments	5 Years	5 Years
Office Equipments - Mobiles	2 Years	5 Years
Computers	3 Years	3 Years
Servers and networks	5 Years	6 Years

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

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

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.

### Intangible Assets /Amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated 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 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.

### Impairment of Property, Plant & Equipment and 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 wherever the carrying amount of an individual asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

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

#### (d) Investments

Investments intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments. Unquoted investments in units of mutual funds are stated at net asset value. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

#### (e) Provisioning / Write-off of assets

Non performing loans are written off / provided as per the minimum provision required as per the extant RBI Prudential Norms/Master Directions applicable to a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI). Pursuant to the RBI Prudential Norms/Master Directions, the Company's recognition norms of Non- Performing Assets (NPA) are as follows:

Period / Year Ended	Days Past Due (DPD)
December 31, 2017	90
March 31, 2017	120
March 31, 2016	150
March 31, 2015	180
March 31, 2014	180

Provision on standard assets is made as per management estimates and is more than the extant RBI Prudential Norms/Master Directions applicable to a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI). [0.30% for the year ended March 31, 2013 and 0.40% for the period ended December 31, 2017 and for the years ended March 31, 2017, 2016, 2015, 2014]

#### (f) Loans

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

#### (g) Leases

##### *Where the Company is the lessee*

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

**(h) Foreign currency translation**

**Initial recognition**

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

**Conversion**

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

**Exchange differences**

All exchange differences are dealt with in the Statement of profit and loss account.

**(i) Revenue recognition**

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

- i. Income from financing and investing activities is recognised on accrual basis, except in case of income on non-performing assets, which is recognised on receipt basis.
- ii Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognised on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognised on a time proportion basis over the tenure of the securities.
- iii Interest income on fixed deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv Interest income on loan portfolio buyout is recognised on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.
- v Dividend is recognised as income when right to receive payment is established.
- vi Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- vii Origination fees is recognised as income on signing of the binding term sheet by the client. Part of the origination fees is recognised upfront based on the management estimate and the balance fee is amortised over the tenure of the loan.
- viii Syndication fee and other fees are recognised as income when a significant portion of the arrangement is completed.

**(j) Retirement and other employee benefits**

**Provident Fund**

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

**Gratuity**

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

**Leave Encashment**

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

Accumulated leave which is expected to be utilised within next 12 months is treated as short term compensated absences and the accumulated leave which are carried forward beyond 12 months are treated as long term compensated absences.

**(k) Income tax**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India [and tax laws prevailing in the respective tax jurisdictions where the Company operates]. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

- (l) **Segment reporting**  
The Company is engaged in loan / financing activities. It operates in a single business and geographical segment.
- (m) **Earnings per share**  
Basic earnings per share is calculated by dividing the net profit or loss for the year/period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year/period.  
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year/period are adjusted for the effects of all dilutive potential equity shares.  
Partly paid equity shares, if any, are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events, if any, such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that can change the number of equity shares outstanding, without a corresponding change in resources.
- (n) **Provisions**  
A provision is recognised when the Company has a present obligation as a result of past event; it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (o) **Cash and cash equivalents**  
Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.
- (p) **Borrowing costs**  
Borrowing cost includes interest and are charged to the Statement of Profit & Loss in the year in which they are incurred. Ancillary and other borrowing costs are amortised over the tenure of the underlying loan on straight line basis.
- (q) **Employee stock compensation costs**  
Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method.
- (r) **Contingent liabilities**  
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.



ANNEXURE 6 : Restated Standalone Statement of Share capital

	(Rs. in Millions)					
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Authorized shares</b>						
Equity Shares of Rs. 10/- each						
- Number of shares	90,000,000	90,000,000	80,000,000	80,000,000	80,000,000	80,000,000
- Amount in Rs.	900.00	900.00	800.00	800.00	800.00	800.00
	<b>900.00</b>	<b>900.00</b>	<b>800.00</b>	<b>800.00</b>	<b>800.00</b>	<b>800.00</b>
<b>Issued Capital</b>						
Equity Shares of Rs. 10/- each						
- Number of shares	78,679,259	78,361,799	73,354,429	77,658,197	77,658,197	77,658,197
- Amount in Rs.	786.79	783.62	733.54	683.65	683.23	684.37
	<b>786.79</b>	<b>783.62</b>	<b>733.54</b>	<b>683.65</b>	<b>683.23</b>	<b>684.37</b>
<b>Total Issued Share Capital</b>						
<b>Subscribed Capital *</b>						
Equity Shares of Rs. 10/- each						
- Number of shares	78,679,259	78,361,799	73,354,429	77,658,197	77,658,197	77,658,197
- Amount in Rs.	786.79	783.62	733.54	683.65	683.23	684.37
	<b>786.79</b>	<b>783.62</b>	<b>733.54</b>	<b>683.65</b>	<b>683.23</b>	<b>684.37</b>
<b>Total Subscribed Capital</b>						
<b>Paid-up Capital</b>						
<b>Fully Paid-Up:</b>						
Equity Shares of Rs. 10/- each						
- Number of shares	78,679,259	78,361,799	73,354,429	68,619,947	68,619,947	68,619,947
- Amount in Rs.	786.79	783.62	733.54	683.59	683.17	684.28
<b>Partly Paid-Up:</b>						
Equity Shares of Rs. 10/- each, Re. 0.01/- paid up						
- Number of shares	-	-	-	9,038,250	9,038,250	9,038,250
- Amount in Rs.	-	-	-	0.06	0.06	0.09
	<b>786.79</b>	<b>783.62</b>	<b>733.54</b>	<b>683.65</b>	<b>683.23</b>	<b>684.37</b>
<b>Total issued, subscribed and fully paid-up share capital</b>						

\* Equity shares issued which were not subscribed to were cancelled after obtaining necessary approval from the shareholders in accordance with the Companies Act, 2013.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year / period

<i>Equity Shares</i>	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	No. of Shares	Rs. in Millions	No. of Shares	Rs. in Millions	No. of Shares	Rs. in Millions	No. of Shares	Rs. in Millions	No. of Shares	Rs. in Millions	No. of Shares	Rs. in Millions
At the beginning of the year / period	78,361,799	783.62	73,354,429	733.54	77,658,197	686.29	77,658,197	686.29	77,658,197	686.29	77,658,197	686.29
Add: Shares issued during the year / period	317,460	3.17	5,007,370	50.07	-	-	-	-	-	-	-	-
Add: call money received on 4,734,482 partly paid shares @ 9.99 per share	-	-	-	-	-	47.30	-	-	-	-	-	-
Less: 4,303,768 shares Rs.0.01 paid up per share forfeited on non- payment of call money	-	-	-	-	(4,303,768)	(0.04)	-	-	-	-	-	-
Less: Adjustment for fully paid up shares issued to employees through Indostar Trust or held by Indostar Trust	-	-	-	-	-	-	-	(2.61)	-	(3.03)	-	(1.92)
Less: Adjustment for partly paid up shares issued to employees through Indostar Trust or held by Indostar Trust	-	-	-	-	-	-	-	(0.03)	-	(0.03)	-	-
<b>Outstanding at the end of the year / period</b>	<b>78,679,259</b>	<b>786.79</b>	<b>78,361,799</b>	<b>783.62</b>	<b>73,354,429</b>	<b>733.54</b>	<b>77,658,197</b>	<b>683.65</b>	<b>77,658,197</b>	<b>683.23</b>	<b>77,658,197</b>	<b>684.37</b>

(b) 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.

(c) Shares held by holding company

Name of the holding company	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
<b>Equity shares of Rs. 10/- each</b>												
Indostar Capital (Mauritius)	71,102,635	90.37	71,102,635	90.74	71,369,635	97.30	68,035,332	87.61	68,035,332	87.61	68,035,332	87.61

(d) Details of shareholders holding more than 5% shares in the Company on date of reporting

<i>Equity shares</i>	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
<b>Equity shares of Rs. 10/- each</b>												
Indostar Capital (Mauritius) (Holding Company)	71,102,635	90.37	71,102,635	90.74	71,369,635	97.30	68,035,332	87.61	68,035,332	87.61	68,035,332	87.61

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

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer annexure 26.

ANNEXURE 7 : Restated Standalone Statement of Reserves and surplus

	(Rs. in Millions)					
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Statutory Reserve u/s 45- IC of RBI Act, 1934*</b>						
Balance as per last Balance Sheet	1,609.12	1,191.05	809.01	510.89	286.61	106.42
Add: Transfer from surplus balance in statement of profit and loss	-	418.07	382.04	298.12	224.28	180.19
<b>Closing Balance</b>	<b>1,609.12</b>	<b>1,609.12</b>	<b>1,191.05</b>	<b>809.01</b>	<b>510.89</b>	<b>286.61</b>
<b>Securities premium account</b>						
Balance as per last financial statements	10,246.76	8,795.27	8,227.13	8,227.13	8,227.13	8,227.13
Add: Received during the period	96.83	1,451.49	568.14	-	-	-
(Less) / Add : Premium on equity shares issued to employees through Indostar Trust or held by Indostar Trust	-	-	-	(31.32)	(36.39)	(23.08)
<b>Closing Balance</b>	<b>10,343.59</b>	<b>10,246.76</b>	<b>8,795.27</b>	<b>8,195.81</b>	<b>8,190.74</b>	<b>8,204.05</b>
<b>Capital Reserve</b> (4,303,768 shares Rs.0.01 paid up per share forfeited on non- payment of call money and amount received transferred)	0.04	0.04	0.04	-	-	-
<b>Closing Balance</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus in Statement of profit and loss</b>						
Balance as per last financial statements	6,364.62	4,692.31	3,164.19	1,971.67	1,074.58	353.83
Profit for the year	1,697.26	2,090.38	1,910.16	1,490.65	1,121.36	900.94
	<b>8,061.88</b>	<b>6,782.69</b>	<b>5,074.35</b>	<b>3,462.32</b>	<b>2,195.94</b>	<b>1,254.77</b>
Less: Transferred to Statutory Reserve u/s 45-IC of RBI Act 1934*	-	(418.07)	(382.04)	(298.12)	(224.28)	(180.19)
<b>Closing Balance</b>	<b>8,061.88</b>	<b>6,364.62</b>	<b>4,692.31</b>	<b>3,164.20</b>	<b>1,971.66</b>	<b>1,074.58</b>
<b>Total reserves and surplus</b>	<b>20,014.63</b>	<b>18,220.54</b>	<b>14,678.67</b>	<b>12,169.02</b>	<b>10,673.29</b>	<b>9,565.25</b>

\*Transfer of 20% of the profit after tax before restatement adjustment, if any, to the statutory reserves is made annually in accordance with the provisions of section 45-IC of the Reserve Bank of India Act, 1934.

ANNEXURE 8 : Restated Standalone Statement of Long-term borrowings

	(Rs. in Millions)											
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current*	Non-current	Current*	Non-current	Current*	Non-current	Current*	Non-current	Current*	Non-current	Current*
Term loans from banks (refer Note (a) below)												
Secured	11,124.08	4,418.97	9,814.94	4,839.04	9,596.49	4,925.72	9,573.05	5,837.59	7,910.86	4,897.74	4,441.45	2,614.23
Redeemable non convertible debentures (refer Note (b) below)												
Secured	4,294.30	3,925.00	9,291.18	1,922.27	7,992.17	2,500.00	6,565.30	322.71	4,004.84	500.00	2,650.00	-
Less: transferred to Other liabilities	-	(8,343.97)	-	(6,761.32)	-	(7,425.72)	-	(6,160.30)	-	(5,397.74)	-	(2,614.23)
Total	15,418.38	-	19,106.12	-	17,588.66	-	16,138.35	-	11,915.70	-	7,091.45	-
*Amount disclosed under the head 'Other liabilities'												

(a) Term loan from banks:

Particulars - Bank Name	Rate of interest	Repayment details	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
			Non-Current portion	Current Maturities	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities	Non-Current portion	Current Maturities
Axis Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	-	-	333.60	333.60	333.20	333.33	166.67
Axis Bank Limited- TL II	>=8.75%<13%	13-Quarterly repayments	-	-	-	-	153.85	307.69	461.54	307.69	750.00	250.00	-	-
Axis Bank Limited - TL III	>=8.75%<13%	13-Quarterly repayments	-	-	-	-	246.15	123.08	92.31	7.69	-	-	-	-
Axis Bank TL - IV	>=8.35%<10.50%	16-Quarterly repayments	343.75	125.00	-	-	-	-	-	-	-	-	-	-
Bank of Baroda Limited	>=8.75%<13%	16-Quarterly repayments	-	62.50	-	250.00	250.00	250.00	500.00	250.00	750.00	250.00	-	-
Bank of Baroda Limited - TL II	>=8.75%<13%	20-Quarterly repayments	150.00	200.00	300.00	200.00	500.00	200.00	700.00	200.00	-	-	-	-
Bank of India Limited	>=8.75%<13%	16-Quarterly repayments	-	93.75	-	375.00	375.00	375.00	750.00	375.00	1,218.75	281.25	-	-
Bank of India II	>=8.35%<10.50%	8 - Half yearly repayments	-	-	-	-	-	-	-	-	-	-	-	-
Canara Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	333.60	333.60	333.20	666.67	333.33	-	-
Canara Bank Limited - TL II	>=8.75%<10.75%	8 - Half yearly repayments	750.00	250.00	437.50	62.50	-	-	-	-	-	-	-	-
Corporation Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	50.00	50.00	100.00	150.00	100.00	250.00	50.00
Corporation Bank Limited - TL II	>=8.75%<13%	9 - Half yearly repayments	100.00	66.67	133.33	66.67	200.00	66.67	266.67	33.33	-	-	-	-
Dena Bank	>=8.75%<10.75%	8 - Half yearly repayments	312.50	125.00	375.00	125.00	150.00	-	-	-	-	-	-	-
Dena Bank - TL II	>=8.75%<10.75%	8 - Half yearly repayments	375.00	125.00	437.50	62.50	-	-	-	-	-	-	-	-
Development Credit Bank Limited	>=8.75%<13%	7-Quarterly repayments	-	-	-	-	-	-	-	107.20	107.20	142.80	-	-
Federal Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	83.33	83.33	83.33	166.67	83.33	-	-
Federal Bank Limited - TL II	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	25.00	33.33	58.33	33.33	-	-	-	-
Federal Bank Limited - TL III	>=8.75%<10.75%	12-Quarterly repayments	133.33	266.67	333.33	266.67	-	-	-	-	-	-	-	-
ICICI Bank Limited	>=8.75%<13%	9-Quarterly repayments	-	-	-	-	-	-	-	90.91	90.91	363.64	454.55	363.64
ICICI Bank Limited - II	>=8.75%<13%	10-Quarterly repayments	-	-	-	300.00	300.00	400.00	700.00	300.00	-	-	-	-
IDBI Bank Limited	>=8.75%<10.75%	18 - Quarterly repayments	-	-	250.00	111.11	361.11	111.11	-	-	-	-	-	-
IDBI Bank Limited - II	>=8.75%<10.75%	16-Quarterly repayments	343.75	125.00	437.50	62.50	-	-	-	-	-	-	-	-
Indian Overseas Bank Limited	>=8.75%<13%	18-Quarterly repayments	55.56	222.22	222.22	222.22	444.44	222.22	666.67	222.22	888.89	111.11	-	-
IndusInd Bank Limited	>= 11% < 13%	Bullet payment	-	-	-	-	-	-	-	-	-	-	-	500.00
IndusInd Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	75.00	75.00	100.00	175.00	400.00	-	-
IndusInd Bank Limited - TL II	>=8.75%<13%	10-Quarterly repayments	-	-	-	-	30.00	120.00	150.00	120.00	-	-	-	-
ING Vysya Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	41.67	41.67	166.67	208.33	166.67	-	-
ING Vysya Bank Limited - TL III	>=8.75%<13%	20-Quarterly repayments	225.00	200.00	375.00	200.00	575.00	200.00	775.00	200.00	-	-	-	-
Indian Bank	>=8.75%<10.75%	8 - Half yearly repayments	187.50	62.50	250.00	-	-	-	-	-	-	-	-	-
Kotak Mahindra Bank Limited	>= 11% < 13%	7-Quarterly repayments	-	-	-	-	-	-	-	-	-	166.07	166.07	221.43
Kotak Mahindra Bank Limited- TL II	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	83.33	83.33	166.67	250.00	166.67	-	-
Kotak Mahindra Bank Limited - TL III	>=8.75%<13%	16-Quarterly repayments	-	250.00	187.50	250.00	437.50	250.00	687.50	250.00	-	-	-	-
Kotak Mahindra Bank Limited - TL IV	>=8.75%<10.75%	16-Quarterly repayments	375.00	250.00	562.50	250.00	-	-	-	-	-	-	-	-
Kotak Mahindra Bank - TL V	>=8.35%<10.50%	16-Quarterly repayments	343.75	125.00	-	-	-	-	-	-	-	-	-	-
Punjab National Bank Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	133.34	133.33	333.33	466.67	333.33	800.00	200.00
Punjab National Bank - II	>=8.75%<10.75%	16-Quarterly repayments	240.63	137.50	343.75	137.50	481.25	68.75	-	-	-	-	-	-
SIDBI	>=8.75%<10.75%	20-Quarterly repayments	650.00	200.00	1,200.00	300.00	-	-	-	-	-	-	-	-
South Indian Bank Limited	>=8.75%<13%	18-Quarterly repayments	69.43	55.56	111.11	55.56	166.67	55.56	222.22	27.78	-	-	-	-
South Indian Bank - II	>=8.75%<10.75%	16-Quarterly repayments	125.00	62.50	171.88	62.50	234.38	15.63	-	-	-	-	-	-
State Bank of Bikaner and Jaipur Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	0.02	166.67	166.67	166.67	333.33	166.67	-	-
State Bank of Bikaner and Jaipur Limited - II	>=8.75%<10.75%	8 - Half yearly repayments	-	-	562.50	187.50	750.00	-	-	-	-	-	-	-
State Bank of Hyderabad Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	83.33	83.33	166.67	250.00	166.67	250.00	50.00
State Bank of Hyderabad Limited - II	>=8.75%<10.75%	18-Quarterly repayments	-	-	611.11	222.22	833.33	166.67	-	-	-	-	-	-
State Bank of Hyderabad Limited - III	>=8.75%<10.75%	8 - Half yearly repayments	-	-	375.00	125.00	-	-	-	-	-	-	-	-
State Bank of India Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	-	-	667.20	667.20	666.40	1,333.33	666.67
State Bank of India Limited - TL II	>=8.75%<13%	18-Quarterly repayments	666.60	444.40	999.90	444.40	1,444.30	444.40	1,888.70	111.30	-	-	-	-
State Bank of Mysore Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	20.65	20.65	83.40	104.05	83.40	187.50	62.50
State Bank of Mysore Limited - TL II	>=8.75%<13%	9 - Half yearly repayments	166.60	166.60	249.90	166.60	416.50	166.70	583.20	166.80	-	-	-	-
State Bank of Mysore Limited - TL III	>=8.75%<10.75%	9 - Half yearly repayments	277.60	111.20	333.20	111.20	444.40	55.60	-	-	-	-	-	-
State Bank of Patiala Limited	>=8.75%<13%	12-Quarterly repayments	-	-	-	-	-	-	-	333.60	333.60	333.20	666.67	333.33
State Bank of Patiala - II	>=8.75%<10.75%	9 - Half yearly repayments	-	-	555.20	222.40	777.60	222.40	-	-	-	-	-	-
SIDBI II	>=8.25%<10.75%	20-Quarterly repayments	325.00	100.00	-	-	-	-	-	-	-	-	-	-
Bank of India	>=8.25%<10.75%	8 - Half yearly repayments	1,125.00	375.00	-	-	-	-	-	-	-	-	-	-
Catholic Syrian Bank	>=8.25%<10.75%	8 - Half yearly repayments	500.00	-	-	-	-	-	-	-	-	-	-	-
SIDBI III	>=8.25%<10.75%	18-Quarterly repayments	1,500.00	-	-	-	-	-	-	-	-	-	-	-
Vijaya Bank	>=8.25%<10.75%	8 - Half yearly repayments	437.50	62.50	-	-	-	-	-	-	-	-	-	-
Allahabad Bank	>=8.25%<10.75%	8 - Half yearly repayments	375.00	125.00	-	-	-	-	-	-	-	-	-	-
Karnataka Bank	>=8.25%<10.75%	8 - Half yearly repayments	500.00	-	-	-	-	-	-	-	-	-	-	-
DCB	>=8.25%<10.75%	17-Quarterly repayments	470.59	29.41	-	-	-	-	-	-	-	-	-	-
Total			11,124.08	4,418.97	9,814.94	4,839.04	9,596.49	4,925.72	9,573.05	5,837.59	7,910.86	4,897.74	4,441.45	2,614.23

ANNEXURE 8 : Restated Standalone Statement of Long-term borrowings

Nature of Security:

First pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge by way of hypothecation on the standard asset portfolio of receivable of Rs.19,849.74 million (March 2017 Rs. 25,302.51 million, March 2016 Rs. 23,144.05 million, March 2015 Rs. 21,689.50 million, March 2014 Rs. 17,245.36 million, March 2013 Rs. 9,483.20 million)

b) Non Convertible Debenture

Privately placed Redeemable Non Convertible Debentures of Rs. 10,00,000/- each

Terms of repayment

Redeemable within	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Rate of interest		Rate of interest		Rate of interest		Rate of interest		Rate of interest		Rate of interest	
	>= 0% < 11.40%		>= 0% < 11.55%		>= 0% < 12.25%		>= 0% < 13%		>= 0% < 13%		>= 11% < 13%	
	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current	Non-Current	Current
Above 60 Months	150.00	-	150.00	-	150.00	-	150.00	-	150.00	-	-	-
48-60 Months	500.00	-	500.00	-	1,000.00	-	1,350.00	-	1,200.59	-	500.00	-
36-48 Months	500.00	-	1,000.00	-	1,350.00	-	1,215.94	-	350.00	-	2,150.00	-
24-36 Months	500.00	-	3,569.51	-	3,731.33	-	1,349.37	-	2,000.00	-	-	-
12-24 Months	2,644.30	-	4,071.68	-	1,760.84	-	2,500.00	-	304.25	-	-	-
0-12 Months	-	3,925.00	-	1,922.27	-	2,500.00	-	322.71	-	500.00	-	-
Total	4,294.30	3,925.00	9,291.18	1,922.27	7,992.16	2,500.00	6,565.31	322.71	4,004.84	500.00	2,650.00	-

Nature of Security:

1. Security is created in favour of the Debenture Trustee, as follows:

- (i) first pari-passu (with banks and financial institutions providing credit facilities to the Issuer) charge on by way of hypothecation on the standard asset portfolio of receivables of Rs 8,741.77 million (March 2017 : Rs.11,932.02 million, March 2016: Rs 11,654.26 million; March 2015: Rs 7,976.11 million; March 2014: Rs 5,550 million)
- (ii) first pari-passu charge on immovable property situated at village Maharajpura of Kadi taluka, Mehsana district, Gujarat

2. Debentures may be bought back subject to applicable statutory and/or regulatory requirements, upon the terms and conditions as may be decided by the Company.

ANNEXURE 9 : Restated Standalone Statement of Other Liabilities

	(Rs. in Millions)											
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Deposits from clients	-	-	-	-	-	-	-	210.33	452.46	-	93.10	100.00
Unamortised fees	39.08	39.93	72.37	48.05	102.68	76.04	138.99	63.18	125.68	62.05	34.90	25.75
Interest accrued but not due on loans	-	530.18	-	761.50	-	741.76	-	584.09	-	397.24	-	264.40
Current maturities of long term debts (Refer Annexure 8)	-	8,343.97	-	6,761.32	-	7,425.72	-	6,160.30	-	5,397.74	-	2,614.23
Book Overdraft	-	682.76	-	510.80	-	178.11	-	-	-	-	-	-
Employee benefits payable	-	176.03	-	168.36	-	153.74	-	110.00	-	85.33	-	-
Other liabilities (includes statutory liabilities)	-	769.37	-	86.25	-	41.84	-	37.87	-	8.02	-	94.38
	<b>39.08</b>	<b>10,542.24</b>	<b>72.37</b>	<b>8,336.28</b>	<b>102.68</b>	<b>8,617.21</b>	<b>138.99</b>	<b>7,165.77</b>	<b>578.14</b>	<b>5,950.38</b>	<b>128.00</b>	<b>3,098.76</b>

9.1 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the ‘MSMED’) pertaining to micro or small enterprises. For the period ended December 31, 2017 and year ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

ANNEXURE 10 : Restated Standalone Statement of Provisions

	(Rs. in Millions)											
	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
<b>For employee benefit</b>												
For gratuity	0.65	3.79	2.22	1.75	0.41	1.43	-	1.00	-	0.26	-	0.60
For leave encashment and availment	5.23	0.73	3.34	0.68	2.59	0.30	2.06	0.09	0.93	0.05	-	1.06
	<b>5.88</b>	<b>4.52</b>	<b>5.56</b>	<b>2.43</b>	<b>3.00</b>	<b>1.73</b>	<b>2.06</b>	<b>1.09</b>	<b>0.93</b>	<b>0.31</b>	<b>-</b>	<b>1.66</b>
<b>For Others</b>												
For non-performing assets	182.86	-	107.82	-	20.00	-	19.38	-	19.38	-	-	-
For standard assets	152.44	50.44	156.10	50.97	123.14	48.47	98.08	40.32	88.66	19.37	38.99	14.88
For General contingency	-	-	-	-	-	-	-	-	-	-	43.88	16.12
For income tax (net of advance tax)	-	50.44	-	104.06	-	7.02	-	16.48	-	10.03	-	43.54
	<b>335.30</b>	<b>100.88</b>	<b>263.92</b>	<b>155.03</b>	<b>143.14</b>	<b>55.49</b>	<b>117.46</b>	<b>56.80</b>	<b>108.04</b>	<b>29.40</b>	<b>82.87</b>	<b>74.54</b>
	<b>341.18</b>	<b>105.40</b>	<b>269.48</b>	<b>157.46</b>	<b>146.14</b>	<b>57.22</b>	<b>119.52</b>	<b>57.89</b>	<b>108.97</b>	<b>29.71</b>	<b>82.87</b>	<b>76.20</b>

ANNEXURE 11 : Restated Standalone Statement of Short-term borrowings

	(Rs. in Millions)					
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Secured *</b>						
Bank overdraft	509.34	947.47	1,088.67	-	-	-
	<b>509.34</b>	<b>947.47</b>	<b>1,088.67</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unsecured</b>						
Inter Corporate Deposit	50.00	-	-	-	-	-
<b>Commercial papers</b>						
i) From banks	2,500.00	500.00	500.00	250.00	1,000.00	-
ii) Other than banks	10,250.00	6,550.00	3,500.00	3,250.00	750.00	1,350.00
Less: Unamortised discount	(189.17)	(131.96)	(94.51)	(60.78)	(81.58)	(12.42)
	<b>12,560.83</b>	<b>6,918.04</b>	<b>3,905.49</b>	<b>3,439.22</b>	<b>1,668.42</b>	<b>1,337.58</b>
	<b>13,120.17</b>	<b>7,865.51</b>	<b>4,994.16</b>	<b>3,439.22</b>	<b>1,668.42</b>	<b>1,337.58</b>

\* Secured by First pari-passu charge by way of hypothecation on the standard asset portfolio

## ANNEXURE 12 : Restated Standalone Statement of Property, Plant and Equipment and Intangible Assets:

(Rs. in Millions)

Particulars	Property, Plant and Equipment						Intangible Assets	Total
	Land - Freehold*	Computers	Office Equipment	Furniture and Fixtures	Leasehold Improvement	Total	Software	
<b>Cost</b>								
<b>At 1 April 2012</b>	-	4.06	1.52	2.79	13.46	21.83		21.83
Additions	1.51	0.46	0.20	0.42	3.00	5.58	-	5.58
Deductions						-		-
<b>As at March 31, 2013</b>	<b>1.51</b>	<b>4.52</b>	<b>1.73</b>	<b>3.21</b>	<b>16.45</b>	<b>27.41</b>	<b>-</b>	<b>27.41</b>
Additions	-	0.14	0.33	-	-	0.47	1.49	1.95
Deductions	-	-	0.02	0.44	-	0.46	-	0.46
<b>As at March 31, 2014</b>	<b>1.51</b>	<b>4.65</b>	<b>2.04</b>	<b>2.77</b>	<b>16.45</b>	<b>27.42</b>	<b>1.49</b>	<b>28.91</b>
Additions	-	2.39	0.75	0.12	-	3.26	1.77	5.03
Deductions	-	0.08	0.07	-	-	0.15	-	0.15
<b>As at March 31, 2015</b>	<b>1.51</b>	<b>6.96</b>	<b>2.72</b>	<b>2.89</b>	<b>16.45</b>	<b>30.53</b>	<b>3.26</b>	<b>33.79</b>
Additions	-	9.15	2.02	1.28	15.32	27.76	1.67	29.43
Deductions	-	-	0.43	0.14	-	0.57	-	0.57
<b>As at March 31, 2016</b>	<b>1.51</b>	<b>16.11</b>	<b>4.31</b>	<b>4.03</b>	<b>31.77</b>	<b>57.72</b>	<b>4.93</b>	<b>62.65</b>
Additions	-	22.36	5.95	0.52	19.87	48.70	25.15	73.85
Deductions	-	0.21	0.35	-	-	0.56	-	0.56
<b>As at March 31, 2017</b>	<b>1.51</b>	<b>38.26</b>	<b>9.90</b>	<b>4.55</b>	<b>51.64</b>	<b>105.86</b>	<b>30.08</b>	<b>135.94</b>
Additions	-	17.24	1.82	0.10	43.94	63.10	2.85	65.95
Deductions	-	-	-	-	-	-	-	-
<b>As at December 31, 2017</b>	<b>1.51</b>	<b>55.50</b>	<b>11.72</b>	<b>4.65</b>	<b>95.58</b>	<b>168.96</b>	<b>32.93</b>	<b>201.89</b>
<b>Depreciation</b>								
<b>At 1 April 2012</b>	-	0.25	0.14	0.20	1.48	2.08		2.08
Charge for the year	-	1.08	0.45	0.58	5.61	7.72		7.72
Deductions	-	-	-	0.01	-	0.01		0.01
<b>As at March 31, 2013</b>	<b>-</b>	<b>1.33</b>	<b>0.60</b>	<b>0.77</b>	<b>7.09</b>	<b>9.79</b>	<b>-</b>	<b>9.79</b>
Charge for the year	-	1.54	0.44	0.88	5.61	8.47	0.25	8.71
Deductions	-	-	0.01	0.44	-	0.45	-	0.45
<b>As at March 31, 2014</b>	<b>-</b>	<b>2.87</b>	<b>1.03</b>	<b>1.21</b>	<b>12.70</b>	<b>17.81</b>	<b>0.25</b>	<b>18.06</b>
Charge for the year	-	1.66	0.53	0.56	3.75	6.49	0.63	7.12
Deductions	-	0.07	0.03	-	-	0.10	-	0.10
<b>As at March 31, 2015</b>	<b>-</b>	<b>4.46</b>	<b>1.52</b>	<b>1.77</b>	<b>16.45</b>	<b>24.20</b>	<b>0.88</b>	<b>25.07</b>
Charge for the year	-	2.17	0.81	0.61	0.35	3.94	1.18	5.12
Deductions	-	-	0.42	0.12	-	0.54	-	0.54
<b>As at March 31, 2016</b>	<b>-</b>	<b>6.62</b>	<b>1.91</b>	<b>2.26</b>	<b>16.80</b>	<b>27.60</b>	<b>2.05</b>	<b>29.65</b>
Charge for the year	-	4.33	1.26	0.66	3.26	9.51	9.23	18.74
Deductions	-	0.11	0.30	-	-	0.41	-	0.41
<b>As at March 31, 2017</b>	<b>-</b>	<b>10.84</b>	<b>2.87</b>	<b>2.92</b>	<b>20.06</b>	<b>36.69</b>	<b>11.29</b>	<b>47.98</b>
Charge for the year	-	7.94	1.88	0.31	5.43	15.56	7.40	22.96
Deductions	-	-	-	-	-	-	-	-
<b>As at December 31, 2017</b>	<b>-</b>	<b>18.78</b>	<b>4.75</b>	<b>3.23</b>	<b>25.49</b>	<b>52.25</b>	<b>18.69</b>	<b>70.94</b>
<b>Net Block</b>								
<b>As at March 31, 2013</b>	<b>1.51</b>	<b>3.18</b>	<b>1.13</b>	<b>2.44</b>	<b>9.36</b>	<b>17.62</b>	<b>-</b>	<b>17.62</b>
<b>As at March 31, 2014</b>	<b>1.51</b>	<b>1.78</b>	<b>1.01</b>	<b>1.56</b>	<b>3.75</b>	<b>9.62</b>	<b>1.24</b>	<b>10.85</b>
<b>As at March 31, 2015</b>	<b>1.51</b>	<b>2.50</b>	<b>1.19</b>	<b>1.13</b>	<b>-</b>	<b>6.33</b>	<b>2.38</b>	<b>8.71</b>
<b>As at March 31, 2016</b>	<b>1.51</b>	<b>9.48</b>	<b>2.39</b>	<b>1.78</b>	<b>14.97</b>	<b>30.13</b>	<b>2.88</b>	<b>33.00</b>
<b>As at March 31, 2017</b>	<b>1.51</b>	<b>27.42</b>	<b>7.03</b>	<b>1.64</b>	<b>31.58</b>	<b>69.17</b>	<b>18.79</b>	<b>87.96</b>
<b>As at December 31, 2017</b>	<b>1.51</b>	<b>36.72</b>	<b>6.97</b>	<b>1.42</b>	<b>70.09</b>	<b>116.70</b>	<b>14.24</b>	<b>130.95</b>

\*Mortgaged as security against Secured Non Convertible Debentures





## ANNEXURE 14 : Restated Standalone Statement of Deferred tax assets (net)

(Rs. in Millions)

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Deferred tax liability</b>						
Borrowing costs unamortised	13.52	20.53	29.65	42.07	29.62	20.63
<b>Gross deferred tax liability</b>	<b>13.52</b>	<b>20.53</b>	<b>29.65</b>	<b>42.07</b>	<b>29.62</b>	<b>20.63</b>
<b>Deferred tax asset</b>						
Fixed asset: Impact of difference between tax depreciation and depreciation /amortization charged for financial reporting period	0.19	(1.30)	2.95	3.82	3.39	0.91
Provision for standard assets	70.21	71.66	59.39	47.04	36.72	36.95
Origination fees unamortised	27.34	41.67	61.78	68.72	63.81	19.68
Provision for gratuity	1.54	1.38	0.64	0.34	0.09	0.65
Provision for leave encashment	2.06	1.39	1.00	0.73	0.33	0.31
Interest on the NPA Loans not accrued in books	32.07	32.07	-	-	-	-
Provision for non performing assets	63.29	37.32	6.92	6.59	6.59	-
Diminution in value of investments	-	-	-	-	-	0.63
<b>Gross deferred tax asset</b>	<b>196.70</b>	<b>184.18</b>	<b>132.67</b>	<b>127.24</b>	<b>110.92</b>	<b>59.12</b>
<b>Net deferred tax asset</b>	<b>183.18</b>	<b>163.65</b>	<b>103.02</b>	<b>85.17</b>	<b>81.30</b>	<b>38.49</b>

**INDOSTAR CAPITAL FINANCE LIMITED****ANNEXURE 15 : Restated Standalone Statement of Loans and Advances**

(Rs. in Millions)

	As at December 31, 2017		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
<b>Unsecured, considered good</b>												
<b>Security Deposits</b>												
Unsecured, considered good	68.43	-	25.51	-	19.09	-	4.58	-	4.58	-	4.59	-
<b>Secured, considered good</b>												
Hypothecation loans	21,530.84	3,539.80	22,602.78	3,156.59	17,881.08	4,514.49	14,879.00	4,649.70	9,781.90	3,184.27	7,582.32	3,496.80
Debentures	14,123.02	4,658.91	14,013.99	2,648.89	12,902.68	1,452.63	8,590.04	660.64	10,302.39	308.60	5,343.20	93.00
Short term loans	-	1,741.30	-	-	-	1,000.00	-	1,000.00	-	250.00	-	-
<b>Secured, considered doubtful</b>												
Hypothecation loans	890.00	-	727.34	-	100.00	-	193.85	-	193.85	-	-	-
<b>Unsecured, considered good</b>												
Hypothecation loans	-	-	-	750.00	-	-	571.43	228.57	1,000.00	-	-	-
Debentures	2,450.00	1,100.00	1,900.00	650.00	-	-	-	-	-	99.57	-	-
Short term loans	-	1,287.20	-	5,000.00	-	4,800.00	-	2,973.10	-	600.00	-	1,150.00
Loan to Indostar Trust	-	-	-	-	-	-	-	-	-	-	6.75	7.25
Advances recoverable in cash or in kind or for value to be received	-	63.58	-	13.55	-	35.50	-	9.49	-	0.44	-	2.29
Prepaid expenses	30.04	32.95	48.25	41.09	74.30	48.75	98.85	61.30	85.38	52.57	46.20	35.69
Service tax (Including Input credit)	-	-	-	2.23	-	1.76	-	0.40	-	0.19	-	0.36
	<b>39,092.33</b>	<b>12,423.74</b>	<b>39,317.87</b>	<b>12,262.35</b>	<b>30,977.15</b>	<b>11,853.13</b>	<b>24,337.75</b>	<b>9,583.20</b>	<b>21,368.10</b>	<b>4,495.64</b>	<b>12,983.06</b>	<b>4,785.39</b>

INDOSTAR CAPITAL FINANCE LIMITED

ANNEXURE 16 : Restated Standalone Statement of Other Non-current and Current assets

	(Rs. in Millions)											
	As at		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015		As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Interest accrued on investments	-	176.44	-	-	-	-	-	11.01	-	12.79	-	18.73
Interest accrued but not due on loans	-	281.35	-	506.44	-	350.77	53.70	414.56	104.05	228.15	49.65	203.87
Interest accrued on fixed deposits with banks	-	-	-	1.36	-	5.20	-	20.28	-	16.93	-	9.23
	-	457.79	-	507.80	-	355.97	53.70	445.85	104.05	257.87	49.65	231.83

ANNEXURE 17 : Restated Standalone Statement of Cash and bank balances

	(Rs. in Millions)					
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Cash and cash equivalents</b>						
i) Cash on hand	0.00	0.02	0.05	-	-	0.00
ii) Balances with scheduled banks in:						
Current accounts	662.58	464.21	939.95	287.29	1,151.70	122.42
Deposits with original maturity of less than three months	-	-	2,475.50	1,830.00	3,115.00	2,498.56
iii) Cheque on hand	-	-	0.42	4.09	-	-
	<b>662.58</b>	<b>464.23</b>	<b>3,415.92</b>	<b>2,121.38</b>	<b>4,266.70</b>	<b>2,620.98</b>
<b>Other bank balances</b>						
Deposits with original maturity of more than three months but less than twelve months	-	80.00	80.00	2,735.00	415.00	200.00
	<b>662.58</b>	<b>544.23</b>	<b>3,495.92</b>	<b>4,856.38</b>	<b>4,681.70</b>	<b>2,820.98</b>

**ANNEXURE 18 : Restated Standalone Statement of Revenue from operations**
**(Rs. in Millions)**

	For the period ended December 31, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Interest income on:</b>						
- Loan portfolio	4,864.64	6,320.12	5,341.21	4,230.52	3,220.26	1,859.64
- Deposits with banks	7.13	106.96	235.23	337.44	268.24	123.99
- Investments in PTCs	40.03	2.21	-	-	-	-
- Debt instruments	230.64	-	62.09	85.64	106.03	18.68
<b>Other financial services:</b>						
- Origination fees & other charges	543.98	675.05	685.18	525.74	310.05	226.84
- Syndication & other fees	100.79	44.56	89.54	88.78	28.53	75.18
- Gain on sale of loan assets	-	0.38	-	12.40	12.53	22.20
	<b>5,787.21</b>	<b>7,149.28</b>	<b>6,413.25</b>	<b>5,280.52</b>	<b>3,945.64</b>	<b>2,326.53</b>

**ANNEXURE 19 : Restated Standalone Statement of Other income**
**(Rs. in Millions)**

	For the period ended December 31, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Dividend income	0.58	2.42	0.54	-	23.36	79.49
Profit on Sale of Investments	57.09	3.70	-	-	-	7.82
Miscellaneous income	0.01	0.02	0.00	0.03	0.05	1.93
	<b>57.68</b>	<b>6.14</b>	<b>0.54</b>	<b>0.03</b>	<b>23.41</b>	<b>89.24</b>

**ANNEXURE 20 : Restated Standalone Statement of Employee benefit expenses**
**(Rs. in Millions)**

	For the period ended December 31, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Salaries, other allowances and bonus	496.94	461.23	383.67	270.99	246.23	217.48
Gratuity expenses	1.24	3.38	0.84	1.60	0.09	1.09
Leave encashment	3.04	1.60	0.82	1.27	0.36	0.44
Contribution to provident and other funds	9.42	8.82	7.06	4.77	4.34	3.53
Staff welfare expenses	5.02	2.86	2.11	1.95	0.89	0.62
	<b>515.66</b>	<b>477.89</b>	<b>394.50</b>	<b>280.58</b>	<b>251.91</b>	<b>223.16</b>

**20.1 Details of employees benefits**
**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 AS 15 'Employee Benefits' notified under Section 133 of the Companies Act 2013, read together with Companies (Accounting Standards) Amendment Rules, 2016, the following disclosures have been made as required by the standard:

**Profit and loss account**
**Net employee benefit expense (recognized in employee cost)**
**(Rs. in Millions)**

	For the period ended December 31, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Current service cost	1.31	1.43	1.50	1.04	0.95	1.11
Interest cost on benefit obligation	0.32	0.39	0.32	0.21	0.16	0.08
Expected return on plan assets	(0.15)	(0.30)	(0.33)	(0.23)	(0.15)	(0.06)
Net actuarial (gain) / loss recognised in the year	0.97	0.86	(0.64)	0.58	(0.84)	(0.04)
Past service cost	-	-	-	-	-	-
Adjustment in respect of interest not credited in the previous year	-	-	-	-	(0.03)	-
<b>Net benefit expense</b>	<b>2.45</b>	<b>2.38</b>	<b>0.85</b>	<b>1.60</b>	<b>0.09</b>	<b>1.09</b>
<b>Actual return on plan assets</b>	<b>0.13</b>	<b>0.27</b>	<b>0.27</b>	<b>0.20</b>	<b>0.14</b>	<b>0.01</b>

**Balance sheet**
**Details of Provision for gratuity**
**(Rs. in Millions)**

Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Change in Fair Value of Assets</b>						
Opening value of plan assets	2.62	3.34	3.07	2.02	1.42	-
Transfer in/(out) plan assets	-	-	-	-	0.03	-
Expected return	0.15	0.30	0.33	0.23	0.15	0.06
Actuarial gain/(loss)	(0.02)	(0.03)	(0.06)	(0.03)	(0.01)	(0.05)
Assets distributed on settlements	-	-	-	-	-	-
Contributions by employer	-	-	-	0.86	0.43	1.40
Assets acquired in an amalgamation in the nature of purchase	-	-	-	-	-	-
Exchange differences on foreign plans	-	-	-	-	-	-
Benefits paid	-	(1.00)	-	-	-	-
<b>Closing value of plan assets</b>	<b>2.75</b>	<b>2.61</b>	<b>3.34</b>	<b>3.07</b>	<b>2.02</b>	<b>1.42</b>
Defined benefit obligation	(6.93)	(6.59)	(5.19)	(4.08)	(2.28)	(2.02)
Fair value of plan assets	2.50	2.61	3.34	3.07	2.02	1.42
Less: Unrecognised past service cost	-	-	-	-	-	-
<b>Plan asset / (liability)</b>	<b>(4.43)</b>	<b>(3.98)</b>	<b>(1.85)</b>	<b>(1.01)</b>	<b>(0.26)</b>	<b>(0.60)</b>

**Changes in the present value of the defined benefit obligation are as follows:**
**(Rs. in Millions)**

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Opening defined benefit obligation	6.59	5.19	4.08	2.28	2.02	0.92
Interest cost	0.32	0.39	0.32	0.21	0.16	0.08
Current service cost	1.31	1.43	1.50	1.04	0.95	1.11
Benefits paid	(2.24)	(1.25)	-	-	-	-
Actuarial (gains) / losses on obligation	0.95	0.83	(0.70)	0.55	(0.85)	(0.09)
<b>Closing defined benefit obligation</b>	<b>6.93</b>	<b>6.59</b>	<b>5.20</b>	<b>4.08</b>	<b>2.28</b>	<b>2.02</b>

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

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Investments with insurer</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Discount Rate	7.40%	7.10%	7.80%	7.80%	9.10%	8.20%
Expected Return on Plan Assets	7.40%	7.10%	7.80%	9.00%	9.00%	9.00%
Increase in compensation cost	6.00%	6.00%	6.00%	6.00%	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	10% at younger ages reducing to 6% at older ages	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages

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

The expected rate of return on plan assets is based on actuarial expectation of the average long term return expected on investments of the fund during the estimated term of the obligation.

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

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Defined benefit obligation	6.92	6.59	5.19	4.08	2.28	2.02
Plan assets	2.50	2.61	3.34	3.07	2.02	1.42
Surplus / (deficit)	(4.43)	(3.97)	(1.84)	(1.00)	(0.26)	(0.60)
Experience adjustments on plan liabilities	1.11	0.54	(1.68)	0.03	(0.63)	(0.21)
Experience adjustments on plan assets	0.02	0.03	0.06	0.03	0.01	0.05

**ANNEXURE 21 : Restated Standalone Statement of Finance cost**

	For the period ended December 31, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Interest expense on</b>						
Debentures	722.75	1,151.15	971.11	753.78	424.12	250.73
Deposits from clients	-	-	1.12	67.31	35.15	8.04
Loans from banks	939.83	1,555.50	1,608.70	1,487.69	1,225.01	382.11
Commercial paper	556.08	315.35	225.65	190.81	168.57	87.83
Security Deposits	5.58	-	-	-	-	-
Inter Corporate Deposit	1.65	-	-	-	-	-
<b>Other borrowing costs</b>						
Processing charges on loans	25.86	44.78	50.37	52.77	39.05	20.84
Bank charges & other related costs	38.75	51.71	35.64	26.93	26.95	9.10
	<b>2,290.50</b>	<b>3,118.49</b>	<b>2,892.59</b>	<b>2,579.29</b>	<b>1,918.85</b>	<b>758.65</b>

**ANNEXURE 22 : Restated Standalone Statement of Other expenses**

	For the period ended December 31, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Rent	43.42	39.12	23.20	17.74	17.72	17.76
Rates & taxes	5.90	3.85	7.07	8.06	12.28	3.88
Printing and stationery	2.06	1.32	1.01	0.60	0.54	0.64
Travelling & conveyance	12.15	8.43	7.45	3.70	3.18	6.55
Advertisement	81.31	0.58	0.52	0.20	1.01	0.14
Business Promotion	2.46	2.60	2.45	2.08	2.21	1.95
Conference charges	0.20	0.06	0.35	0.14	0.71	1.01
Commission & brokerage	110.27	48.15	27.56	1.03	-	22.17
Office expenses	24.20	22.25	20.50	13.90	12.13	14.32
Directors' sitting fees	4.46	2.16	4.88	8.01	0.98	0.64
Insurance	3.06	2.15	1.53	3.79	1.43	0.24
Communication expenses	5.97	3.59	2.14	1.15	1.20	1.13
Payment to auditor	-	-	-	-	-	-
- Audit fees	2.77	4.19	3.60	2.65	1.50	1.20
- Tax audit fees	0.19	0.38	0.32	0.32	0.27	0.16
- Certification	0.27	0.54	0.35	0.27	0.36	0.86
- Out of pocket	-	-	-	0.05	0.02	0.03
Loss on sale of loan assets	-	-	7.90	-	-	-
Bank charges	-	-	-	1.53	1.25	0.29
CSR expenses	6.13	16.39	12.50	10.00	-	-
Legal & professional charges	63.31	54.55	39.10	44.81	21.54	26.92
Loss on sale of fixed assets (net)	-	0.09	0.02	0.02	-	-
Loss on sale of investments	-	-	-	-	3.33	-
Membership & subscriptions	6.36	2.38	2.30	2.26	1.86	1.91
	<b>374.49</b>	<b>212.77</b>	<b>164.75</b>	<b>122.32</b>	<b>83.52</b>	<b>101.78</b>

**ANNEXURE 23 : Restated Standalone Statement of Provisions and write offs**

	For the period ended December 31, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Provision for standard assets	(4.18)	35.46	33.20	30.37	(5.84)	27.59
Provision for non-performing assets	75.03	87.82	0.62	-	19.38	-
Debts written off	14.93	-	-	-	-	-
	<b>85.78</b>	<b>123.28</b>	<b>33.82</b>	<b>30.37</b>	<b>13.54</b>	<b>27.59</b>

### 23.1 Movement of NPA

	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
Net NPAs to Net Advances (%)	1.27%	1.21%	0.19%	0.52%	0.69%	-
<b>Movement of NPAs (Gross)</b>						
(a) Opening balance	727.34	100.00	193.85	193.85	-	-
(b) Additions during the year	177.59	627.34	80.00	-	193.85	-
(c) Reductions during the year	14.93	-	173.85	-	-	-
(d) Closing balance	890.00	727.34	100.00	193.85	193.85	-
<b>Movement of Net NPAs</b>						
(a) Opening balance	619.51	80.00	174.46	174.46	-	-
(b) Additions during the year	87.63	539.51	72.00	-	174.46	-
(c) Reductions during the year	-	-	166.46	-	-	-
(d) Closing balance	707.14	619.51	80.00	174.46	174.46	-
<b>Movement of provisions for NPAs (excluding provision on Standard Assets)</b>						
(a) Opening balance	107.82	20.00	19.38	19.38	-	-
(b) Provisions made during the year	89.96	87.82	27.38	-	19.38	-
(c) Write-off / write-back of excess provisions	14.92	-	26.77	-	-	-
(d) Closing balance	182.86	107.82	20.00	19.38	19.38	-

**ANNEXURE 24 : Restated Standalone Statement of Earning Per share**

	<b>(Rs. in Millions)</b>					
	<b>As at December 31, 2017</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Profit/ (loss) after tax <b>(A)</b>	1,697.26	2,090.38	1,910.16	1,490.65	1,121.36	900.94
Weighted average number of equity shares in calculating basic EPS <b>(B)</b>	78,636,546	73,481,031	71,641,552	68,628,985	68,628,985	68,628,985
Effect of dilution:						
Add: Effect of dilution - Stock option granted to employees	8,569,071	6,638,561	913,000	924,000	303,000	-
Weighted average number of equity shares in calculating diluted EPS <b>(C)</b>	87,205,617	80,119,592	72,554,552	69,552,985	68,931,985	68,628,985
<b>Earning per share *</b>						
Basic (In Rs.) <b>(A / B)</b>	21.58	28.45	26.66	21.72	16.34	13.13
Diluted (In Rs.) <b>(A / C)</b>	19.46	26.09	26.33	21.43	16.27	13.13
Nominal value per share (In Rs.)	10.00	10.00	10.00	10.00	10.00	10.00

\* EPS and Diluted EPS for the period ended December 31, 2017 are not annualised.

**IndoStar Capital Finance Limited**

**ANNEXURE 25 : Restated Standalone Statement of Related Party Transactions**

Names of related parties where control exists irrespective of whether transactions have occurred or not

Particulars	For the period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Holding Company</b>	Indostar Capital (Mauritius)	Indostar Capital (Mauritius)	Indostar Capital (Mauritius)	Indostar Capital (Mauritius)	Indostar Capital (Mauritius)	Indostar Capital (Mauritius)
<b>Subsidiary Company</b>	IndoStar Asset Advisory Private Limited	IndoStar Asset Advisory Private Limited	IndoStar Asset Advisory Private Limited	IndoStar Asset Advisory Private Limited	IndoStar Asset Advisory Private Limited	-
	IndoStar Home Finance Private Limited	IndoStar Home Finance Private Limited	IndoStar Home Finance Private Limited	-	-	-

**Names of other related parties**

<b>Key Managerial Personnel</b>	R Sridhar - Executive Vice Chairman & CEO *	-	-	-	-	-
	Vimal Bhandari - MD & CEO ^	Vimal Bhandari - MD & CEO	Vimal Bhandari - MD & CEO	Vimal Bhandari - MD & CEO	Vimal Bhandari - MD & CEO	Vimal Bhandari - MD & CEO
	Shailesh Shirali - Wholetime Director	Shailesh Shirali - Wholetime Director	Shailesh Shirali - Wholetime Director	Shailesh Shirali - Wholetime Director	Shailesh Shirali - Wholetime Director	Shailesh Shirali - Wholetime Director \$
	-	-	-	-	Sanjay Hinduja - Wholetime Director #	Sanjay Hinduja - Wholetime Director
	-	-	-	-	-	Sandeep Baid - Wholetime Director @

\* since 21st April, 2017; ^ till 30th April, 2017;\$ since 15th March, 2013; # till 31 August 2013; @ till 14th March 2013

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

*(Rs. in Millions)*

Name of related party & nature of relationship	Particulars	For the period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>Key managerial personnel</b> R Sridhar	Investment in share capital	3.17	-	-	-	-	-
	Securities premium	96.83	-	-	-	-	-
	Remuneration paid*	19.74	-	-	-	-	-
	Expenses reimbursed	0.12	-	-	-	-	-
Vimal Bhandari	Investment in share capital	-	-	6.86	-	-	-
	Securities premium	-	-	82.34	-	-	-
	Remuneration paid*	3.60	33.46	48.49	43.94	39.94	34.15
	Expenses reimbursed	0.08	0.69	0.66	0.73	0.77	1.23
Shailesh Shirali	Investment in share capital	-	-	23.05	-	-	-
	Securities premium	-	-	276.92	-	-	-
	Remuneration paid*	18.44	52.14	49.00	46.65	39.15	19.16
Sanjay Hinduja	Remuneration paid*	-	-	-	-	7.71	24.64
	Expenses reimbursed	-	-	-	-	0.03	0.17
Sandeep Baid	Remuneration paid	-	-	-	-	-	15.62
	Expenses reimbursed	-	-	-	-	-	0.01
<b>Subsidiary Company</b>							
IndoStar Asset Advisory Private Limited	Investment in subsidiary	-	-	-	-	0.10	-
	Reimbursement of expenses	-	5.66	9.03	0.38	0.03	-
	Loans and Advances (Net)	2.10	21.12	11.70	-	-	-
IndoStar Home Finance Private Limited	Investment in subsidiary	100.00	-	100.00	-	-	-

\* includes bonus on accrual basis

**II. Balance as at period end**

*(Rs. in Millions)*

Name of related party & nature of relationship	Particulars	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Holding Company</b>							
Indostar Capital (Mauritius)	Investment in share capital	711.03	711.03	713.70	680.35	680.35	680.35
	Securities premium	8,532.32	8,532.32	8,564.36	8,164.24	8,164.24	8,164.24
<b>Key managerial personnel</b>							
R. Sridhar	Investment in share capital	3.17	-	-	-	-	-
	Securities premium	96.83	-	-	-	-	-
Vimal Bhandari	Investment in share capital	4.31	4.31	4.31	2.31	2.31	2.31
	Securities premium	51.77	51.77	51.77	27.69	27.69	27.69
Shailesh Shirali	Investment in share capital	2.64	2.64	5.97	0.02	0.02	0.02
	Securities premium	31.63	31.63	71.63	-	-	-
Sanjay Hinduja	Investment in share capital	-	-	-	-	-	1.81
	Securities premium	-	-	-	-	-	8.50
	Receivable	-	-	-	-	-	1.33
<b>Subsidiary Company</b>							
IndoStar Asset Advisory Private Limited	Investment in subsidiary	0.10	0.10	0.10	0.10	0.10	-
	Reimbursement of expenses	5.33	5.66	21.12	0.38	-	-
	Loans and Advances	2.10	-	-	-	-	-
IndoStar Home Finance Private Limited	Investment in subsidiary	200.00	100.00	100.00	-	-	-

**ANNEXURE 26- Employee stock option plans**

The company provides share-based employee benefits to the employees of the Company, the Holding Company or Subsidiary Company working in India or outside India, the Director, whether a whole time Director or otherwise; whether in India or outside India, including the Director of the Company, the Holding Company or a Subsidiary Company, such other entities or individuals as may be permitted by Applicable Laws and any of the aforesaid Employees who are on deputation at the request of the Company and during the period ended 31 December 2017, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below.

The Board of Directors approved the share based employee benefits i.e. issue of stock options to the key employees and directors of the company under four schemes viz. ESOP Plan 2012, ESOP Plan 2016, ESOP Plan 2016 II, ESOP Plan 2017 and ESOP Plan 2018 in their Meetings held on 20 June 2012, 11 April 2016, 21 September 2016, 18 April 2017 and 12 December 2017 respectively. According to the Schemes, the employee selected by the Nomination and remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions. No options have been granted under ESOP Plan 2018 till 31st December 2017. The contractual life (comprising the vesting period and the exercise period) of options granted is 5 years.

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

The details of activity under various ESOP Schemes are summarized below:

Particulars	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016	ESOP Plan 2016	ESOP Plan 2016-II	ESOP Plan 2016-II	ESOP Plan 2016	ESOP Plan 2016-II	ESOP Plan 2016	ESOP Plan 2017	ESOP Plan 2016	ESOP Plan 2016-II
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche IV	Tranche III	Tranche V	Tranche I	Tranche VI	Tranche IV
Date of grant	21-Aug-12	18-Feb-13	28-Mar-13	14-Aug-13	23-Apr-14	16-May-16	16-May-16	16-May-16	16-May-16	19-Oct-16	04-Nov-16	22-Mar-17	22-Mar-17	18-May-17	18-May-17	26-Jul-17	26-Jul-17
Number of option granted	203,000	100,000	20,000	10,000	666,000	602,254	2,498,036	15,000	25,000	2,370,000	20,000	150,000	367,000	225,000	1,428,500	70,000	250,000
Number of option exercised	3,400	200	-	-	470	-	-	-	-	-	-	-	-	-	-	-	-
Number of option cancelled	37,700	-	20,000	10,000	41,690	-	287,259	5,000	-	20,000	-	-	-	-	-	25,000	-
Number of option outstanding	161,900	99,800	-	-	623,840	602,254	2,210,777	10,000	25,000	2,350,000	20,000	150,000	367,000	225,000	1,428,500	45,000	250,000
Weighted average remaining contractual life (in years)	3.5	4.0	NA	NA	5.0	3.0	3.0	5.0	3.5	5.0	5.0	5.0	5.0	6.0	7.0	6.0	6.0
Weighted average fair value of options granted (Rs)	99.63	102.52	91.11	92.16	105.67	82.87	82.87	108.11	90.32	119.65	119.91	139.36	139.36	163.34	176.42	173.12	173.12
Weighted Average Exercise Price (Rs)	140.00	145.00	145.10	147.24	149.37	225.00	225.00	225.00	225.00	255.00	255.00	300.00	300.00	315.00	315.00	328.00	328.00

The range of exercise prices for options outstanding at the end of the year was Rs 140.00 to Rs 328.00.

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

Particulars	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2012	ESOP Plan 2016	ESOP Plan 2016	ESOP Plan 2016	ESOP Plan 2016-II	ESOP Plan 2016-II	ESOP Plan 2016	ESOP Plan 2016-II	ESOP Plan 2016	ESOP Plan 2017	ESOP Plan 2016	ESOP Plan 2016-II
	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche I	Tranche II	Tranche III	Tranche I	Tranche II	Tranche IV	Tranche III	Tranche V	Tranche I	Tranche VI	Tranche IV
Dividend yield (%)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Expected volatility	0.5811	0.5765	0.5709	0.5671	0.5733	0.4300	0.4300	0.4200	0.4300	0.4200	0.4200	0.4200	0.4200	0.4400	0.4300	0.4400	0.4400
Risk-free interest rate	8%	8%	8%	8%	8%	7.39%	7.39%	7.64%	7.44%	6.83%	6.88%	6.96%	6.96%	7.03%	7.29%	6.76%	6.76%
Weighted average share price (Rs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Exercise price (Rs)	140.00	145.00	145.10	147.24	149.37	225.00	225.00	225.00	225.00	255.00	255.00	300.00	300.00	315.00	315.00	328.00	328.00
Expected life of options granted in years	4	4	NA	NA	5	3	3	5	4	5	5	5	5	6	7	6	6

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

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

Particulars	For the period ended December 31, 2017	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
Profit after tax as reported	1,697.26	2,090.38	1,910.16	1,490.65	1,121.36	900.94
Add: ESOP cost using the intrinsic value method	-	-	-	-	-	-
Less: ESOP cost using the fair value method	128.13	341.31	18.47	18.05	5.81	6.70
<b>Proforma profit after tax</b>	<b>1,569.13</b>	<b>1,749.07</b>	<b>1,891.69</b>	<b>1,472.59</b>	<b>1,115.54</b>	<b>894.23</b>
<b>Earnings Per Share</b>						
<b>Basic</b>						
- As reported	21.58	28.45	26.66	21.72	16.34	13.13
- Proforma	19.95	23.80	26.40	21.46	16.25	13.03
<b>Diluted</b>						
- As reported	19.46	26.09	26.33	21.43	16.27	13.13
- Proforma	17.99	21.83	26.07	21.17	16.18	13.03



**ANNEXURE 27 : Restated Standalone Statement of Additional information****ANNEXURE 27.1 : Restated Standalone statement of Contingent liabilities and Commitments**

Particulars	(Rs. in Millions)					
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Contingent Liabilities</b>						
Corporate guarantee given by Company to banks	535.80	629.08	-	-	-	-
Pending Litigation with Income Tax Authorities	-	-	0.26	-	-	-
<b>Capital Commitments</b>						
Loans sanctioned not yet disbursed	12,694.06	3,124.40	3,392.53	4,459.75	1,088.08	2,047.95
Amount uncalled on partly paid up shares of subsidiary	450.00	-	-	-	-	-
Estimated amount of contracts remaining to be executed on capital account	45.48	-	18.35	-	-	0.55

**ANNEXURE 27.2 : Restated Standalone statement of Segment Reporting**

The Company operates in a single reportable segment i.e. lending to borrowers, which have similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company operates in a single geographical segment i.e. domestic.

**ANNEXURE 27.3 : Restated Standalone statement of Details of Specified Bank Notes (SBNs) held and transacted by the Company during the period November 8, 2016 to December 30, 2016****Disclosures Pursuant to the MCA Notification dated March 30, 2017**

(Rs. in Millions)			
Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	0.00	0.00
(+) Permitted receipts	-	0.32	0.32
(-) Permitted payments	-	(0.32)	(0.32)
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	0.01	0.01

Note:

In the ordinary course of business, the loan borrowers of the Company have directly deposited cash amounting to Rs.1.44 million as part of their loan repayments in the collection bank accounts of the Company during the period from November 9, 2016 to December 30, 2016. The denomination wise details of which are currently not available with the Company. Accordingly, this amount has not been included in the table above.

**ANNEXURE 27.4 : LEASE****In case of assets taken on lease**

The Company has taken various office premises under operating lease. The lease payments recognized in the statement of profit & loss are Rs.43.42 million (March 31, 2017: Rs. 39.12 million; March 31, 2016: Rs. 23.20 million; March 31, 2015: Rs.1.77 million; March 31, 2014: Rs.17.72 million; March 31, 2013: Rs.17.76 million). The non-cancellable operating lease agreements are for a period ranging between 24 to 60 months. There are no restrictions imposed by lease arrangements. There are no sub leases.

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

Particulars	(Rs. in Millions)					
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>Minimum Lease Payments:</b>						
Not later than one year	24.37	52.27	35.00	16.54	11.03	16.54
Later than one year but not later than five years	30.55	169.11	141.52	65.62	-	11.03
Later than five years	-	-	6.17	-	-	-

**ANNEXURE 27.5 : Restated Standalone Statement of Disclosure as per RBI guidelines:-****(A) Capital adequacy ratio**

Particulars	(Rs. in Millions)					
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
CRAR (%)	31.60	33.80	34.21	32.64	41.45	50.19
CRAR - Tier I capital (%)	31.30	33.40	33.82	32.29	41.05	49.64
CRAR - Tier II capital (%)	0.30	0.40	0.38	0.35	0.39	0.55

**(B) Exposures to Real Estate Sector**

Category	(Rs. in Millions)					
	As at December 31, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
<b>(A) Direct Exposure-</b>						
<b>Residential Mortgages-</b>						
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 Rs.15 lakhs may be shown separately)	11,690.74	4,356.57	2,195.55	74.08	-	-
<b>Commercial Real Estate-</b>						
Lending secured by mortgages on commercial real estate's (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	21,650.31	20,710.40	17,201.09	12,282.31	9,832.88	942.33
<b>Investments in Mortgage Backed Securities (MBS) and other securitised exposures</b>	Nil	Nil	Nil	Nil	Nil	Nil
(a) Residential	Nil	Nil	Nil	Nil	Nil	Nil
(b) Commercial Real Estate.	Nil	Nil	Nil	Nil	Nil	Nil
<b>(B) Indirect Exposure</b>						
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	200.00	Nil	Nil	Nil	Nil	Nil

Of the loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset (including the recovery in the event of default).

**INDOSTAR CAPITAL FINANCE LIMITED**

**Annexure 27.6 : Asset Liability management**

**For the period ended December 31, 2017**

**(Rs. in Millions)**

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	801.03	308.33	669.41	972.21	2,177.32	10,108.95	1,015.15	-
Market borrowings	3,734.10	5,014.29	1,236.17	4,588.00	1,963.27	3,644.31	650.00	-
<b>Assets:</b>								
Loans & advances	1,552.62	380.82	1,622.24	1,364.62	7,406.91	21,165.13	6,736.31	11,092.42
Investments	5,753.56	26.63	26.92	75.32	94.74	-	-	1,338.66

**For the year ended March 31, 2017**

**(Rs. in Millions)**

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	1,183.57	243.75	550.69	1,345.23	2,463.27	7,384.87	2,430.07	-
Market borrowings	1,894.35	2,304.42	1,237.66	2,535.01	868.86	7,641.18	1,500.00	150.00
<b>Assets:</b>								
Loans & advances	1,713.17	45.96	3,155.03	2,393.25	4,581.83	24,612.59	7,114.11	7,833.64
Investments	1,007.19	73.03	77.31	227.49	269.18	175.50	-	140.09

**For the year ended March 31, 2016**

**(Rs. in Millions)**

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	1,469.57	462.96	532.16	1,385.72	2,342.12	6,712.26	2,884.23	-
Market borrowings	100.00	2,642.25	2,940.54	-	722.70	6,692.16	1,150.00	150.00
<b>Assets:</b>								
Loans & advances	444.29	454.80	3,875.61	2,972.88	4,023.62	22,684.08	6,181.88	2,013.72
Investments	-	-	-	-	-	-	-	100.10

**For the year ended March 31, 2015**

**(Rs. in Millions)**

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	91.67	629.76	652.93	1,466.85	2,996.39	6,963.32	2,498.64	111.10
Market borrowings	1,739.16	990.67	-	240.37	791.72	4,699.37	1,715.94	150.00
<b>Assets:</b>								
Loans & advances	1,209.96	967.12	976.94	2,000.15	4,357.84	17,030.17	6,973.02	231.12
Investments	-	-	-	41.60	41.60	187.20	275.70	-

**For the year ended March 31, 2014**

**(Rs. in Millions)**

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	341.67	313.64	647.38	1,179.77	2,415.29	6,664.34	1,246.53	-
Market borrowings	-	-	246.05	490.22	1,432.15	2,304.25	1,550.59	150.00
<b>Assets:</b>								
Loans & advances	347.59	191.47	423.69	1,349.34	2,130.35	16,545.54	4,151.39	581.20
Investments	-	-	-	31.20	31.20	166.40	379.70	-

**For the year ended March 31, 2013**

**(Rs. in Millions)**

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years
<b>Liabilities:</b>								
Borrowings from banks	-	500.00	222.02	215.91	492.10	1,184.20	4,187.28	254.17
Market borrowings	498.14	542.80	296.64	-	-	-	650.00	2,000.00
<b>Assets:</b>								
Loans & advances	1,197.65	176.54	1,337.55	577.25	1,458.06	8,547.03	4,271.93	113.31
Investments	493.46	-	-	-	650.00	-	-	-

**27.7 Litigation**

The Company has reviewed such pending litigation having an impact on the financial position, and has adequately provided for where provision is required and disclosed the contingent liabilities where applicable, in its financial statements. Refer annexure 27.1 for items disclosed as contingent liabilities.

**27.8** As at December 31, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

**27.9** Previous year figures have been regrouped / reclassified, where necessary, to conform to current period's classification.

ANNEXURE 28 : Restated Standalone Statement of Tax shelter

(Rs. in Millions)							
Particulars		For the period ended December 31, 2017	For the year ended				
			2016-17	2015-16	2014-15	2013-14	2012-13
<b>Profit before current and deferred taxes as restated</b>	(A)	2,555.50	3,204.25	2,923.01	2,260.87	1,692.50	1,296.87
Capital gains included in (A):							
Short term capital gains		57.09	3.70	-	-	-	-
Long term capital gains							
<b>Tax rate</b>	(B)						
Normal Tax rate (%)		34.61%	34.61%	34.61%	33.99%	33.99%	32.45%
Tax rate on short term capital gain		34.61%	34.61%	34.61%	33.99%	33.99%	32.45%
Tax rate on long term capital gain							
<b>Tax thereon</b>	(C)						
Tax on normal profit		864.65	1,107.65	1,011.60	768.47	575.28	420.77
Tax on short term capital gain		19.75	1.28	-	-	-	-
Tax on long term capital gain		-	-	-	-	-	-
<b>Total</b>		884.40	1,108.93	1,011.60	768.47	575.28	420.77
<b>Adjustments</b>							
<b>Permanent Differences</b>							
Disallowance U/s 14A of the Income Tax Act		0.57	0.50	0.54	-	3.60	2.20
Expenses disallowed as per Income Tax Act		5.46	10.31	6.53	0.86	8.15	
Income exempt under Income Tax Act		(0.57)	(2.42)	(0.54)	-	(23.36)	(79.49)
<b>Subtotal</b>	(D)	5.46	8.39	6.53	0.86	(11.61)	(77.29)
<b>Temporary Differences</b>							
Difference in depreciation as per tax and books of account		4.32	(12.36)	(2.75)	3.54	5.18	3.91
Other timing differences		(29.00)	186.17	51.44	12.15	115.98	4.84
<b>Subtotal</b>	(E)	(24.69)	173.81	48.69	15.69	121.16	8.75
<b>Net Adjustment (D+E)</b>	(F)	(19.23)	182.20	55.22	16.55	109.55	(68.54)
Tax thereon	(G)						
Tax on normal profit		(6.65)	63.05	19.11	5.63	37.24	(22.24)
Tax on long term capital gain		-	-	-	-	-	-
Income Tax impact on restatement	(H)						
<b>Current tax on restated profit, as derived (C+G+H)</b>	(I)	877.75	1,171.98	1,030.71	774.10	612.52	398.53
<b>Current tax on restated profit, as derived (rounded off)</b>		877.75	1,171.98	1,030.70	774.10	613.95	398.53
<b>Current tax expenses as per restated summary statements</b>		877.75	1,171.98	1,030.70	774.10	613.95	398.53

- Notes:
1. The aforesaid Statement of Tax Shelter has been prepared as per the restated standalone summary statement of profits and losses of the Company.
  2. Income tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.

**ANNEXURE 29 : Restated Standalone Statement of Capitalisation**

**Position of Debt and Shareholder's funds as at December 31, 2017 as below:**

**(Rs. in Millions)**

<b>Particulars</b>	<b>Pre Issue</b>	<b>Post Issue</b>
Short Term Debt* (A)	13,120.17	[●]
Long Term Debt (B)	15,418.38	[●]
Add: Current maturities of long term borrowings (including non convertible debentures) (C)	8,343.97	[●]
<b>Total Debt (D= A+B+C)</b>	<b>36,882.52</b>	<b>[●]</b>
<b>Shareholder's Funds</b>		
Share Capital ('E)	786.79	[●]
Reserves & Surplus (F)	20,014.63	[●]
<b>Total Shareholder's Funds (G=E+F)</b>	<b>20,801.42</b>	<b>[●]</b>
<b>Long Term Debt** / Shareholder's Funds (H=(B+C)/G)</b>	1.14	[●]
<b>Total Debt / Shareholder's Funds (I=D/G)</b>	1.77	[●]

\* Short term debts represent borrowings having a repayment tenure of 12 months or less.

\*\* Long term debts include current portion of long-term borrowings repayable over the next twelve months.

Note:

1. The above figures are based on the restated figures. The issue price and number of shares are being finalised and hence the post-issue capitalisation statement cannot be presented.

ANNEXURE 30 : Restated Standalone Statement of Accounting Ratios

Accounting Ratios  
Table (A)

(Rs. in Millions)

Particulars		For the period ended December 31, 2017	For the year ended				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Basic and Diluted Earnings Per Share (Rs.)</b>	A						
<b>Basic Earnings Per Share (Basic EPS) *</b>							
Profit/ (loss) after tax (A)		1,697.26	2,090.38	1,910.16	1,490.65	1,121.36	900.94
Weighted average number of Equity Shares outstanding (B) (refer note no. 4)		78,636,546	73,481,031	71,641,552	68,628,985	68,628,985	68,628,985
<b>Earning Per Share - basic (A / B) (refer note no. 3(i))</b>		<b>21.58</b>	<b>28.45</b>	<b>26.66</b>	<b>21.72</b>	<b>16.34</b>	<b>13.13</b>
<b>Nominal value per share</b>		<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Diluted Earnings Per Share (Diluted EPS) *</b>							
Profit/ (loss) after tax (A)		1,697.26	2,090.38	1,910.16	1,490.65	1,121.36	900.94
Number of equity shares outstanding at the end of the year (or period) (B)		78,636,546	73,481,031	71,641,552	68,628,985	68,628,985	68,628,985
Add: Effect of ESOPs which are dilutive (C)		8,569,071	6,638,561	913,000	924,000	303,000	-
Weighted average number of shares considered for calculating Diluted EPS (D)=(B+C)		87,205,617	80,119,592	72,554,552	69,552,985	68,931,985	68,628,985
<b>Earning Per Share - Diluted (A / D) (refer note no. 3(i))</b>		<b>19.46</b>	<b>26.09</b>	<b>26.33</b>	<b>21.43</b>	<b>16.27</b>	<b>13.13</b>
<b>Nominal value per share</b>		<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b>Net Assets Value per equity share (Rs.)</b>	B	<b>As at December 31, 2017</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>	<b>As at March 31, 2014</b>	<b>As at March 31, 2013</b>
Net worth, as restated (A) (refer note no. 5)		20,801.42	19,004.16	15,412.21	12,852.67	11,356.52	10,249.62
Number of equity shares outstanding at the end of the year (or period) (B)		78,679,259	78,361,799	73,354,429	77,658,197	77,658,197	77,658,197
<b>Net Assets Value per equity share (Rs.) (C)= (A)/(B) (refer note no. 3 (ii))</b>		<b>264.38</b>	<b>242.52</b>	<b>210.11</b>	<b>165.50</b>	<b>146.24</b>	<b>131.98</b>
<b>Return on Net worth *</b>	C	<b>For the period ended December 31, 2017</b>	<b>For the year ended</b>				
			<b>March 31, 2017</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>	<b>March 31, 2014</b>	<b>March 31, 2013</b>
Net Profit after tax, as restated (A)		1,697.26	2,090.38	1,910.16	1,490.65	1,121.36	900.94
Net worth, as restated (B)		20,801.42	19,004.16	15,412.21	12,852.67	11,356.52	10,249.62
<b>Return on Net Worth % ( C)= (A)/ (B) (refer note no. 3 (iii))</b>		<b>8.16%</b>	<b>11.00%</b>	<b>12.39%</b>	<b>11.60%</b>	<b>9.87%</b>	<b>8.79%</b>

\* Basic EPS, Diluted EPS and Return on Net worth for the period ended December 31, 2017 are not annualised.

1. The figures disclosed above are based on the restated standalone summary statements of the Company.

2. The above statement should be read with the notes to restated standalone summary statements of assets and liabilities, profit and loss and cash flow appearing in Annexure 5 to 31.

3. The ratios have been computed as per the following formulae:

(i) Earnings per share	=	$\frac{\text{Net profit available to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year}}$
(ii) Net asset value per equity share	=	$\frac{\text{Net worth excluding revaluation reserve as at the end of the year}}{\text{Number of equity shares outstanding at the end of the year}}$
(iii) Return on net worth (%)	=	$\frac{\text{Net profit after tax}}{\text{Net worth excluding revaluation reserve at the end of the year}}$

4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year/period adjusted by the number of equity shares issued during year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year/period.

5. Net worth for ratios mentioned in above note represents the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

6. Earnings per share calculations are in accordance with Accounting Standard 20 on Earnings Per Share notified under section 133 of the Companies Act 2013, read together along with Companies (Accounting Standards) Amendment Rules, 2016.

ANNEXURE 31 : Restated Standalone Statement of Dividend

Particulars	For the period ended December 31, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Equity shares - Face value – (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00
% of Dividend	Nil	Nil	Nil	Nil	Nil	Nil
Final dividend	Nil	Nil	Nil	Nil	Nil	Nil

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations in conjunction with our Restated Financial Statements as of and for fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, including the related annexures. These Restated Financial Statements are prepared in accordance with Indian GAAP and restated as per the SEBI ICDR Regulations. Indian GAAP differs in certain material respects with Ind AS. See "Significant Differences between Indian GAAP and Ind AS" on page 328.*

*This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Forward-looking Statements" and "Risk Factors" on pages 16 and 18, respectively.*

*Unless the context otherwise requires, in this section, reference to "we", "us" or "our" refers to IndoStar Capital Finance Limited together with its Subsidiaries, IndoStar Asset Advisory Private Limited and IndoStar Home Finance Private Limited, on a consolidated basis and reference to "Company" or "our Company" refers to IndoStar Capital Finance Limited on a standalone basis. Any reference to and disclosure of the financial information/financial indicators/ratios with respect to Fiscal Year 2013 reflects the financial position of the Company on standalone basis since the consolidated financial statements were required to be prepared from Fiscal Year 2014 onwards.*

*Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year. The following discussion also includes internally prepared statistical information.*

### OVERVIEW

We are a leading non-banking finance company ("NBFC") registered with the Reserve Bank of India as a systemically important non-deposit taking company. We are a professionally managed and institutionally owned organization which is primarily engaged in providing bespoke Indian Rupee denominated structured term financing solutions to corporates and loans to small and medium enterprise ("SME") borrowers in India. We recently expanded our portfolio to offer vehicle finance and housing finance products. Although, we operated in a challenging credit environment in the initial years of our business operations, where in 2012, 2013 and 2014, inflation in India was 8.4%, 9.9% and 9.4%, respectively, and India's fiscal deficit was 5.7%, 4.8% and 4.5%, respectively, of its GDP, through upfront capitalization of our business, our domain expertise and focus on our customers, experienced management team and vigilant monitoring of our assets, our business has experienced growth since the commencement of our operations in 2011. Between fiscal 2013 and 2017, our Total Credit Exposure and total revenue grew at a CAGR of 30.0% and 31.4%, respectively.

We operate four principal lines of business, namely corporate lending, SME lending, vehicle financing and housing financing.

- **Corporate lending.** Our corporate lending business primarily consists of (i) lending to mid-to-large sized corporates in manufacturing, services and infrastructure industries, by way of senior secured debt, structured financing, promoter financing and special situation funding and (ii) lending to real estate developers, mainly for financing project level construction of residential and commercial building projects and take-out of early-stage equity investors. We generally provide lending solutions against tangible collateral as well as security in other forms, such as charge on operating cash flows. Our corporate lending business accounted for 99.8%, 94.8%, 87.6% and 76.8% of our Total Credit Exposure for the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, respectively. As of December 31, 2017, our Corporate Lending Credit Exposure amounted to ₹39,693.97 million.
- **SME lending.** Our SME lending business, which we commenced in 2015, primarily involves us extending secured loans for business purposes to small and medium size enterprises, including businessmen, traders, manufacturers and self-employed professionals. The property securing these loans are typically completed and largely self-occupied residential and commercial property. We currently provide SME lending loans from our branches located in ten key locations across India,

namely Mumbai, Delhi, Chennai, Bengaluru, Hyderabad, Jaipur, Surat, Ahmedabad, Pune and Indore. We believe that our in-depth product knowledge, relevant financial services domain knowledge, ability to structure loans to suit our customers' financial needs and our short turn-around-time for processing loan applications have positioned us as a preferred credit provider and allowed us to benefit from the large and growing SME segment in India. Our SME lending business accounted for 0.2%, 5.2%, 12.4% and 22.7% of our Total Credit Exposure for the fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, respectively. As of December 31, 2017, our SME Lending Credit Exposure amounted to ₹11,733.97 million.

- **Vehicle finance.** Our vehicle finance business primarily involves providing financing for purchases of used or new commercial vehicles, passenger vehicles and two-wheelers. We commenced our vehicle finance business in November 2017. Our vehicle finance operations involves a relatively larger sourcing team as compared to our other business lines as it is largely based on our experience of working with customers with limited credit history and our ability to effectively assess risks associated with financing used vehicles. As of December 31, 2017, our Vehicle Finance Credit Exposure amounted to ₹143.01 million.
- **Housing finance.** Our housing finance business comprises two business lines, namely (i) affordable housing finance, which commenced operations in September 2017, and (ii) retail housing finance, which commenced operations in March 2018. We operate our housing finance business through our wholly-owned subsidiary IndoStar Home Finance Private Limited. Our affordable housing finance business line primarily involves loans to the salaried and self-employed customers for housing purposes where the property cost is typically up to ₹5.0 million, the carpet area of the unit typically does not exceed 60 square meters and the loan amount is capped at ₹3.0 million. Our retail housing business line primarily extends loans to salaried and self-employed customers for the purchase of residential properties. As of December 31, 2017, our Housing Finance Credit Exposure amounted to ₹145.95 million.

We have and expect to continue to benefit from strong capital sponsorship and professional expertise of our Promoter, which is part of the Everstone Group, an India and Southeast Asia focused investor which was recognized as 'Private Equity Firm of the Year in India' by Private Equity International for six consecutive years from 2011 to 2016, with approximately US\$4.0 billion of assets under management. In addition to assisting us with capital raising, our Promoter and its institutional shareholders have assisted us in implementing international corporate governance standards which we believe have been critical to the growth of our operations.

## FACTORS AFFECTING OUR BUSINESS AND RESULTS OF OPERATIONS

Our results of operations and financial condition are affected by a number of important factors including:

### *Volatility in borrowing and lending rates*

Our results of operations depend substantially on our net interest spread, which is the difference between the interest rates on our interest-earning assets and interest-bearing liabilities. Any change in interest rates would affect the interest rates we pay on our floating interest-bearing liabilities as well as the Net Interest Margin over our fixed rate interest-earning assets. For fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, interest income, represented 88.1%, 87.6%, 89.5% and 88.7%, respectively, of our revenue from operations; and finance costs, which primarily include interest on debentures, deposits from clients, loans from banks and outstanding commercial paper that we have issued and other borrowing costs, comprising processing charges on loans and bank charges and other related costs, represented 85.4%, 82.4%, 78.6% and 68.2%, respectively, of our total expenses. We attempt to balance our interest-bearing liabilities, 43.5% of which bear floating interest rates as of December 31, 2017, against our interest-earning assets. Loans extended through our corporate lending business bear both fixed and floating interest rates, while all the loans extended through our SME lending business bear floating interest rates. See "Risk Factors — Internal Risks — We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our Net Interest Income to decline and adversely affect our return on assets and profitability".

In our business, borrowers may decide to prepay their loans and declining interest rates may lead to increased prepayments and repricing of our loans as borrowers seek to take advantage of the more attractive interest rate environment to reduce their borrowing costs. However, declining interest rates may also lead to a greater



demand for new loans as business owners seek to take advantage of these attractive rates, resulting in a greater volume of financing business. Conversely, when interest rates rise, there are typically less prepayments and less pressure to reprice loans; there is also less demand for new loans, potentially resulting in a lower volume of financing business. In a rising interest rate scenario, our profit margin is thus more dependent on our ability to attract new business, either through existing customers or new customers, than it is in a declining interest rate scenario. Our ability to source customers who are willing to purchase our products at our offered interest rates is also a function of the effectiveness of our sourcing team and competition from other NBFCs, HFCs and banks by way of more competitive interest rates could pose a threat to the marketability of our product offerings. If we are not successful in increasing the volume of our business in such a scenario, our profit margin may deteriorate.

Interest rates are sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India and domestic and international economic conditions. Moreover, interest rates in India are typically correlated with the inflation rate, as the inflation rate increases, the RBI has historically sought to raise interest rates. Our results of operations are thus affected by changes in interest rates and our inability to re-price our interest-earning assets accordingly. See “Quantitative and Qualitative Disclosures about Market Risks — Interest rate risks.”

### ***Availability of cost-effective funding sources***

The availability of cost-effective funding sources could affect our results of operations. We rely on our revenue from operations, equity in the form of shareholder funds, and debt from a wide range of lenders, including loans from banks and others, NCDs, commercial paper, cash credit, and short-term loans from banks and financial institutions, to meet our capital and funding requirements. For fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017, our Company’s Average Cost of Borrowings was 11.9%, 11.1%, 10.3% and 9.1% respectively.

Our ability to continue to meet customer demand for new loans will depend primarily on our ability to borrow from various external sources on suitable terms and in a timely manner. Our funding sources are varied, as we believe that a diversified debt profile ensures that we are not overly dependent on any one type or source for funding. Our debt service costs and overall cost of funds depend on many external factors, including developments in the Indian credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. Other factors that affect our cost of funds include our external credit ratings. Our long-term debt is presently rated CARE AA-; Stable and IND AA-/Stable, respectively, by each of Credit Analysis & Research Limited (“CARE”) and India Ratings & Research Private Limited (“India Ratings”). CARE, ICRA and CRISIL has each rated our commercial paper debt as CARE A1+, ICRA A1+ and CRISIL A1+, respectively, which is the highest rating for short-term debt instruments. Our subsidiary, IndoStar Home Finance Private Limited, has its short-term debt commercial paper rated as CARE A1+ and ICRA A1+. Any decrease in our credit ratings is likely to result in an increase in our cost of funds.

As of March 31, 2015, 2016 and 2017 and December 31, 2017, our Total Borrowings was ₹ 25,737.87 million, ₹30,008.54 million, ₹33,732.95 million and ₹36,882.53 million, respectively. Any increase in our cost of funds may require us to increase interest rates on loans extended to customers in the future to maintain our Net Interest Margin, which may, in turn, decrease the competitiveness of our products and affect our results from operations and prospects. See “*Risk Factors — Internal Risks — We are affected by volatility in interest rates for both our lending and treasury operations, which could cause our Net Interest Income to decline and adversely affect our return on assets and profitability*”.

### ***Credit quality and provisioning***

Our ability to manage the credit quality of our loans, which we measure in part through non-performing assets (“NPAs”), is a key driver of our results of operations. In addition to requiring us to make a provision on standard assets, the RBI requires us to, depending on the duration of non-payment, classify and make a provision on loans that become NPAs, which are further sub-classified as sub-standard, doubtful and loss assets. As the number of our loans that become NPAs increases, the credit quality of our Total Credit Exposure decreases. Further, as of March 31, 2015, 2016 and 2017 and December 31, 2017, 100.0%, 91.0%, 95.0% and 93.3%, respectively, of our corporate lending loans to real estate developers, 80.0%, 88.0%, 69.0% and 76.1%, respectively, of our corporate lending loans to other operating companies (non-real estate developers), and all of our SME lending loans were secured against collateral, the quality and value of which could depreciate, deteriorate, and/or reduce, over time, due to factors including inherent operational risks, the nature of the asset secured in our favor and market and economic conditions. As such, the realizable value of the collateral for the

loan provided by us, when liquidated, may be lower than the outstanding loan from such customers. See *“Risk Factors — Internal Risks — We may be exposed to potential losses due to a decline in value of assets secured in our favor, and due to delays in the enforcement of such security upon default by our borrowers”*.

We rely on our credit assessment and risk management framework to maintain a high-quality loan portfolio. See *“Business — Our Strengths — High asset quality achieved through robust credit assessment and risk management framework”* and *“Business — Our Operations.”* We make provisions for NPAs for loans provided by our Company, in accordance with applicable RBI guidelines and for housing loans provided by IndoStar Home Finance, in accordance with NHB guidelines. As of March 31, 2015, 2016 and 2017 and December 31, 2017, our Company’s Gross NPAs accounted for 0.6%, 0.2%, 1.4% and 1.7% of our Company’s Gross Advances. We believe that the increase in our Company’s Gross NPAs has been in line with the increase in the scale of our business operations. If we are unable to effectively manage our level of NPAs or the regulations governing NPA provisions change further, our results of operations could be affected. See *“Risk Factors — Internal Risks — If our provisioning requirements are insufficient to cover our existing or future levels of non-performing loans or if future regulation requires us to increase our provisions, our ability to raise additional capital and debt funds as well as our results of operations and financial condition could be adversely affected”*.

#### ***Our ability to execute our growth strategies and expand into more financial products and services***

We believe that diversification of our business and revenue base with respect to our product offerings and the markets which we serve is a key component of our future growth. See *“Business — Our Strategies.”* We intend to continue to grow our corporate and SME lending businesses and expand our presence in vehicle finance and home finance by opening new branches and increasing the size of our employee base. We commenced our vehicle finance business in November 2017. We also started our affordable housing finance business in September 2017 and retail housing finance business in March 2018.

Our business is dependent on developing and introducing financing products relevant to our target customer segment on competitive terms as well as increasing our customer base for existing products. New products may take some time before they make a material contribution to our results of operations and financial condition or may not make any material contribution at all. We expect our new businesses and product offerings to require increasing management attention and capital investments. Further, having a large and well-trained employee base is also a critical success factor for our vehicle and housing finance businesses as direct outreach and engagement with prospective customers on the ground is often required to develop customer relationships. We have begun increasing the size of our employee base over the recent months and our ability to recruit and retain skilled employees would directly impact the success of our retail lending operations. See *“Risk Factors — Internal Risks — We depend on the services of our management team and employees and our inability to recruit and retain them may adversely affect our business”*. Our ability to manage increased costs associated with the diversification of our business and maintain or improve our operating margins would also have an impact on our results of operations and financial condition. See *“Risk Factors — Internal Risks — We have expanded into new lines of business and if we are unable to successfully run the new businesses profitably, our results of operations and financial condition may be affected”*.

#### ***General economic conditions in India and economic developments in relevant sectors of the Indian economy***

Our financial condition and results of operation are influenced by the general economic conditions prevailing in India. Growth of the Indian economy, increased private consumption, higher fixed investments and capital expenditure levels, among other factors, could benefit our borrowers and, consequently, our business by resulting in an increase the volume and aggregate amount of customer borrowings. Conversely, a slowdown in the Indian economy could adversely affect our business and our borrowers, especially if such a slowdown were to be continued and prolonged. Various other factors beyond our control, such as domestic employment levels, conditions in the world economy, fluctuations in interest rates, developments in the Indian economy, movements in global commodity markets and exchange rates, global competition and changes in Indian laws, regulations and policies could have either a positive or adverse impact on the quality of our Total Credit Exposure. Any trends or events which have a significant impact on the economic situation in India, including a rise in interest rates, could have an adverse impact on our business.

Our results of operations are also affected by developments in certain sectors of the Indian economy for which we provide financing. In our corporate lending business, we provide, among others, real estate financing, focused on providing project specific funding for ongoing residential projects which have received regulatory approvals, and structured loans to companies in various industries, including entertainment, pipe manufacturing,

logistics, infrastructure, iron and steel, and poultry. In our vehicle finance business, we provide loans for the purchase of used or new commercial vehicles, passenger vehicles and two-wheelers. All the industry sectors for which we have extended loans are susceptible to sector-specific influences and developments, such as the adoption of Government policies and incentives and the actions of regulatory authorities, which in turn affect the demand for income-generating assets in these sectors. See *“Risk Factors — External Risks — Our business is affected by prevailing economic, political and other prevailing conditions in India and the markets we currently service”*.

### ***Government policy and regulations***

Our results of operations and continued growth depend on government policies and regulations. We are affected by a number of regulations promulgated by the RBI and NHB that regulate, among other things, capital adequacy requirement, NPA provisioning norms and other lending stipulations and other operational restrictions. Any change in the regulatory framework affecting NBFCs and HFCs, and in particular those requiring us to maintain certain financial ratios, placement restrictions on accessing funds or lending to NBFCs or HFCs, among others, would adversely affect our results of operations and growth. For further details on government regulations affecting NBFCs and HFCs, please refer to *“Risk Factors — Internal Risks — We are subject to laws and regulations governing the banking and financial services industry in India and changes in laws and regulations governing us could adversely affect our business, results of operations and prospects”* and *“Regulations and Policies”*. Any changes in these, or the imposition of any additional, financial requirements applicable to us could adversely affect our profitability and results of operations.

The introduction of GST with effect from July 1, 2017 has resulted in an increase in the cost of tax compliance, which has moved to state-level tax compliance compared to the centralized tax compliance pre-GST. The rate of GST on financial services, excluding interest revenue, is 18.0%, compared to the 15.0% service tax rate payable pre-GST. As against other companies, which are allowed 100.0% of the input tax credit, NBFCs, HFCs and banks are required to reverse 50.0% of the input tax credit under GST as well as the erstwhile service tax regime. However, due to the increase in the tax rate, our input tax credit reversal has increased from 7.5% under service tax to 9.0% under GST for most of the services that we avail, resulting in additional costs. In addition, the introduction of the payment of GST on a reverse charge basis for the procurement of taxable goods and services from any unregistered person will also increase our costs considering the fact that we are required to reverse 50.0% of the input tax credit paid under the reverse charge as well. This impact is expected to be partially offset by the fact that we are entitled to avail input tax credit on purchase of goods, which pre-GST was not available, and the fungibility of taxes on goods and services.

For periods prior to April 1, 2018, we are required to prepare our financial statements as per Indian GAAP. The Companies (Indian Accounting Standards) Rules, 2015 (“IAS Rules”), as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, enacted changes to Indian GAAP. The IAS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with Ind AS. Ind AS is different in many respects from Indian GAAP. We are required to implement Ind AS for the accounting period beginning from April 1, 2018. We have not determined with any degree of certainty what impact the adoption of Ind AS will have on our financial statements since the early adoption of Ind AS for NBFCs is not permitted by RBI. Our financial statements for the period commencing from April 1, 2018 may not be comparable to our historical financial statements and our financial statements for the year ending March 31, 2018 prepared under Indian GAAP may not be comparable to our financial statements for the years ended March 31, 2018 prepared under Ind AS for comparison purposes. For a summary of the significant qualitative differences between Indian GAAP and Ind AS, see *“Significant Differences between Indian GAAP and Ind AS”*.

### ***Competition in our industry***

The NBFC and HFC industries in India are characterized by high levels of competition. The main competitive factors are product range, ability to customize products, speed of loan approvals, price, reputation and customer relationships. We face our most significant organized competition from banks and other NBFCs in India, and with respect to housing loans, we face significant competition from banks and other HFCs. In addition, many of our potential customers in economically weaker segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, including moneylenders and local businessmen, at much higher rates.

In the organized sector, many of the institutions with which we compete have better access to, and lower costs of, funding than we do. In certain areas, they may also have better brand recognition and larger customer bases than us. If we are unable to access funds at an effective cost that is comparable to or lower than our competitors or expand our reach and build our brand among our target customer segments, we may lose existing as well as potential customers to our competitors, resulting in a decline in our market share, which may in turn impact our revenues and profitability.

Competition in the housing finance industry in India, in particular, is also increasing as a result of interest rate deregulation and other liberalization measures. In addition, there has been increased demand for housing finance as a result of the increased affordability of interest rates, higher incomes and increased financial incentives for customers. Customers also have increased accessibility to housing finance products and services due to technological advances and increased penetration of interest based lending platforms, which has also facilitated increases in demand for housing loans and competition to meet that demand. With relatively lesser barriers to entry in the housing finance sector, competition is likely to intensify further as a result of regulatory changes and liberalization. Further, the aforementioned interest rate de-regulation and other liberalization measures, have also affected the vehicle financing sector, through, among others, the entrance of new players in the sector, which has resulted in increased competition.

## **SIGNIFICANT ACCOUNTING POLICIES**

Key accounting policies that are relevant and specific to our business and operations are described below:

### ***Basis for preparation of financial statements***

Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under Section 133 of the Companies Act 2013 ('the Act'), read together with rule 7 of the Companies (Accounts) Rules 2014, Companies (Accounting Standards) Amendment Rules, 2016, the directions issued by Reserve Bank of India (RBI) as applicable to NBFCs ("RBI Regulations"), the National Housing Bank Act, 1987 and the Housing Finance Companies (NHB) Directions, 2010 ("NHB Regulations").

### ***Use of estimates***

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

### ***Change of estimate***

During fiscal 2016, we had changed our accounting estimate related to the recognition of origination fees collected from customers, based on the fees collected and behavior of the loan portfolio. Had we followed earlier estimates, profit for the period would have been lower by ₹ 62.70 million.

### ***Investments***

Investments intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of the investments. Unquoted investments in units of mutual funds are stated at net asset value. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### ***Provisioning / Write-off of assets***

Non performing loans are written off / provided as per the minimum provision required as per the extant RBI Prudential Norms/Master Directions applicable to a Systemically Important Non-Deposit taking Non-Banking Financial Company (“NBFC-ND-SI”) and as per NHB regulations applicable to HFCs. Pursuant to the RBI Prudential Norms/Master Directions and NHB Regulations, our recognition norms of Non- Performing Assets (“NPAs”) are as follows:

<b>Period/ Year Ended</b>	<b>Days past due (DPD)</b>
December 31, 2017	90
March 31, 2017	120
March 31, 2016	150
March 31, 2015	180
March 31, 2014	180

Provision on standard assets is made as per management estimates and is more than the extant RBI Prudential Norms/Master Directions applicable to a NBFC-ND-SI and NHB regulations applicable to HFCs.

### ***Loans***

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

### ***Leases***

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

### ***Revenue recognition***

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

- Income from financing and investing activities is recognized on accrual basis, except in case of income on non-performing assets, which is recognized on receipt basis.
- Interest income on fixed income debt instruments such as certificate of deposits, non-convertible debentures and commercial papers are recognized on a time proportion basis taking into account the amount outstanding and the effective rate applicable. Discount, if any, is recognized on a time proportion basis over the tenure of the securities.
- Interest income on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Interest income on loan portfolio buyout is recognized on accrual basis at the agreed rate of interest on the diminishing balance of outstanding loan.
- Dividend is recognized as income when right to receive payment is established.
- Profit/loss on the sale of investments is determined on the basis of the weighted average cost method.
- Origination fees is recognized as income on signing of the binding term sheet by the client. Part of the origination fees is recognized upfront based on the management estimate and the balance fee is amortized over the tenure of the loan.
- Syndication fee and other fees are recognized as income when a significant portion of the arrangement is completed.

### ***Retirement and other employee benefits***

### *Provident Fund*

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

### *Gratuity*

We provide 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'. We account for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

### *Leave Encashment*

Short term compensated absences are provided for based on estimates. Long-term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method as at the reporting date.

“Actuarial gains/losses are immediately taken to Statement of profit and loss account and are not deferred. Accumulated leave which is expected to be utilized within next 12 months is treated as short-term compensated absences and the accumulated leave which are carried forward beyond 12 months are treated as long-term compensated absences.”

### *Income tax*

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions in which we operate. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where we have unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date, we re-assess unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

Minimum Alternative tax (“MAT”) credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. We review the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that we will pay normal Income Tax during the specified period.

### ***Segment reporting***

We are engaged in loan / financing activities. We operate in a single business and geographical segment.

### ***Earnings per share***

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the year/period are adjusted for the effects of all dilutive potential equity shares.

Partly paid equity shares, if any, are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events, if any, such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that can change the number of equity shares outstanding, without a corresponding change in resources.

### ***Provisions***

A provision is recognized when we have 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.

### ***Cash and cash equivalents***

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

### ***Borrowing costs***

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

### ***Employee stock compensation costs***

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. In accordance with the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method.

### ***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 our control or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. We do not recognize a contingent liability but disclose its existence in the financial statements.

## **INCOME AND EXPENSES**

### ***Total revenue***

Our total revenue consists of (i) revenue from operations and (ii) other income. The following table sets forth the breakdown of our revenue and each item as a percentage of our total revenue for fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017:

Particulars	Fiscal Year						Nine month period ended December 31,	
	2015		2016		2017		2017	
	(₹ in millions, except percentages)							
Revenue from operations								
Interest income from:								
Loan portfolio	4,230.53	80.1%	5,341.21	82.9%	6,320.12	87.8%	4,865.64	83.0%
Deposits with banks	337.44	6.4%	236.83	3.6%	113.47	1.6%	12.14	0.2%
Investments in PTCs	-	-	-	-	2.21	0.0%	40.03	0.7%
Debt instruments	85.64	1.6%	62.09	1.0%	-	-	230.64	3.9%
Other financial services:								
Origination fees and other charges	525.74	10.0%	685.18	10.6%	675.05	9.4%	547.40	9.3%
Syndication and other fees	88.78	1.7%	114.65	1.8%	81.80	1.1%	105.77	1.8%
Gain on sale of loan assets	12.40	0.2%	-	-	0.38	0.0%	-	-
Sub-total	5,280.53	99.9%	6,439.96	99.9%	7,193.03	99.9%	5,801.62	99.0%
Other income								
Dividend income	-	-	0.54	0.1%	2.42	0.0%	0.57	0.0%
Profit on sale of investments	-	-	-	-	3.70	0.1%	57.09	1.0%
Miscellaneous income	0.03	0.1%	-	-	0.02	0.0%	0.19	0.0%
Sub-total	0.03	0.1%	0.54	0.1%	6.14	0.1%	57.85	1.0%
Total	5,280.56	100.0%	6,440.50	100.0%	7,199.17	100.0%	5,859.47	100.0%

*Loan portfolio.* Interest income from our loan portfolio comprises income generated on our loan transactions from our corporate lending and SME lending businesses. Income from the loans we extend to our customers is recognized by applying the interest rate implicit in such transactions.

We are currently in the process of expanding our business and revenue base with respect to our product offerings and the markets which we serve. See “Factors affecting our business and results of operations — Our Strategies — Our ability to execute our growth strategies and expand into more financial products and services.” We commenced our vehicle finance business in November 2017 and began engaging in asset financing of vehicles, including used or new commercial vehicles, passenger vehicles and two-wheelers. We also started our home finance business, comprising two business lines, namely (i) affordable housing finance, which we commenced in September 2017, and (ii) retail housing finance, which we commenced in March 2018. We expect to derive interest income from both our vehicle finance business and home finance business in periods following the nine month period ended December 31, 2017.

*Deposits with banks.* Interest income on deposits with banks primarily comprise interest on short-term bank deposits we maintain at certain banks.

*Investments in PTCs.* Interest income on investments in PTCs comprises interest received on pass-through-certificates.

*Fixed income debt instruments.* Interest income on fixed income debt securities primarily comprise interest on bonds.

*Origination fees and other charges.* Origination fees primarily relate to processing fees charged on new loan applications.



*Syndication and other fees.* Syndication and other fees primarily relate to fees from syndication of loans, pre-payment charges on fixed interest rate loans and corporate guarantee fees.

*Gains on sale of loan assets.* Gains on sale of loan assets relate to gains we recognize when we sell down loan assets.

*Dividend income.* Dividend income relates to dividend income from mutual fund units.

*Profit on sale of investments.* Profit on sale of investments primarily relate to profits from the sale of investments in mutual funds and fixed income securities.

### **Expenses**

Our expenses consists of (i) employee benefit expenses, (ii) finance cost, (iii) depreciation and amortization, (iv) other expenses and (v) provisions and write-offs. The following table sets forth the breakdown of our expenses and each item as a percentage of our total expenses, respectively, for fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017:

	Fiscal Year						Nine month period ended December 31,	
	2015		2016		2017		2017	
	(₹ in millions, except percentages)							
Expenses								
Employee benefit expenses	280.58	9.3%	394.50	11.2%	481.90	12.1%	565.24	16.8%
Finance cost	2,579.29	85.4%	2,892.59	82.4%	3,118.49	78.6%	2,290.50	68.2%
Depreciation and amortization expense	7.12	0.2%	5.13	0.1%	18.78	0.5%	23.48	0.7%
Other expenses	122.74	4.1%	182.39	5.2%	226.32	5.7%	395.06	11.8%
Provisions and write-offs	30.37	1.0%	33.82	1.1%	123.28	3.1%	86.15	2.6%
Total	3,020.10	100.0%	3,508.43	100.0%	3,968.77	100.0%	3,360.43	100.0%

*Employee benefits.* Employee benefits expense consists of salary, other allowances and bonuses, gratuity expenses, leave encashment, our contribution to provident fund and other funds for our employees and staff welfare expenses.

*Finance cost.* Finance cost relates to (i) interest expenses on loans from banks, debentures and outstanding commercial paper that we have issued and (ii) other borrowing costs, comprising processing charges on loans and bank charges, rating fees, and other related costs.

*Depreciation and amortization expense.* Depreciation and amortization expense primarily relate to depreciation expenses we record on our tangible assets, comprising land, computers and office equipment, office furniture and fixtures and improvements we have made to our leased properties, and amortization of our capitalized intangible assets, comprising software we use for our business operations. We use the “straight line method” when recording depreciation on our tangible assets and we estimate our furniture and fixtures, office equipment (general), office equipment (mobiles), and computers to have a useful life of five years, five years, two years and three years, respectively. We amortize the acquisition cost of the software we use for our business operations over three years.

*Other expenses.* Other expenses primarily relate to expenses that we incur for our business operations, which include rent for our offices and branches, commission and brokerage expenses, office expenses, such as stationery and postage and courier fees, legal and professional charges, expenses relating to our corporate and social responsibility initiatives, and traveling and conveyance expenses.

*Provisions and write-offs.* Provisions and write-offs relate to the provisions we make in respect of our standard assets as well as any non-performing loans/assets and any other contingencies. Such provisions are made per the minimum provision required under the Master Direction - Non-Banking Financial Company - Systemically

Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 ('RBI Master Directions, 2016') and NHB regulations applicable to HFCs. See "Significant Accounting Policies — Provisioning/Write-off of assets."

## RESULTS OF OPERATIONS

The following table sets forth, for the periods indicated, certain items from our restated consolidated financial statements, in each case also stated as a percentage of our total revenue:

Particulars	Fiscal Year						For the Nine month period ended December 31,		
	2015		2016		2017		2017		
	(₹ in millions, except percentages)								
Revenue									
Revenue from operations	5,280.53	99.9%	6,439.96	99.9%	7,193.03	99.9%	5,801.62	99.0%	
Other income	0.03	0.1%	0.54	0.1%	6.14	0.1%	57.85	1.0%	
Total revenue	5,280.56	100.0%	6,440.50	100.0%	7,199.17	100.0%	5,859.47	100.0%	
Expenses									
Employee benefit expenses	280.58	5.3%	394.50	6.2%	481.90	6.7%	565.24	9.6%	
Finance cost	2,579.29	48.9%	2,892.59	44.9%	3,118.49	43.3%	2,290.50	39.1%	
Depreciation and amortization expenses	7.12	0.1%	5.13	0.1%	18.78	0.3%	23.48	0.4%	
Other expenses	122.74	2.3%	182.39	2.8%	226.32	3.1%	395.06	6.7%	
Provisions and write-offs	30.37	0.6%	33.82	0.5%	123.28	1.7%	86.15	1.5%	
	3,020.10	57.2%	3,508.43	54.5%	3,968.77	55.1%	3,360.43	57.4%	
Profit before tax	2,260.46	42.8%	2,932.07	45.5%	3,230.40	44.9%	2,499.04	42.6%	
Provision for taxation									
Current tax	773.96	14.7%	1,033.50	16.0%	1,180.56	16.4%	877.75	15.0%	
Deferred tax	(3.87)	(0.1)%	(17.85)	(0.3)%	(60.63)	(0.8)%	(19.52)	(0.3)%	
Tax relating to earlier periods	-	-	-	-	2.52	0.0%	-	-	
Total tax expense	770.09	14.6%	1,015.65	15.7%	1,122.45	15.6%	858.23	14.6%	
Profit after tax	1,490.37	28.2%	1,916.42	29.8%	2,107.95	29.3%	1,640.81	28.0%	

### Nine month period ended December 31, 2017

Our results of operations for the nine month period ended December 31, 2017, were particularly affected by the following factors:

- an increase in revenue from loans disbursed for our corporate and SME lending businesses; and
- an increase in employee benefit expenses resulting from additional employees that we hired for our home and vehicle finance businesses.

**Revenue.** Revenue for the nine month period ended December 31, 2017 was ₹ 5,859.47 million, where revenue from operations for the period amounted to ₹ 5,801.62 million and other income amounted ₹ 57.85 million.

**Revenue from operations.** Our interest income on our loan portfolio was ₹ 4,865.64 million, representing 83.0% of our total revenue for the period, and our Fee Income was ₹ 653.17 million, representing 11.1% of our total revenue for the period. Our gross disbursement for the period was ₹ 32,053.31 million, of which ₹23,362.39 million was attributable to corporate lending loans, ₹8,399.09 million was attributable to SME lending loans, ₹ 148.75 million was attributable to housing finance loans and ₹ 143.08 million was attributable to Vehicle Finance loans. Our aggregate loan assets have grown due to the expansion of our SME lending operations through our entering into six new locations, namely Chennai, Hyderabad, Jaipur, Ahmedabad, Surat and Indore, in the nine month period ended December 31, 2017.

**Other income.** Other income for the period amounted to ₹57.85 million, which was mainly from ₹57.09 million of profit on sale of investments.

**Expenses.** Total expenses for the nine month period ended December 31, 2017 was ₹3,360.43 million.

**Employee benefit expenses.** Our employee benefit expenses for the period were ₹565.24 million, which mainly comprised of ₹546.13 million of salaries, other allowances and bonus, ₹9.42 million of contributions to provident and other funds, and ₹5.02 million of staff welfare expenses. Our employee benefit expenses increased due to our hiring additional employees for the commencement of our home and vehicle finance businesses. As of December 31, 2017, we had 531 employees, as compared to the 93 employees as of March 31, 2017.

**Finance cost.** Our finance cost for the period was ₹2,290.50 million, which mainly comprised interest expense of ₹939.83 million on our loans from banks, interest expense on commercial paper of ₹556.07 million, interest on debentures of ₹722.75 million, and other borrowing costs of ₹64.62 million, comprising processing charges on loans of ₹25.87 million and other related costs of ₹38.75 million.

**Other expenses.** Our other expenses for the period was ₹395.06 million, which mainly comprised commissions and brokerage expenses paid to direct sales associates (“DSAs”) for our SME lending loans of ₹110.44 million, advertisement expenses of ₹81.31 million, legal and professional charges of ₹74.91 million, and rent and office expenses of ₹68.40 million.

**Provisions and write-offs.** Our provisions and write-offs for the period was ₹86.15 million, which mainly comprised provisions for non-performing assets of ₹75.04 million and debts written off of ₹14.93 million. We decreased our provision on standard assets by ₹3.81 million in line with the reduction in our aggregate loan assets over the nine month period.

**Tax expense.** Our total tax expense for the nine month period ended December 31, 2017 was ₹858.23 million.

**Profit after tax.** Our profit after tax for the nine month period ended December 31, 2017 was ₹1,640.81 million.

### **Fiscal 2017 compared to Fiscal 2016**

Our results of operations for the fiscal 2017 were particularly affected by the overall growth of our corporate and SME lending businesses.

**Revenue.** Revenue increased by 11.8% to ₹7,199.17 million for fiscal 2017 from ₹6,440.50 million for fiscal 2016, primarily as a result of increases in both revenue from operations and other income.

**Revenue from operations.** Revenue from operations increased by 11.7% to ₹7,193.03 million for fiscal 2017 from ₹6,439.96 million for fiscal 2016. The increase in our revenue from operations was primarily as a result of:

- a 18.3% increase in our interest income on our loan portfolio to ₹6,320.12 million for fiscal 2017 from ₹5,341.21 million for fiscal 2016, which was mainly attributable to (i) the increase of our Total Credit Exposure by ₹9,707.80 million, with our Corporate Lending Credit Exposure increasing by ₹5,439.20 million and our SME lending Credit Exposure increasing by ₹4,268.60 million, which was partially offset by:
- a decrease in interest income on deposits with banks to ₹113.47 million from ₹236.83 million, which was mainly attributable to a decrease in fixed-deposits placed with banks as we disbursed more loans in our business operations;

- nil interest income on debt instruments in fiscal 2017, as compared to our recording ₹62.09 million of interest income for fiscal 2016, due to our disposing our entire investment in bonds in fiscal 2016;
- a decrease in syndication and other fees to ₹81.80 million from ₹114.65 million, which was mainly attributable to larger amounts of other fees, comprising prepayment charges on certain of our corporate lending loans, in fiscal 2016.

*Other income.* Other income increased to ₹6.14 million for fiscal 2017 from ₹0.54 million for fiscal 2016, as a result of:

- an increase in dividend income to ₹2.42 million from ₹0.54 million, which was mainly attributable to our purchasing and holding of additional mutual fund units in fiscal 2017; and
- our recording a profit on sale of investments of ₹3.70 million for fiscal 2017, resulting from our sale of certain mutual fund units as part of our treasury activities, as compared to no mutual fund units sold in fiscal 2016.

*Expenses.* Total expenses increased by 13.1% to ₹3,968.77 million for fiscal 2017 from ₹3,508.43 million for fiscal 2016, primarily as a result of:

- a 22.2% increase in employee benefit expenses to ₹481.90 million from ₹394.50 million, which was mainly attributable to (i) the increase in our employee headcount to 150 as of March 31, 2017 as compared to 108 as of March 31, 2016, in line with the increase in the scale of our operations, and (ii) increases in employee salaries, allowances and bonus;
- a 7.8% increase in finance cost to ₹3,118.49 million from ₹2,892.59 million, which was mainly attributable to a ₹3,724.40 million increase in our total borrowings in fiscal 2017 that we incurred to satisfy the increased credit requirements of our growing corporate and SME lending businesses, that was partially offset by a decrease in our overall borrowing cost to 10.0% from 10.5%;
- an increase in depreciation and amortization expenses to ₹18.78 million from ₹5.13 million, which was mainly attributable to (i) depreciation relating to ₹19.87 million of leasehold improvements made and ₹5.95 million of additional office equipment and (ii) depreciation relating to our loan management system, *OmniFin*, an integrated platform for credit processing, credit management, general ledger, debt management and reporting, that we purchased in fiscal 2017, which resulted in a ₹25.15 million increase in our intangible assets;
- a 24.1% increase in other expenses to ₹226.32 million from ₹182.39 million, which was mainly attributable to:
  - (i) a 74.7% increase in commission and brokerage expenses to ₹48.15 million from ₹27.56 million, which was mainly due to an increase in SME lending loans extended to customers in fiscal 2017 as compared to fiscal 2016, in line with the growth of our SME lending business and SME Lending Credit Exposure;
  - (ii) a 70.4% increase in rent expenses to ₹39.53 million from ₹23.20 million, which was mainly due to the expansion our corporate office, with an increase in office area occupied;
  - (iii) a 20.8% increase in legal and professional charges to ₹66.60 million from ₹55.12 million, which was mainly due to increased credit verification and valuation expenses that resulted from the increase in the number of loans disbursed by us in fiscal 2017 and fees paid by us for other corporate advisory matters in fiscal 2017; and
- an increase in provisions and write-offs to ₹123.28 million from ₹33.82 million, which was mainly attributable to an increase in our provision for non-performing assets to ₹87.82 million from ₹0.62 million, as a result of an increase in our Company's Gross NPAs to ₹727.34 million in fiscal 2017 from ₹100.00 million in fiscal 2016.

**Tax expense.** Our total tax expenses increased by 10.5% to ₹1,122.45 million from ₹1,015.65 million, which was primarily as a result of higher taxable income in fiscal 2017 as compared to fiscal 2016. Our increase in our corporate income tax was partially offset by an increase in our deferred tax to ₹60.63 million from ₹17.85 million.

**Profit after tax.** As a result of the foregoing, our profit after tax increased by 10.0% to ₹2,107.95 million for fiscal 2017 from ₹1,916.42 million for fiscal 2016.

### **Fiscal 2016 compared to Fiscal 2015**

Our results of operations for the fiscal 2016 were particularly affected by the commencement of our SME lending business in March 2015.

**Revenue.** Revenue increased by 22.0% to ₹6,440.50 million for fiscal 2016 from ₹5,280.56 million for fiscal 2015, primarily as a result of increases in both revenue from operations and other income.

**Revenue from operations.** Revenue from operations increased by 22.0% to ₹6,439.96 million for fiscal 2016 from ₹5,280.53 million for fiscal 2015. The increase in our revenue from operations was primarily as a result of:

- a 26.3% increase in our interest income on our loan portfolio to ₹5,341.21 million for fiscal 2016 from ₹4,230.53 million for fiscal 2015, which was mainly attributable to (i) the increase in our Total Credit Exposure by ₹8,358.55 million, with our Corporate Lending Credit Exposure increasing by ₹6,200.49 million and our SME Lending Credit Exposure increasing by ₹2,158.06 million;
- a 30.3% increase in origination fees and other charges to ₹685.18 million from ₹525.74 million, and a 29.1% increase in syndication and other fees to ₹114.65 million from ₹88.78 million, which were mainly attributable to (i) our one-off recording of ₹95.90 million of origination and syndication and other fees, arising from a change in our accounting estimate with respect to upfront recognition of Fee Income, where we commenced recognizing 2.0% as opposed to 1.5% of gross disbursements as upfront fees, and (ii) the ₹7,731.14 million increase in our Gross Disbursements in fiscal 2016, which were partially offset by;
- a 29.8% decrease in interest income on deposits with banks to ₹236.83 million from ₹337.44 million, which was mainly attributable to a decrease in fixed-deposits held with banks as we maintained lower levels of surplus funds and disbursed more loans in our business operations;
- a 27.5% decrease in interest income on debt instruments to ₹62.09 million from ₹85.64 million, which was mainly attributable to our redeeming certain of our outstanding NCDs in fiscal 2015.

**Other income.** Other income increased to ₹0.54 million for fiscal 2016 from ₹0.03 million for fiscal 2015, as a result of our recording dividend income from mutual fund units of ₹0.54 million for fiscal 2016, for which none was recorded in fiscal 2015. We purchased certain mutual fund units in fiscal 2016 as part of our treasury activities.

**Expenses.** Total expenses increased by 16.2% to ₹3,508.43 million for fiscal 2016 from ₹3,020.10 million for fiscal 2015, primarily as a result of:

- a 40.6% increase in employee benefit expenses to ₹394.50 million from ₹280.58 million, which was mainly attributable to (i) the increase in our employee headcount to 108 as of March 31, 2016 as compared to 40 as of March 31, 2015, to fill our staffing needs of our SME lending business that we commenced in March 2015 and (ii) the general increases in employee salaries, allowances and bonus;
- a 12.1% increase in finance cost to ₹2,892.59 million from ₹2,579.29 million, which was mainly attributable to a ₹4,270.67 million increase in our total borrowings in fiscal 2016 that we incurred to satisfy the increased credit requirements of our growing corporate lending business and our SME lending business that we commenced in March 2015, that was partially offset by a decrease in our overall borrowing cost to 10.5% from 11.0%;
- a 48.6% increase in other expenses to ₹182.39 million from ₹122.74 million, which was mainly attributable to:

- (i) the increase in commission and brokerage expenses to ₹27.56 million from ₹1.03 million, which was mainly due to an increase in SME lending loans extended to customers in fiscal 2016 as compared to fiscal 2015, as a result of the growth of our SME lending business and SME Lending Credit Exposure, for which commissions were also paid to our DSAs;
- (ii) a 30.8% increase in rent expenses to ₹23.20 million from ₹17.74 million, which was mainly due to four additional branches we rented for our SME lending business;
- (iii) a 47.4% increase in office expenses to ₹20.50 million from ₹13.91 million, which was mainly due to the four additional branches we rented for our SME lending business;
- (iv) a 23.0% increase in legal and professional charges to ₹55.12 million from ₹44.81 million, which was mainly due to fees paid for advisory services in fiscal 2016; and
- (v) a ₹7.9 million loss on sale of Credit Exposure in fiscal 2016; and
- a 11.3% increase in provisions and write-offs to ₹33.82 million from ₹30.37 million, which was mainly attributable to an increase in our provision for standard assets to ₹33.20 million from ₹30.37 million, as a result of a ₹8,358.55 million increase in our Total Credit Exposure, which were partially offset by:
- a 27.9% decrease in depreciation and amortization expenses to ₹5.13 million from ₹7.12 million, which was mainly attributable to certain leasehold improvements in our corporate offices having been fully depreciated in fiscal 2015.

**Tax expense.** Our total tax expenses increased by 31.9% to ₹1,015.65 million from ₹770.09 million, which was primarily as a result of our recording higher levels of taxable income in fiscal 2016 as compared to fiscal 2015. The increase in our corporate income tax was partially offset by an increase in our deferred tax to ₹17.85 million from ₹3.87 million.

**Profit after tax.** As a result of the foregoing, our profit after tax increased by 28.6% to ₹1,916.42 million for fiscal 2016 from ₹1,490.37 million for fiscal 2015.

## Financial Condition

### Assets

Our assets are set out below as of the dates indicated:

Particulars	As of March 31,			As of December 31,
	2015	2016	2017	2017
	(₹ in millions)			
<b>Non-current assets</b>				
Fixed assets:				
Property, plant and equipment	6.33	30.21	69.22	122.28
Intangible assets	2.38	2.88	18.79	14.24
Capital work in progress	-	4.43	-	122.33
Non-current investments	546.00	-	630.31	1,388.45
Deferred tax assets (net)	85.17	103.02	163.65	183.17
Long term loans and advances	24,337.75	30,992.48	39,330.91	39,240.12
Other non-current assets	53.70	-	-	-
<b>Total non-current assets</b>	<b>25,031.33</b>	<b>31,133.02</b>	<b>40,212.88</b>	<b>41,070.59</b>
<b>Current assets</b>				
Current investments	-	-	1,239.38	5,727.30
Cash and bank balances	4,856.46	3,596.09	651.30	754.34
Short-term loans and advances	9,582.82	11,846.53	12,275.35	12,439.58
Other current assets	445.85	357.40	508.78	458.95
<b>Total current assets</b>	<b>14,885.13</b>	<b>15,800.02</b>	<b>14,674.81</b>	<b>19,380.17</b>
<b>Total assets</b>	<b>39,916.46</b>	<b>46,933.04</b>	<b>54,887.69</b>	<b>60,450.76</b>

As of December 31, 2017, we had total assets of ₹60,450.76 million. As of March 31, 2017, we had total assets of ₹54,887.69 million, compared to ₹46,933.04 million as of March 31, 2016 and ₹39,916.46 million as of March 31, 2015. The significant increase in our total assets between March 31, 2015 and March 31, 2017 was primarily on account of a significant growth in our loan portfolio due to an increase in the number of our customers across our business lines.

#### ***Non-current assets***

*Fixed assets – Property, plant and equipment.* As of December 31, 2017, we had property, plant and equipment of ₹122.28 million, compared to ₹69.22 million as of March 31, 2017, ₹30.21 million as of March 31, 2016 and ₹6.33 million as of March 31, 2015. The increase in our property, plant and equipment between December 31, 2017 and March 31, 2017 was primarily on account of increases in leasehold improvements and purchase of computers for our new branches. The increase in our property, plant and equipment between March 31, 2017 and March 31, 2016 was primarily on account of increases in leasehold improvements and purchase of computers and office equipments for our new offices. The increase in our property, plant and equipment between March 31, 2016 and March 31, 2015 was primarily on account of increases in leasehold improvements for our offices and additional computers.

*Fixed assets – Intangible assets.* As of December 31, 2017, we had intangible assets of ₹14.24 million, compared to ₹18.79 million as of March 31, 2017, ₹2.88 million as of March 31, 2016 and ₹2.38 million as of March 31, 2015. Our intangible assets decreased slightly between December 31, 2017 and March 31, 2017 as a result of depreciation recognized during the nine month period. The increase in our intangible assets between March 31, 2017 and March 31, 2016 was primarily on account of our purchase of a our loan management system, *OmniFin*, an integrated platform for credit processing, credit management, general ledger, debt management and reporting.

*Fixed assets - Capital work in progress.* As of December 31, 2017, we had capital work in progress of ₹122.33 million, compared to nil capital work in progress recorded as of March 31, 2017, ₹4.43 million as of March 31, 2016 and nil capital work in progress recorded as of March 31, 2015. The increase in capital work in progress between December 31, 2017 and March 31, 2017 was primarily on account of leasehold improvement at our new corporate office and new branches. The increase in capital work in progress between March 31, 2016 and March 31, 2015 was primarily on account of advance given for purchase of our loan management system, *OmniFin*.

*Non-current investments.* As of December 31, 2017, we had non-current investments of ₹1,388.45 million, compared to ₹630.31 million as of March 31, 2017, nil non-current investments as of March 31, 2016 and ₹546.00 million as of March 31, 2015. Our non-current investments as of December 31, 2017 primarily comprised of ₹1,098.58 million of investments in quoted bonds, ₹249.89 million of investments in PTCs and ₹39.98 million of investments in compulsorily convertible preference shares. Our non-current investments as of March 31, 2017 primarily comprised of ₹590.33 million in PTCs and ₹39.98 million compulsorily convertible preference shares. We did not have any non-current investments as of March 31, 2016. Our non-current investments as of March 31, 2015 primarily comprised of investments in debentures.

*Deferred tax assets (net).* As of December 31, 2017, we had deferred tax assets (net) of ₹183.17 million, compared to ₹163.65 million as of March 31, 2017, ₹103.02 million as of March 31, 2016 and ₹85.17 million as of March 31, 2015.

*Long-term loans and advances.* As of December 31, 2017, we had long-term loans and advances of ₹39,240.12 million, compared to ₹39,330.91 million as of March 31, 2017, ₹30,992.48 million as of March 31, 2016 and ₹24,337.75 million as of March 31, 2015. Our long-term loans and advances primarily comprised of loans given to our corporate lending and SME lending customers, which amounted to ₹39,136.46 million as of December 31, 2017, ₹39,244.10 million as of March 31, 2017, ₹30,883.76 million as of March 31, 2016, ₹24,234.31 million as of March 31, 2015. The slight decrease in our long-term loans and advances between December 31, 2017 and March 31, 2017 was primarily attributable to customer prepayments of loans extended through our corporate lending business in the nine month period ended December 31, 2017.

*Other non-current assets.* We did not have any other non-current assets as of December 31, 2017, March 31, 2017 and March 31, 2016. We had ₹53.70 million of other non-current assets as of March 31, 2015, which primarily comprised of interest accrued but not due on our loans extended to corporate lending customers.

### **Current assets**

*Current investments.* As of December 31, 2017, we had current investments of ₹5,727.30 million, compared to ₹1,239.38 million as of March 31, 2017. We did not have any current investments as of March 31, 2016 and March 31, 2015. Our current investments as of December 31, 2017 primarily comprised of ₹4,726.74 million of investments in bonds and ₹1,000.56 million of investments in mutual funds. Our current investments as of March 31, 2017 primarily comprised of ₹318.76 million in PTCs and ₹920.62 million in mutual funds.

*Cash and bank balances.* As of December 31, 2017, we had cash and bank balances of ₹754.34 million, compared to ₹651.30 million as of March 31, 2017, ₹3,596.09 million as of March 31, 2016 and ₹4,856.46 million as of March 31, 2015. The decrease in cash and bank balance between March 31, 2015 and March 31, 2017 is on account of investment of surplus funds in fixed-income mutual funds, instead of bank deposits.

*Short-term loans and advances.* As of December 31, 2017, we had short-term loans and advances of ₹12,439.58 million, compared to ₹12,275.35 million as of March 31, 2017, ₹11,846.53 million as of March 31, 2016 and ₹9,582.82 million as of March 31, 2015. Our short-term loans and advances primarily comprised of loans given to our corporate and SME lending customers, which amounted to ₹12,330.56 million as of December 31, 2017, ₹12,205.48 million as of March 31, 2017, ₹11,767.11 million as of March 31, 2016, ₹9,512.01 million as of March 31, 2015. The slight increase in short-term loans and advances between March 31, 2017 and December 31, 2017 was primarily on account of increase in short-term loans extended to Corporate Lending customers. The increases in short-term loans and advances between March 31, 2017 and March 31, 2016, was primarily on account of increase in current maturities of loans extended in fiscal 2017. The decrease in short-term loans and advances between March 31, 2016 and March 31, 2015, was primarily on account of decrease in current maturities of loans extended in fiscal 2016.

*Other current assets.* As of December 31, 2017, we had other current assets of ₹458.95 million, compared to ₹508.78 million as of March 31, 2017, ₹357.41 million as of March 31, 2016 and ₹445.85 million as of March 31, 2015. The decrease in other current assets between December 31, 2017 and March 31, 2017 was primarily on account of interest accrued but not due on loans. The increase in other current assets between March 31, 2017 and March 31, 2016 was primarily on account of an increase in accrued interest on loans. The decrease in other current assets between March 31, 2016 and March 31, 2015 was primarily on account of decrease in accrued interest on loans extended to our customers.

### **Liabilities**

Our liabilities are set out below as of the dates indicated:

Particulars	As of March 31,			As of December 31,
	2015	2016	2017	2017
	(₹ in millions)			
<b>Non-current liabilities</b>				
Long-term borrowings	16,138.35	17,588.66	19,106.12	15,418.39
Other long-term liabilities	138.99	102.68	72.37	39.08
Long term provisions	119.52	146.14	269.48	342.10
<b>Total non-current liabilities</b>	<b>16,396.86</b>	<b>17,837.48</b>	<b>19,447.97</b>	<b>15,799.57</b>
<b>Current liabilities</b>				
Short-term borrowings	3,439.22	4,994.16	7,865.51	13,120.17
Trade payables				
Micro, small and medium enterprises	-	-	-	-
Others	4.45	6.67	52.84	19.32
Other current liabilities	7,165.82	8,618.21	8,337.47	10,640.42
Short-term provisions	57.76	58.50	156.36	102.94
<b>Total current liabilities</b>	<b>10,667.25</b>	<b>13,677.54</b>	<b>16,412.18</b>	<b>23,882.85</b>

#### **Non-current liabilities**

*Long-term borrowings.* As of December 31, 2017, we had long-term borrowings of ₹15,418.39 million, compared to ₹19,106.12 million as of March 31, 2017, ₹17,588.66 million as of March 31, 2016 and ₹16,138.35 million as of March 31, 2015. The decrease in long-term borrowings between December 31, 2017 and March



31, 2017 was primarily on account of prepayment of our higher-cost bank loans, in an effort to capitalize on a relatively lower-interest rate environment, and scheduled repayment of bank loans and redemption of NCDs. The increase in long-term borrowings between March 31, 2017 and March 31, 2016 was primarily on account of our raising new bank loans and issuing NCDs during the period, in line with our business requirements. The increase in long-term borrowings between March 31, 2016 and March 31, 2015 was primarily on account of raising new bank loans and issuing NCDs during the period, in line with our business requirements.

*Other long-term liabilities.* As of December 31, 2017, we had long-term liabilities of ₹39.08 million, compared to ₹72.37 million as of March 31, 2017, ₹102.68 million as of March 31, 2016 and ₹138.99 million as of March 31, 2015. The gradual decrease in our other long-term liabilities was primarily on account of our booking of Fee Income out of unamortized fees, attributable to prepayments and scheduled repayments of loan extended to customers.

*Long-term provisions.* As of December 31, 2017, we had long-term provisions of ₹342.10 million, compared to ₹269.48 million as of March 31, 2017, ₹146.14 million as of March 31, 2016 and ₹119.52 million as of March 31, 2015. The increase in our long-term provisions was primarily on account of the increase in provisions for Non Performing Assets by ₹75.04 million for the nine month period ended December 31, 2017 and ₹87.82 million for fiscal 2017.

### **Current liabilities**

*Short-term borrowings.* As of December 31, 2017, we had short-term borrowings of ₹13,120.17 million, compared to ₹7,865.51 million as of March 31, 2017, ₹4,994.16 million as of March 31, 2016 and ₹3,439.22 million as of March 31, 2015. The increase in our short-term borrowings between December 31, 2017 and March 31, 2017 was mainly on account of our issuance of commercial paper.

*Trade payables.* As of December 31, 2017, we had trade payables of ₹19.32 million, compared to ₹52.84 million as of March 31, 2017, ₹6.67 million as of March 31, 2016 and ₹4.45 million as of March 31, 2015. Trade payables represent the amount outstanding and due to be paid to our creditors.

*Other current liabilities.* As of December 31, 2017, we had other current liabilities of ₹10,640.42 million, compared to ₹8,337.47 million as of March 31, 2017, ₹8,618.21 million as of March 31, 2016 and ₹7,165.82 million as of March 31, 2015. The increase in other current liabilities between December 31, 2017 and March 31, 2017 was primarily on account of an increase in the current maturities of our outstanding long-term debt and NCDs. The decrease in other current liabilities between March 31, 2017 and March 31, 2016 was primarily on account of a decrease in the current maturities of our outstanding long-term debt and NCDs. The increase in other current liabilities between March 31, 2016 and March 31, 2015 was primarily on account of an increase in the current maturities of our outstanding NCDs.

*Short-term provisions.* As of December 31, 2017, we had short-term provisions of ₹102.94 million, compared to ₹156.36 million as of March 31, 2017, ₹58.50 million as of March 31, 2016 and ₹57.76 million as of March 31, 2015. The decrease in short-term provisions between December 31, 2017 and March 31, 2017 was primarily on account of decrease in provision for taxes. Short-term provisions held relatively constant between March 31, 2016 and March 31, 2015.

### **Liquidity and Capital Resources**

We have funded our liquidity and capital requirements primarily through shareholder capital and funds generated from operations, and indebtedness, including term loans from banks, non-convertible debentures, commercial paper, cash credit, fixed deposits and short-term loans from banks and financial institutions.

Our Total Borrowings by investor profile and instruments, as of December 31, 2017, are set forth below:

<b>Type of instrument</b>	<b>Amount (₹ in millions)</b>	<b>Percentage of Total Borrowings</b>
Term loans from banks	15,543.06	42.1%
Redeemable Non-convertible debentures	8,219.30	22.3%
Commercial paper	12,560.83	34.1%
Bank overdrafts	509.34	1.4%
Inter Corporate Deposit	50.00	0.1%

Total	36,882.53	100.0%
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We actively manage our liquidity and capital position by raising funds periodically from a diverse set of lenders. We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. Our borrowing agreements and debentures contain a number of covenants including financial covenants. In addition, some loans may contain provisions, which allow the lender, at its discretion to call for repayment of the loan at short notice. Such covenants, if acted upon, may have an impact on our liquidity. See “Financial Indebtedness” and “Risk Factors — Internal Risk Factors — Our Company has incurred significant indebtedness and may incur additional debt. The conditions and restrictions imposed by our financing agreements could adversely impede our flexibility in conducting our business.”

### ***Cash flows***

The following table sets forth a summary of our cash flows and cash position for fiscal 2015, 2016 and 2017 and the nine month period ended December 31, 2017.

Particulars	Fiscal Year			Nine month period ended December 31,
	2015	2016	2017	2017
	(₹ in millions)			
Net cash flow from / (used in) operating activities	(5,876.19)	(5,427.04)	(6,896.13)	3,876.50
Net cash flow from / (used in) investing activities	(2,262.60)	3,167.03	(1,939.04)	(5,360.39)
Net cash flow from / (used in) financing activities	5,993.45	3,654.63	5,890.36	1,666.93
Cash and cash equivalents at the end of the year / period	2,121.46	3,516.09	571.30	754.34

#### ***Net cash flow from / (used in) operating activities***

Net cash generated from our operating activities was ₹3,876.50 million for the nine month period ended December 31, 2017, which was primarily on account of increase in other liabilities ₹2,269.65 million, mainly attributable to an increase in our Total Borrowings to satisfy the increased credit requirements of our growing corporate and SME lending businesses, and our Net Profit before Tax of ₹2,499.04 million, which were partially offset by ₹932.78 million of direct taxes paid.

Net cash used in our operating activities was ₹6,896.13 million for fiscal 2017, which was primarily on account of a ₹8,767.25 million increase in loans and advances, mainly resulting from the growth of our corporate and SME lending businesses and increases in loans disbursed to our customers, and ₹1,088.41 million of direct taxes paid, which were partially offset by Net Profit before Tax of ₹3,230.40 million.

Net cash used in our operating activities was ₹5,427.04 million for fiscal 2016, which was primarily on account of a ₹8,918.45 million increase in loans and advances, mainly resulting from the growth of our corporate lending business and the commencement of our SME lending business, and increases in loans disbursed to our customers, and ₹1,041.69 million of direct taxes paid, which were partially offset by our profit before tax of ₹2,932.07 million and a ₹1,416.08 million increase in our other liabilities, mainly attributable to an increase in our Total Borrowings to satisfy the increased credit requirements of our growing corporate lending business and our newly established SME lending business.

Net cash used in our operating activities was ₹5,876.19 million for fiscal 2015, which was primarily on account of a ₹8,051.32 million increase in loans and advances, mainly resulting from the growth of our corporate lending business and increases in loans disbursed to our customers, and ₹767.62 million of taxes paid, which were partially offset by our Net Profit before Tax of ₹2,260.46 million and a ₹776.25 million increase in our other liabilities, mainly attributable to an increase in our Total Borrowings to satisfy the increased credit requirements of our growing corporate lending business.

#### ***Net Cash flow from / (used in) investing activities***

Net cash used in investing activities was ₹5,360.39 million for the nine month period ended December 31, 2017, which primarily related to the investment of ₹5,825.32 million in fixed income debt instruments, which was partially offset by payments received from our investments in PTCs.

Net cash used in investing activities was ₹1,939.04 million for fiscal 2017, which was primarily as a result of our investing ₹920.62 million in mutual fund units and ₹909.09 million in pass-through certificates.

Net cash generated from investing activities was ₹3,167.03 million for fiscal 2016, which was primarily due to bank deposits amounting to ₹2,655.00 million that matured in fiscal 2016 and ₹546.00 million received on our repayments of fixed-income debt instruments.

Net cash used in investing activities was ₹2,262.60 million for fiscal 2015, which was primarily as a result of our depositing ₹2,320.00 million as bank deposits in fiscal 2015.

#### *Net cash flow from / (used in) financing activities*

Net cash generated from financing activities was ₹1,666.93 million in the nine month period ended December 31, 2017, primarily as a result of ₹5,254.67 million raised from short term borrowings and ₹1,309.15 million term loans from banks, which were partially offset by ₹4,996.88 million repayment on redemption of NCDs.

Net cash generated from financing activities was ₹5,890.36 million for fiscal 2017, primarily as a result of ₹2,871.34 million raised by way of short-term borrowings, ₹1,501.57 million of proceeds from the issuance of shares in our Company and ₹1,299.02 million by way of issuances of NCDs.

Net cash generated from financing activities was ₹3,654.63 million for fiscal 2016, primarily as a result of ₹1,554.95 million raised by way of short-term borrowings, ₹649.35 million of proceeds from the issuance of shares in our Company and ₹1,426.86 million by way of issuances of NCDs.

Net cash generated from financing activities was ₹5,993.45 million for fiscal 2015, primarily as a result of our issuance of ₹2,560.47 million in NCDs, ₹1,770.79 million raised by way of short-term borrowings and ₹1,662.19 million raised by way of bank loans.

## **CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

The following table sets forth our contractual obligations and commitments based on undiscounted contractual payments as of December 31, 2017:

Particulars	Payment Due by Period				
	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
	(₹ in millions)				
Loans sanctioned not yet disbursed	1,711.50	1,382.56	6,740.00	2,860.00	12,694.06
Estimated amount of contract remaining to be executed on capital account	48.54	-	-	-	48.54
<b>Total contractual obligations and commitments</b>	<b>1,760.04</b>	<b>1,382.56</b>	<b>6,740.00</b>	<b>2,860.00</b>	<b>12,742.60</b>

## **CONTINGENT LIABILITIES**

As of December 31, 2017, our contingent liabilities, which have not been provided for, as per AS-29 issued by the ICAI, comprised of corporate guarantee given by Group to banks, which amounted to ₹535.80 million. For details, see “Financial Statements” on page 230.

## **DEBT/EQUITY RATIO**

Our long-term debt/equity ratio was 1.36 and 1.14 as of March 31, 2017 and December 31, 2017, respectively, while our total debt/equity ratio was 1.77 and 1.78, as of March 31, 2017 and December 31, 2017, respectively.

“Long-term debt” represents the sum of long-term borrowings and current maturities of long-term borrowings. “Total debt” represents the sum of long-term borrowings, short-term borrowings and current maturities of long-term borrowings. “Equity” represents the sum of the paid up share capital and reserves and surplus.

## CAPITAL EXPENDITURES

For the nine month period ended December 31, 2017, we added fixed assets of ₹72.00 million, which mainly comprised computers, improvements to our leasehold premises, software, office equipment, furniture and fixtures. For the fiscal year 2017, we added fixed assets of ₹73.85 million, which mainly comprised our loan management system, computers, improvements to our leasehold premises, office equipment, furniture and fixtures. For the fiscal year 2016, we added fixed assets of ₹29.54 million, which mainly comprised computers, improvements to our leasehold premises, office equipment, furniture and fixtures. For the fiscal year 2015, we added ₹5.03 million, which mainly comprised computers, office equipment, furniture and fixtures. For fiscal year 2018, we expect our capital expenditures to be incurred for the purposes of developing branch infrastructure, including furniture and fixtures and office equipment, for expansion of our vehicle finance and home finance businesses. We expect such capital expenditures to amount to approximately ₹400.00 million.

## CAPITAL TO RISK-WEIGHTED ASSETS RATIOS

Our Company is subject to capital adequacy requirements set out by the RBI for NBFCs. The following table sets forth our Company's capital adequacy ratios as of the dates indicated.

Particulars	As of March 31,			As of December 31,
	2015	2016	2017	2017
Tier I capital (as a percentage of total risk weighted assets)	32.3%	33.8%	33.4%	31.3%
Tier II capital (as a percentage of total risk weighted assets)	0.4%	0.4%	0.4%	0.3%
Total capital (as a percentage of total risk weighted assets)	32.6%	34.2%	33.8%	31.6%

## RELATED PARTY TRANSACTIONS

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see “*Related Party Transactions*” on page 222.

## QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Our business exposes us to a variety of financial risks, including credit risk, interest rate risk, liquidity risk, operational risk, cash management risk, asset quality impairment risk and inflation risk. The following discussion summarizes our exposure to these risks and our policies to address them. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions about us. These statements are based upon current expectations and projections about future events. There are important factors that could cause our actual results and performance to differ materially from such forward-looking statements, including those risks discussed under “Risk Factors.”

### *Credit Risk*

Credit risk is the risk of loss that may occur from the default by our customers under our loan agreements. Customer defaults and inadequate collateral may lead to higher NPAs. Our credit approval policy includes a proposal evaluation and investigation procedure for credit appraisal. Our credit team manages our credit risk by evaluating the creditworthiness of our customers, carrying out cash flow analysis, obtaining collateral and setting prudent loan to value (“LTV”) ratios. Actual credit exposures, credit limits and asset quality are regularly monitored at various levels.

### *Interest Rate Risk*

We are subject to interest rate risk, principally because loans to customers may be at fixed interest rates and for periods that may differ from our funding sources, which bear fixed and floating rates and are from banks and issuing debt. Loans extended through our corporate lending business bear both fixed and floating interest rates, while all the loans extended through our SME lending business bear floating interest rates. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other

factors. We assess and manage the interest rate risk on our balance sheet by managing our assets and liabilities. As of December 31 2017, 56.5% of our Total Borrowings was at fixed rates and 43.5 % at floating rates.

We maintain an asset liability management policy where assets and liabilities are categorized into various time buckets based on their maturities and re-pricing options. Efforts are made and action plans are drawn to ensure that there are no mismatches in each of the time buckets in line with guidelines prescribed by the RBI.

### ***Liquidity Risk***

Liquidity risk arises due to the unavailability of adequate amount of funds at an appropriate price and tenure. Currently, we depend on the following liquidity sources: operating cash on hand, funds held in permitted short-term investments, and financing obtained from bank and capital markets. Our asset liability management committee ensures that the appropriate mix of funding sources is used, taking into account the economic and market environment, near-term loan growth projections and long-term strategic business decisions.

Our asset liability management committee also monitors liquidity risk through categorizing all assets and liabilities into different maturity profiles and evaluating them for any mismatches in any particular maturities, particularly in the short-term. We have taken measures to ensure that there would not be a mismatch in any of our asset liability management buckets, defined by RBI. We cannot assure you that we would not face any asset-liability mismatches, which may affect our operations and profitability. See “Risk Factors — Internal Risks — We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability.” We may face asset-liability mismatches, which could affect our liquidity and consequently may adversely affect our operations and profitability. We have also adopted a stringent policy of maintaining a liquidity reserve to the extent of 15% of our last audited net worth.

To maximize the use of our capital, surplus funds may be deployed from time to time. Our asset liability management committee oversees investing activities so that funds are deployed in a manner that is consistent with our liquidity needs. Total Credit Exposure in the form of loans or debentures will be sold down to potential investors, in compliance with the applicable Directions of the RBI and our internal policies.

### ***Operational Risk***

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. In order to control our operational risks, we have adopted defined loan approval processes and procedures. We also attempt to mitigate operational risk by maintaining a system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures and undertaking contingency planning. In addition, we have appointed a global audit firm as our internal auditor to conduct internal audits and assess the adequacy of and compliance with our internal controls, procedures and processes. Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed at audit committee meetings.

### ***Cash Management Risk***

Our business operations do not involve significant cash transactions and the majority of our transactions with customers are conducted electronically or via cheques. For our corporate lending business, almost all of our loan disbursements are made, serviced and repaid through real-time gross settlement (“RTGS”) or National Electronic Funds Transfer (“NEFT”), both of which are specialist electronic payment systems. For our SME lending, vehicle finance and housing finance businesses, loan disbursements are typically made through printed cheques, for which we have arrangements for cheque printing with our various banks, and such loans are serviced and repaid through the National Automated Clearing House (“NACH”) process, which is cashless.

### ***Asset Quality Impairment Risk***

Asset risks arise due to the decrease in the value of the collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount lent to our customers due to such a decrease in the value of the collateral. We may also face certain practical and execution difficulties during the process of seizing collateral. We engage experienced repossession agents to repossess assets of defaulting customers.

### ***Inflation Risk***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. A return of high inflation rates may result in an increase in overall interest rates which may adversely affect our results of operations. High rates of inflation in the Indian economy could impact the results of our operations, by leading to a lower demand for our corporate lending and SME lending businesses. High inflation rates may also adversely affect growth in the Indian economy and our operating expenses.

#### **UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS**

Except as described in this Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

#### **SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECT OR ARE LIKELY TO AFFECT REVENUE FROM CONTINUING OPERATIONS**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect our income from continuing operations identified above in *“Factors Affecting our Results of Operations”* and the uncertainties described in *“Risk Factors”* on page 18.

#### **KNOWN TRENDS OR UNCERTAINTIES**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above, including in *“Factors affecting our Results of Operations”* and the uncertainties described in *“Risk Factors”* on page 18. To our knowledge, except as discussed in this Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

#### **FUTURE RELATIONSHIP BETWEEN COST AND REVENUE**

Other than as described in *“Risk Factors”*, *“Our Business”* and *“Management’s Discussion and Analysis of Financial Condition and Results of Operations”* on pages 18, 156 and 301, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

#### **NEW PRODUCTS OR BUSINESS/INDUSTRY SEGMENTS**

Other than as disclosed in this section and in *“Our Business”* on page 156, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition. We operate our business in a single segment.

#### **DEPENDENCE ON A FEW CUSTOMERS**

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

#### **SEASONALITY OF BUSINESS**

Our business is seasonal in nature. Generally, the period from October to March is the peak period in India for retail economic activity. This increased, or seasonal, activity is the result of several holiday periods, improved weather conditions and crop harvests. Our revenues are generally higher during the second half of each fiscal year as compared to first half of the fiscal year. Any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season would materially and adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced. This seasonality can also be expected to cause quarterly fluctuations in our revenue, profit margins and earnings.

#### **COMPETITIVE CONDITIONS**

We operate in a competitive environment. Please refer to “*Our Business*”, “*Industry Overview*”, “*Risk Factors*” and “— *Factors affecting our business and results of operations* — *Competition in our Industry*” on pages 156, 124 and 302, respectively for further information on our industry and competition.

#### **RECENT ACCOUNTING PRONOUNCEMENTS**

As of the date of this Red Herring Prospectus, there are no recent accounting pronouncements which would have a material effect on our financial condition or results of operations.

#### **SIGNIFICANT DEVELOPMENTS OCCURRING AFTER DECEMBER 31, 2017**

Except as stated below and as set out in this Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus which adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Our Company has entered into a share sale and purchase agreement for sale of 10,000 fully paid up equity shares of ₹10 each of IAAPL, to Everstone Capital Advisors Private Limited. For details see, “*History and Certain Corporate Matters - Material Agreements*” on page 189.

## FINANCIAL INDEBTEDNESS

Pursuant to a resolution of the shareholders of our Company passed at the AGM held on September 7, 2016, the Board has been authorised to borrow any sum or sums of money, including through issuance of non-convertible debentures and commercial papers, in any currency, from time to time, at its discretion, for the purpose of the business of our Company, which together with the monies already borrowed by our Company (apart from temporary loans obtained from bankers of our Company in the ordinary course of business) may exceed the aggregate of the paid up share capital and free reserves of our Company, provided that the total outstanding amount so borrowed shall not at any time exceed ₹ 80,000 million.

Our Company avails loans in the ordinary course of its business and for funding working capital and onward lending. As on February 28, 2018 our Subsidiaries do not have borrowings.

### *Facilities availed by us*

Set forth is a summary of the borrowings of our Company:

Category of borrowing	Sanctioned Amount (in ₹ million)	Outstanding amount (in ₹ million) as on February 28, 2018
<b>Secured Borrowings</b>		
<i>Term Loans</i>	24,800.00	17,158.02
<i>Cash Credit Facilities and Working Capital Facilities (including bank guarantees)</i>	5,100.00	2,864.85
<i>NCDs* (Includes redemption premium accrued but not due)</i>	9,465.00	9,565.44
<i>Repo Instruments</i>	NA	1,474.26
<b>Unsecured Borrowings</b>		
<i>Commercial Paper</i>	16,400.00	16,174.10
<i>Inter-corporate deposits</i>	NA	706.24
<b>Total</b>	<b>55,765.00</b>	<b>47,942.91</b>

\*The NCDs are listed on the Wholesale Debt Market segment of the BSE Limited.

### **Principal terms of borrowings availed by our Company**

Some of the principal terms of the borrowings availed by us are set out below.

- Interest:** The interest rate for our bank facilities is typically tied to a base rate/MCLR as specified by respective lenders. It may include a specified spread ranging from nil to 1.60% above the base rate/MCLR. The base rate/MCLR may vary from lender to lender. With respect to the outstanding NCDs issued by us, the coupon rate ranges from 8.91% to 11.40% (excluding zero coupon NCDs). The discount rate on the commercial papers issued by us ranges from 7.05% to 8.60%.
- Tenor:** The tenor of the bank facilities availed by us typically ranges from 12 months to 66 months. Further, the redemption period of the NCDs ranges from 18 to 120 months. The tenor of the outstanding commercial papers issued by us ranges from 30 days to 365 days.
- Security:** In terms of our borrowings where security needs to be created, we are typically required to create first *pari passu* charge by way of hypothecation on the standard assets portfolio of receivables.  
  
Further, for certain of our loans, we are also required to procure unconditional and irrevocable guarantees from our Promoter in favour of the lenders.
- Repayment:** While our cash credit capital facilities are typically repayable on demand, the repayment period for term loans availed by our Company typically ranges from 24 months to 66 months.
- Pre-payment:** Loans availed by us typically have prepayment provisions which allows for prepayment of the outstanding loan amount on receiving prior approval from such concerned lender, subject to such prepayment penalties as may be decided by the lender at the time of such prepayment, or as laid down in the facility agreements, as the case may be.



6. **Penalty:** Loans availed by us contain provisions prescribing penalties for delayed payment or delay in submission of documents required under such facility documents, non-creation of security and default in our repayment obligations, which is typically 2% of the amounts outstanding.
7. **Events of Default:** Financing arrangements entered into by us contain standard events of default, including:
- (i) non-payment or default of any amounts due on the facility or loan obligations;
  - (ii) default in performance of covenants and conditions stipulated in the loan documents;
  - (iii) failure to create security as stipulated in the loan documents;
  - (iv) default on amounts due to/ facilities extended by any other lenders;
  - (v) proceedings relating to winding up, liquidation or insolvency being initiated against us; and
  - (vi) our Company ceasing or threatening to cease to carry on its business.

The details above are indicative and there may be additional terms that may amount to an event of default under the various borrowing arrangements entered into by us, such as any amendment to our Memorandum and Articles of Association or any change in our management without the prior consent of the lenders. We are required to ensure that the aforementioned events of default and other events of default, as specified under the various loan documents and agreements entered into by us, are not triggered.

8. **Restrictive Covenants:** Many of our financing arrangements entail various restrictive conditions and covenants restricting certain corporate actions, and we are required to take the prior approval of the lender before carrying out such activities, including for:
- (i) amending our Memorandum and Articles of Association;
  - (ii) effecting any change in our capital structure or in the capital structure of our Promoter;
  - (iii) undertaking guarantee obligations on behalf of any third party;
  - (iv) revaluing our assets;
  - (v) formulating any scheme of amalgamation or reconstruction;
  - (vi) permitting any transfer of our controlling interest;
  - (vii) making any drastic change in our management setup or constitution;
  - (viii) investment by way of share capital or extending loans or advances or placing deposits with any other entity (including our group companies and associate companies);
  - (ix) carrying out any change of business; and
  - (x) making any repayment of loans and deposits and discharging other liabilities except those shown in the fund flow statements submitted to our lenders from time to time.

The details provided above are indicative and there may be additional terms, conditions and requirements under specific borrowing arrangements entered into by us.

## **SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS**

*We have prepared our financial statements in accordance with Indian GAAP, which differs in certain material respects from Ind-AS. A company other than a banking company (excluding regional rural banks and urban co-operative banks), an NBFC and an insurance company may voluntarily adopt Ind-AS for the accounting periods beginning on or after April 1, 2015. However, since our Company is an NBFC, we are not allowed to adopt Ind AS voluntarily. We are required to prepare our financial statements in accordance with Ind AS with effect from April 1, 2018.*

Many differences exist between Indian GAAP and Ind-AS that might be material to our financial information. The IND-AS have been made applicable in India with effect from April 1, 2016 in phased manner. The matters described below summarize certain key differences between Indian GAAP and Ind-AS. No numerical reconciliation of the financial position and results of operations under Indian GAAP and under Ind-AS have been included in the DRHP. Therefore, we are not in a position to state as to how our financial position and the results of operations would be impacted when computed under Ind-AS.

In making an investment decision, investors must rely upon their own examination of the Company, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind-AS, and how those differences might affect the financial information included in this Red Herring Prospectus.

This is not an exhaustive list of differences between Indian GAAP and Ind-AS; rather, it indicates only those key differences which are considered to be more relevant to the financial position and results of operations of the Company and does not cover all differences regarding presentation, classification and disclosure requirement applicable under Indian GAAP and Ind-AS.

Sr. No.	Ind AS No.	Particulars	Indian GAAP	Ind AS
1	Ind AS 1	Presentation of Financial Statements	<b><u>Other Comprehensive Income:</u></b> There is no concept of 'Other Comprehensive Income' under Indian GAAP.	<b><u>Other Comprehensive Income:</u></b> Ind AS 1 introduces the concept of Other Comprehensive Income ("OCI"). Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognized in the statement of profit or loss as required or permitted by other Ind AS.
			<b><u>Extraordinary items:</u></b> Under Indian GAAP, extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.  Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the event or transaction in relation to the business ordinarily carried out by an entity.	<b><u>Extraordinary items:</u></b> Under Ind AS, presentation of any items of income or expense as extraordinary is prohibited.
			<b><u>Change in Accounting Policies:</u></b> Indian GAAP requires changes in accounting policies to be presented in the financial statements on a prospective basis (unless transitional provisions, if any, of an accounting standard require otherwise) together with a disclosure of the impact of the same, if material.  If a change in the accounting policy has no material effect on the financial statements for the current period, but is expected to have a material effect in the later periods, the same should be appropriately disclosed.	<b><u>Change in Accounting Policies:</u></b> Ind AS requires retrospective application of changes in accounting policies by adjusting the opening balance of each affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy had always been applied, unless transitional provisions of an accounting standard require otherwise.
			<b><u>Errors:</u></b> Prior period items are included in determination of net profit or loss of the period in which the error pertaining to a prior period is discovered and are separately disclosed in the statement of profit and loss in a manner that the impact on current profit or loss can be perceived.	<b><u>Errors:</u></b> Material prior period errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening balance sheet.
2	Ind AS 12	Deferred Taxes	Under Indian GAAP, the Company determines deferred tax to be recognized in the financial statements with reference to the income statement approach i.e. with reference to the timing differences between profit offered for income taxes and profit as per the financial statements.	As per Ind AS 12 Income Taxes, deferred tax is determined with reference to the balance sheet approach i.e. based on the differences between carrying value of the assets/ liabilities and their respective tax base.  Using the balance sheet approach, there could be additional deferred tax charge/income on account of all Ind AS opening balance sheet Adjustments.

Sr. No.	Ind AS No.	Particulars	Indian GAAP	Ind AS
3	Ind AS 16	Property, plant and equipment – reviewing depreciation and residual value	Under Indian GAAP, the Company currently provides depreciation on straight line method over the useful lives of the assets estimated by the Management.	Ind AS 16 mandates reviewing the method of depreciation, estimated useful life and estimated residual value of an asset at least once in a year. The effect of any change in the estimated useful and residual value shall be taken prospectively.  Ind AS 101 allows current carrying value under Indian GAAP for items of property, plant and equipment to be carried forward as the cost under Ind AS.
4	Ind AS 17	Leases	Under Indian GAAP, inception of lease and commencement of lease are used at same places, these terms have not been defined and distinguished. Interests in leasehold land are recorded and classified as a fixed asset.	Under Ind AS, deals with adjustment of lease payments during the period between inception of the lease and commencement of the lease term. The lessee shall recognize finance as assets and liabilities in balance sheet at commencement of the lease term. In case of operating lease, where escalation of lease rentals is in line with the expected general inflation so as to compensate the lessor for expected inflationary cost increases shall not be straight lined. Interests in leasehold land are recorded and classified as operating leases or finance leases as per set definition and classification criteria. An important consideration is that the land has an indefinite economic life.
4	Ind AS 19	Accounting for Employee Benefits	Currently, under Indian GAAP the Company recognizes all short term and long term employee benefits in the profit and loss account as the services are received. For long term employee benefit, the Company applies actuarial valuation techniques to determine the liability.	Under Ind AS 19, the change in liability is split into changes arising out of service, interest cost and re-measurements and the change in asset is split between interest income and re-measurements.  Changes due to service cost and net interest cost/ income need to be recognized in the income statement and the changes arising out of re-measurements are to be recognized directly in OCI.
5	Ind AS 24	Related Parties	Under Indian GAAP, the scope of related parties is limited. Indian GAAP covers the spouse, son, daughter, brother, sister, father and mother who may be expected to influence, or be influenced by, that individual in his/her dealings with the reporting enterprise. It covers key management personnel (KMP) of the entity only. Co-venturers or co-associates are not related to each other.	Definition of related party as per Ind AS is very wide. It includes the persons specified within the meaning of 'relative' under the Companies Act 2013 and that person's domestic partner and dependents of that person's domestic partner. It also covers KMP of the parent company as well. Two entities are related to each other in both their financial statements, if they are either co-venturers or one is a venture and the other is an associate.
6	Ind AS 37	Provisions, contingent liabilities and contingent assets	Under Indian GAAP, provisions are recognised only under a legal obligation. Also, discounting of provisions to present value is not permitted.	Under Ind AS, provisions are recognised for legal as well as constructive obligations. Ind AS requires discounting the provisions to present value, if the effect of time value of money is material.
9	Ind AS 102	Share based payments	Under Indian GAAP, company has	Under Ind AS, the share based

Sr. No.	Ind AS No.	Particulars	Indian GAAP	Ind AS
			an option to account for share based payments on the basis of intrinsic value or fair value. The company followed the intrinsic value method and gave a proforma disclosure for the fair valuation.	payments have to be mandatorily accounted basis the fair value and the same has to be recorded in the Statement of Profit or Loss over the vesting period. The fair valuation of the unvested options as on the transition date have to be adjusted against retained earnings.
10	Ind AS 32/ 107 / 109	Presentation and classification of Financial Instruments	<p>Currently, under Indian GAAP, the financial assets and financial liabilities are recognised at the transaction value. The Company classifies all its financial assets and liabilities as short term or long term. Long term investments are carried at cost less any permanent diminution in the value of such investments determined on a specific identification basis. Current investments are carried at lower of cost or realisable value except for investments in mutual funds which are carried at the Net asset value declared by the mutual fund in accordance with the NBFC Master Directions. Under Indian GAAP, disclosures are limited.</p> <p>Financial liabilities are carried at their transaction values. Disclosures under Indian GAAP are limited</p>	<p>Ind AS 109 requires all financial assets and financial liabilities to be recognised on initial recognition at fair value. Financial assets have to be either classified as measured at amortized cost or measured at fair value. Where assets are measured at fair value, gains and losses are either recognized entirely in profit or loss, (FVTPL), or recognized in other comprehensive income (FVOCI). Financial assets include equity and debts investments, interest free deposits, loans, trade receivables etc. Assets classified at amortized cost and FVOCI and the related revenue (including interest subsidy, processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method.</p> <p>Disclosures under Ind AS are materially different from those prescribed under Indian GAAP.</p> <p>Under Ind AS 32, a financial liability shall be classified as debt or equity at the inception based on the underlying substance of the contractual arrangement.</p>
11	Ind AS 32/ 107 / 109	Subsequent Measurement of financial instruments	<p>Currently under Indian GAAP, income from processing fees is recognised entirely upto 2% at the time of disbursement of loan in the Statement of Profit and Loss and anything in excess of 2% is amortized over the period of the loan.</p> <p>Similarly, expense incurred towards processing fees and other charges is recognised entirely at the time of availing the borrowing.</p> <p>All costs incurred for origination of loan portfolio are recognised in the Statement of Profit and Loss in the period in which they are incurred.</p> <p>Currently, income on non-performing assets is not recognised on accrual basis which is in accordance with the NBFC Master Directions issued by the Reserve Bank of India.</p>	<p>Financial instruments classified at amortized cost and FVOCI and the related revenue (including processing fees and fees of similar nature) net of related costs have to be measured using the Effective Interest Rate (EIR) method. There are two measurement categories for financial liabilities – FVTPL and amortized cost.</p> <p>According to Ind AS 109, interest income on financial assets is recognised in accordance with EIR method on the gross carrying value depending on the stage in which the asset is categorised. In the case where the loan or an asset is considered impaired, the interest income will be accounted for at the net amount, i.e., gross carrying amount less provisions made.</p>

Sr. No.	Ind AS No.	Particulars	Indian GAAP	Ind AS
12	Ind AS 32 / 107 / 109	Financial Instruments - Impairment	Under Indian GAAP, the Company assesses the provision for doubtful debts at each reporting period based on relevant information like creditworthiness of the borrower/ability of the group to repay the dues / exceptional events like demonetisation / provisioning norms stipulated by the Reserve Bank of India.	The impairment methodology in Ind AS is based on expected credit losses with reference to credit risk of each financial instrument for all financial assets measured at amortized cost or FVOCI.
		Financial Instruments - Provision for doubtful debts	Under Indian GAAP, provisions are made for specific receivables based on circumstances such as. Credit default of customer or disputes with customers. An enterprise should assess the provision of doubtful debts at each period end which, in practice, is based on relevant information such as past experience, actual financial position and cash flows of the debtors. Different methods are used for making provisions for bad debts, including ageing analysis and individual assessment of recoverability.	In addition to the specific provisions under Indian GAAP, under Ind AS, at each reporting date, an entity shall assess whether the credit risk on trade receivables has increased significantly since initial recognition. When making the assessment, an entity shall use the Expected Credit Loss model to provide for a loss allowance over and above any provision for doubtful debts in the profit and loss statement. An entity shall measure expected credit losses to reflect the following: An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; The time value of money; and Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.
13	Ind AS 108	Determination of Segments	Under Indian GAAP, companies are to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Company's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.	Under Ind AS, operating segments are identified based on the financial information that is regularly reviewed by the chief operating decision-maker (CODM) in deciding how to allocate resources and in assessing performance.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there are no outstanding (i) criminal proceedings, (ii) actions taken by statutory or regulatory authorities, (iii) claims related to direct or indirect tax (disclosed in a consolidated manner giving the total number of claims and total amounts involved); or (iv) other pending litigation determined to be material by our Board of Directors, in accordance with the SEBI ICDR Regulations, in each case involving our Company, Subsidiaries, Directors, Promoter and Group Companies.*

*Further, except as stated in this section, there are no (i) outstanding proceedings initiated against our Company for economic offences; (ii) pending defaults and non-payment of statutory dues by our Company; (iii) material fraud against our Company in the last five years immediately preceding the date of this Red Herring Prospectus; (iv) inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company or Subsidiaries during the last five years immediately preceding the year of filing of this Red Herring Prospectus; (v) prosecutions filed against (whether pending or not); fines imposed against; or compounding of offences under the Companies Act done by our Company and our Subsidiaries, in the last five years immediately preceding the year of filing of this Red Herring Prospectus; (vi) litigation or legal action, pending or taken against our Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding the date of this Red Herring Prospectus; (vii) outstanding dues to creditors of our Company as determined to be material by our Board of Directors as per the Materiality Policy, in accordance with the SEBI ICDR Regulations; and (viii) outstanding dues to small scale undertaking and other creditors; (ix) overdues or defaults to banks or financial institutions by our Company; and (x) litigation involving any other person whose outcome could have material adverse effect on the position of our Company.*

*Our Board, in its meeting held on April 6, 2018 has adopted a policy for identification of group companies, material creditors and material legal proceedings (“**Materiality Policy**”) for the purposes of disclosure in the RHP and Prospectus in accordance with the SEBI ICDR Regulations. In terms of the Materiality Policy, all pending litigation involving our Company, Subsidiaries, Directors, Promoter and Group Companies, other than criminal proceedings, actions taken by statutory or regulatory authorities, and claims related to direct or indirect tax (which would be disclosed in consolidated manner in accordance with the SEBI ICDR Regulations), would be considered ‘material’ for the purposes of disclosure in this Red Herring Prospectus if: (i) the monetary amount of claim by or against the entity or person in any such pending proceeding exceeds ₹ 21.08 million, being 1% of the consolidated profit after tax of our Company as per our Restated Consolidated Financial Statements for the fiscal year 2017, or (ii) such pending proceedings involving the abovementioned persons which are ‘material’ from the perspective of our Company’s business, operations, prospects or reputation.*

*Further, in terms of the Materiality Policy, our Company considers creditors to whom the amount due exceeds 5% of the trade payables of our Company as per our Restated Consolidated Financial Statements for the nine month period ended December 31, 2017, i.e., ₹ 0.97 million, as ‘material’ creditors for the purpose of disclosures in this Red Herring Prospectus.*

*It is clarified that for the purposes of the above, in accordance with the Materiality Policy, pre-litigation notices received by our Company, Subsidiaries, Directors, Promoter or Group Companies shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company, Subsidiaries, Directors, Promoter or Group Companies, as the case may be, is made a party to litigation proceedings before any judicial forum.*

*Unless stated to the contrary, the information provided below is as of the date of this Red Herring Prospectus.*

#### **I. Litigation involving our Company**

##### **A. Outstanding criminal proceedings involving our Company**

*Criminal proceedings initiated by our Company*

1. An FIR under sections 420, 467, 468, 471 and 34 of the Indian Penal Code, 1860, was filed by our Company on January 30, 2017 against certain borrowers, among others, (“**Accused**”) for, *inter alia*, using forged documents for securing loan from our Company. Our Company issued

a notice under section 138 of the Negotiable Instruments Act, 1881 upon dishonour of the cheque issued by one of the Accused. Thereafter, a compromise deed dated April 25, 2017, was executed between the Company and some of the Accused in terms of which these Accused persons agreed to pay a sum of ₹15.00 million, in instalments, of which our Company had encashed cheques for ₹2.00 million, as full and final settlement of our Company's claim and the dispute in the present case and all past claims. The Accused defaulted on the payment of instalments pursuant to which our Company filed an application before before the Additional Chief Metropolitan Magistrate (North-West), Rohini Courts, New Delhi ("ACM"). The ACM, through an order dated November 6, 2017, required appearance of the Accused. This matter is pending.

2. An FIR under sections 420, 467, 468, 469, 471 and 34 of the Indian Penal Code, 1860, was filed by our Company on March 21, 2018 at Airport Police Station, Pune, Maharashtra against Paras Sudhir Shaha and Sudhir Valchand Shaha ("**Accused**") for, *inter alia*, using forged documents to show title for a property in order to use it as security for wrongfully availing loan from our Company. The matter is currently pending.
3. A criminal complaint dated February 27, 2018 has been filed by our Company before the Metropolitan Magistrate at Dadar, Mumbai, against Agrocare India Private Limited and its directors ("**Accused**") in relation to dishonour of a cheque issued by the Accused in favour of our Company for repayment of the loan amount of ₹26.85 million. The cheque was issued for an amount of ₹1.02 million as part payment of the overdue loan amount. The matter is currently pending.
4. Two criminal complaints dated February 27, 2018 have been filed by our Company before the Metropolitan Magistrate at Dadar, Mumbai, against Asad Anwar Sayed (proprietor of M/s Best Computer Solutions) ("**Accused**") in relation to dishonour of two cheques issued by the Accused in favour of our Company for repayment of the loan amounts of ₹6.85 million and ₹10.62 million, availed by the Accused along with other co-applicants. The cheques were issued for amounts of ₹0.26 million and ₹0.40 million as part payment of the overdue loan amounts, respectively. The matters are currently pending.
5. A criminal complaint dated February 27, 2018 has been filed by our Company before the Metropolitan Magistrate at Dadar, Mumbai, against Ceico Consulting Private Limited and its Directors ("**Accused**") in relation to dishonour of a cheque issued by the Accused in favour of our Company for repayment of the loan amount of ₹16.51 million. The cheque was issued for an amount of ₹0.52 million as part payment of the overdue loan amount. The matter is currently pending.
6. A criminal complaint dated February 27, 2018 has been filed by our Company before the Metropolitan Magistrate at Dadar, Mumbai, against Hindustan Mikers Paper Private Limited and its directors ("**Accused**") in relation to dishonour of a cheque issued by the Accused in favour of our Company for repayment of the loan amount of ₹50.20 million. The cheque was issued for an amount of ₹45.63 million as part payment of the overdue loan amount. The matter is currently pending. Further, the Company has also initiated arbitration proceedings against the Accused. For further details, see "*Material civil litigations initiated by our Company*" on page 335.
7. A criminal complaint dated February 27, 2018 has been filed by our Company before the Metropolitan Magistrate at Dadar, Mumbai, against Olympic Sportswear & Equipments Private Limited and its directors ("**Accused**") in relation to dishonour of a cheque issued by the Accused in favour of our Company for repayment of the loan amount of ₹5.00 million. The cheque was issued for an amount of ₹0.23 million as part payment of the overdue loan amount. The matter is currently pending.
8. A criminal complaint dated February 27, 2018 has been filed by our Company before the Metropolitan Magistrate at Dadar, Mumbai, against Raghu Ramaiah (proprietor of M/s Sri Sai Tele World) ("**Accused**") in relation to dishonour of a cheque issued by the Accused in favour of our Company for repayment of the loan amount of ₹5.05 million. The cheque was issued



for an amount of ₹0.19 million as part payment of the overdue loan amount. The matter is currently pending.

9. A criminal complaint dated February 27, 2018 has been filed by our Company before the Metropolitan Magistrate at Dadar, Mumbai, against Royal Impex, a partnership firm, and its partners (“**Accused**”) in relation to dishonour of a cheque issued by the Accused in favour of our Company for repayment of the loan amount of ₹20.30 million. The cheque was issued for an amount of ₹20.30 million as payment of the overdue loan amount. The matter is currently pending.
10. A criminal complaint dated February 27, 2018 has been filed by our Company before the Metropolitan Magistrate at Dadar, Mumbai, against Sai Sukhmani Hotels Private Limited and its directors (“**Accused**”) in relation to dishonour of a cheque issued by the Accused in favour of our Company for repayment of the loan amount of ₹30.50 million. The cheque was issued for an amount of ₹30.50 million as payment of the overdue loan amount. The matter is currently pending. Further, the Company has also initiated arbitration proceedings against the Accused. For further details, see “*Material civil litigations initiated by our Company*” on page 335.
11. A criminal complaint dated February 27, 2018 has been filed by our Company before the Metropolitan Magistrate at Dadar, Mumbai, against Zulekha Gani Patrawalla (“**Accused**”) in relation to dishonour of a cheque issued by the Accused in favour of our Company for repayment of the loan amount of ₹45.50 million. The cheque was issued for an amount of ₹45.50 million as payment of the overdue loan amount. The matter is currently pending. Further, the Company has also initiated arbitration proceedings against the co-borrowers of Accused. For further details, see “*Material civil litigations initiated by our Company*” on page 335.

*Criminal proceedings initiated against our Company*

As on the date of this Red Herring Prospectus, there are no pending criminal proceedings against our Company.

**B. Pending action by statutory or regulatory authorities against our Company**

As on the date of this Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Company.

**C. Material outstanding litigation involving our Company**

*Material civil litigations initiated by our Company*

1. Vistra (ITCL) India Limited (“**Vistra**”), in its capacity as security trustee for our Company for a loan amounting to ₹ 1,000 million provided by our Company to Brahmani River Pellets Limited (“**BRPL**”), has filed a winding up petition dated November 8, 2016 before the High Court of Calcutta (“**Court**”) against Aryan Mining and Trading Corporation Private Limited (“**AMTC**”), the guarantor to and the holding company of BRPL, in relation to non-payment of certain amounts in relation to the loan. The Court *vide* its order dated September 22, 2017 has acknowledged AMTC’s offer to repay the outstanding sum, which has been subsequently repaid by AMTC to our Company. Vistra and AMTC are in the process of finalising the settlement and filing it with the Court. This matter is pending settlement.
2. Our Company has filed a commercial arbitration petition (“**Petition**”) number 79 of 2017 against Aslam U. Patrawala and others (“**Respondents**”) before the High Court of Bombay (“**Court**”) under section 9 of the Arbitration and Conciliation Act, 1996 (“**Act**”) for the grant of ad-interim and interim reliefs against the Respondents. The Respondents had entered into a loan agreement, secured by equitable mortgage, with our Company, and had thereafter defaulted in the repayment of ₹45.50 million loan amount, in spite of notices sent by our Company. The Court granted ad-interim and interim reliefs *vide* order dated June 20, 2017 and

appointed a court receiver to take physical possession of the mortgaged property. The court receiver submitted a report dated July 12, 2017 of having taken physical possession accordingly. The Court *vide* its order dated July 18, 2017 directed the licensee of the mortgaged property to pay the license fee to the court receiver. The Respondents have filed their affidavits-in-reply and the matter is currently pending. Our Company has further initiated an arbitration petition number ICFSL/ARB/RSB/21 of 2017 dated September 28, 2017 against the Respondents before the sole arbitrator Ramesh Bhandurge for an award directing the Respondents to pay outstanding due of ₹ 53.45 million (inclusive of interest), the enforcement of the mortgage and for injunction preventing the Respondents from disposing off the mortgaged property. This matter is currently at the stage of hearing and is pending. Further, the Company has also initiated criminal proceedings against the co-borrower of Respondents. For further details, see *“Criminal proceedings initiated by our Company”* on page 333.

3. Our Company has filed a commercial arbitration petition number 347 of 2017 (**“Petition”**) dated June 20, 2017 against Hindustan Mikars Papers Private Limited and others (**“Respondents”**) before the High Court of Bombay (**“Court”**) under section 9 of the Arbitration and Conciliation Act, 1996 in relation to non-repayment of ₹50.20 million loan amount sanctioned pursuant to a loan agreement entered into with our Company against a security of certain immovable property. After availing and utilizing the loan disbursed by our Company, the Respondents committed defaults in repayment of the amounts due and neglected to repay the entire outstanding dues under the said loan facility. Hence, our Company filed the Petition before the Court seeking certain interim reliefs. The Court, *vide* its order dated July 18, 2017, did not grant interim reliefs and scheduled the Petition to come up for hearing in due course. This matter is currently pending. Our Company has further initiated arbitration proceedings before a sole arbitrator and statement of claims has been filed on March 29, 2018 in this regard seeking inter-alia an award to be passed in favour of our Company against the outstanding dues of ₹ 59.43 million by the Respondents. The matter is currently pending. Further, the Company has also initiated criminal proceedings against the Respondents. For further details, see *“Criminal proceedings initiated by our Company”* on page 333.
4. Our Company has filed a commercial arbitration petition number 354 of 2017 (**“Petition”**) dated June 20, 2017 against Sai Sukhmani Hotels Private Limited and others (**“Respondents”**) before the High Court of Bombay (**“Court”**) under section 9 of the Arbitration and Conciliation Act, 1996 in relation to non-repayment of ₹30.50 million loan amount sanctioned pursuant to a loan agreement entered into with our Company, seeking certain interim reliefs. After availing and utilizing the loan disbursed by our Company, the Respondents committed defaults in repayment of the amounts due and neglected to repay the entire outstanding dues under the said loan facility. Hence, our Company filed the Petition before the Court seeking certain interim reliefs. The Court, *vide* its order dated July 18, 2017, did not grant interim reliefs and scheduled the petition to come up for hearing in due course. This matter is currently pending. Thereafter, a settlement was entered into between the parties and the sole arbitrator, by an order dated April 23, 2018, granted our Company permission to withdraw the arbitration proceedings. Further, the Company has also initiated criminal proceedings against the Respondents. For further details, see *“Criminal proceedings initiated by our Company”* on page 333.

*Material civil litigations initiated against our Company.*

1. State Bank of India instituted a suit dated August 18, 2017 before the Debt Recovery Tribunal, Ahmedabad, under section 19 of the Recovery of Debt Due to Banks and Financial Institutions Act, 1993 against Shah Paper Mills Limited and others for non-repayment of certain loans granted (**“Loans”**). Our Company, along with Standard Chartered Bank, are members of the consortium of lenders led by State Bank of India and have been joined as defendants to this suit in such limited capacity as a formal party. Further, a shareholder of Venkateshvara Texfab Private Limited (**“VTPL”**), a guarantor for the Loans, has also filed two petitions, number CP 756 and 760 of 2017, both before the National Company Law Tribunal, Mumbai Bench (**“NCLT”**), against VTPL and others, including our Company, (together the **“Respondents”**). The aforementioned petitions seek inter alia injunction restraining the Respondents from implementing the corporate guarantee and selling the property mortgaged for the loan and set aside the allegedly fraudulent mortgage of properties

and corporate guarantee in favour of our Company. The NCLT has granted interim injunction through orders dated January 1, 2018 and January 16, 2018. The matter is currently pending.

**D. *Proceedings initiated against our Company for economic offences***

As on the date of this Red Herring Prospectus, there are no proceedings initiated against our Company for any economic offences.

**E. *Default and non-payment of statutory dues***

There are no instances of default or non-payment of statutory dues by our Company.

**F. *Material frauds against our Company***

Except as disclosed below, there have been no acts of material frauds have been committed against our Company during the past five years:

Two of the Company's borrowers had committed material frauds of ₹ 20.88 million during the Financial Year 2017 and ₹ 14.25 million during the Financial Year 2018, against the Company. Investigations are in progress and these matters are currently pending. For further details, please see "Litigation involving our Company" on page 333.

**G. *Details of any inquiry, inspection or investigation initiated or conducted, prosecutions filed (whether pending or not), fines imposed or compounding of offences done under the Companies Act, 2013 or the Companies Act, 1956***

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 against our Company, nor have any prosecutions been filed, fines imposed, or compounding of offences done by our Company under the Companies Act, 2013 or the Companies Act, 1956 in the last five years immediately preceding the year of filing of this Red Herring Prospectus.

**H. *Outstanding litigation against any other persons whose outcome could have an adverse effect on our Company.***

There is no outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company.

**I. *Outstanding dues to small scale undertakings or any other creditors***

In terms of the Materiality Policy, as of December 31, 2017, our Company had three material creditors to whom a total amount of ₹ 13.82 million was outstanding.

Further, based on available information regarding status of the creditor as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as of December 31, 2017, our Company did not owe dues to any small scale undertakings. With respect to other creditors, as of December 31, 2017, our Company owed outstanding dues of ₹ 5.50 million to a total of 39 creditors.

The details pertaining to amounts due towards such creditors are available on the website of our Company at the following link: <http://indostarcapital.com/pdf/list-of-creditors-31-12-2017.pdf>. The details in relation to such creditors and amount payable to each such creditor available on the website of our Company do not form a part of this Red Herring Prospectus. Persons placing reliance on any other source of information, including our Company's website, would be doing so at their own risk.

**II. *Tax proceedings involving our Company, Subsidiaries, Directors, Promoter and Group Companies***

Provided below is a summary of taxation proceedings involving our Company, Subsidiaries, Directors, Promoters and Group Companies:

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings (in ₹ million)
<b>Direct Tax</b>		
Company	4*	26.57

Nature of tax involved	Number of cases outstanding	Amount involved in such proceedings (in ₹ million)
Subsidiaries	Nil	Nil
Directors	2**	0.04
Promoter	Nil	Nil
Group Companies	Nil	Nil
<b>Sub-Total (A)</b>	6	26.61
<b>Indirect Tax</b>		
Company	Nil	Nil
Subsidiaries	Nil	Nil
Directors	Nil	Nil
Promoter	Nil	Nil
Group Companies	Nil	Nil
<b>Sub-Total (B)</b>	Nil	Nil
<b>Total (A+B)</b>	6	26.61

\*Notice has been received for reassessment of the income of our Company under section 148 of the Income Tax Act, 1961 for the assessment year 2011-12. Further, another notice has been received initiating penalty proceedings against our Company under section 271(1)(c) of the Income Tax Act, 1961 for the assessment year 2013-14. The amount involved in these matters has not been quantified in the respective notices and is therefore not ascertainable.

\*\*Notice has been received for reassessment of the income of R. Sridhar under section 148 of the Income Tax Act, 1961 for the assessment year 2011-12. The amount involved has not been quantified in the notice and is therefore not ascertainable.

### III. Litigation involving our Subsidiaries

#### A. Outstanding criminal proceedings involving our Subsidiaries

##### *Criminal proceedings initiated against our Subsidiaries*

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings against our Subsidiaries.

##### *Criminal proceedings initiated by our Subsidiaries*

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Subsidiaries.

#### B. Pending action by statutory or regulatory authorities against our Subsidiaries

As on the date of this Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Subsidiaries.

#### C. Material outstanding litigation involving our Subsidiaries

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigations involving our Subsidiaries.

#### D. Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years, prosecutions filed (whether pending or not), fines imposed or compounding of offences done in the last five years preceding the date of this Red Herring Prospectus against our Subsidiaries

In the last five years immediately preceding the year of filing of this Red Herring Prospectus, there have been no inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years, prosecutions filed (whether pending or not), fines imposed or compounding of offences done in the last five years preceding the date of this Red Herring Prospectus against our Subsidiaries.

### IV. Litigation involving our Directors

#### A. Outstanding criminal proceedings involving our Directors

##### *Criminal proceedings against our Directors*

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Directors.

*Criminal proceedings initiated by our Directors*

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Directors.

**B. *Pending action by statutory or regulatory authorities against our Directors***

As on the date of this Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Directors.

**C. *Material outstanding litigation involving our Directors***

*Material civil litigations initiated against our Directors*

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigations initiated against our Directors.

*Material civil litigations initiated by our Directors*

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigations initiated by our Directors.

**V. *Litigation involving our Promoter***

**A. *Outstanding criminal proceedings involving our Promoter***

*Criminal proceedings against our Promoter*

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated against our Promoter.

*Criminal proceedings initiated by our Promoter*

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Promoter.

**B. *Pending action by statutory or regulatory authorities against our Promoter***

As on the date of this Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Promoter.

**C. *Material outstanding litigation involving our Promoter***

*Material civil litigations against our Promoter*

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigations initiated against our Promoter.

*Material civil litigations initiated by our Promoter*

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigations initiated by our Promoter.

**D. *Litigation or legal action by any Ministry, Government Department or any statutory authority involving our Promoter in last five years***

There is no litigation or legal action pending or taken by a ministry, department of the government or statutory authority during the last five years preceding the date of this Red Herring Prospectus against our Promoter and no direction has been issued by such Ministry or Department or statutory authority

upon conclusion of such litigation or legal action.

**VI. Litigation involving our Group Companies**

**A. *Outstanding criminal proceedings involving our Group Companies***

*Criminal proceedings initiated against our Group Companies*

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings against our Group Companies.

*Criminal proceedings initiated by our Group Companies*

As on the date of this Red Herring Prospectus, there are no outstanding criminal proceedings initiated by our Group Companies.

**B. *Pending action by statutory or regulatory authorities against our Group Companies***

As on the date of this Red Herring Prospectus, there are no pending actions by statutory or regulatory authorities against our Group Companies.

**C. *Material outstanding litigation involving our Group Companies***

*Material civil litigations initiated against our Group Companies*

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigations initiated against our Group Companies.

*Material civil litigations initiated by our Group Companies*

As on the date of this Red Herring Prospectus, there are no outstanding material civil litigations initiated by our Group Companies.

**VII. Material developments since the last balance sheet date**

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operation – Significant Developments Occurring after December 31, 2017*” on page 325, there have been no developments subsequent to December 31, 2017, that we believe are expected to have a material impact on the reserves, profits, earnings per share and book value of our Company.

## GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake this Offer and our Company and Subsidiaries can undertake their respective current business activities. Except as mentioned below, no further material approvals (including key approvals pertaining to the branches of our Company and our Subsidiaries, as set forth in this section) from any governmental or regulatory authority or any other entity are required to undertake this Offer or continue such business activities. Unless otherwise stated, these approvals are valid as on the date of this Red Herring Prospectus. For details of the regulatory and legal framework within which we operate, see “*Regulations and Policies*” on page 178.

### A. Approvals relating to the Offer

1. Our Board, pursuant to its resolution dated February 5, 2018, authorised the Offer subject to the approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013;
2. The shareholders of our Company have, pursuant to their resolution dated February 7, 2018 under Section 62(1)(c) of the Companies Act, 2013, authorised the Offer;
3. Our Board and IPO Committee approved the Draft Red Herring Prospectus pursuant to resolutions dated February 5, 2018 and February 9, 2018, respectively;
4. Our IPO Committee approved this Red Herring Prospectus pursuant to a resolution dated April 25, 2018;
5. The RBI has approved the Offer pursuant to its letter dated January 12, 2018. Our Company sent a letter dated April 9, 2018 to the RBI in this regard, and received an email response from the RBI on April 16, 2018;
6. In-principle approval from the NSE dated February 28, 2018; and
7. In-principle approval from the BSE dated February 22, 2018.

### B. Approvals relating to Offer for Sale

See “*The Offer*” on page 71 for details of consents and authorizations provided by the Selling Shareholders for their respective portions of the Offer for Sale.

### C. Approvals relating to our Company

#### 1. *Corporate approvals*

- i. Certificate of incorporation dated July 21, 2009 issued by Registrar of Companies, West Bengal.
- ii. Certificate of incorporation dated November 15, 2010 issued by the Registrar of Companies, West Bengal, pursuant to change of name of our Company to IndoStar Capital Finance Private Limited.
- iii. Certificate of incorporation dated May 28, 2014 issued by the Registrar of Companies, West Bengal, pursuant to conversion of our Company from a private limited company to a public limited company and consequent change of name to IndoStar Capital Finance Limited.
- iv. Order dated August 25, 2015 issued by Regional Director (Eastern Region), Ministry of Corporate Affairs, Kolkata confirming the change in the registered office of our Company from the State of West Bengal to the State of Maharashtra and a certificate of registration of the order, dated September 8, 2015 issued by the RoC.
- v. Corporate identity number – U65100MH2009PLC268160.

#### 2. *Regulatory approvals*

- i. Certificate of registration bearing registration number N-05.06857 dated June 17, 2010 as a non-public deposit taking NBFC, issued by the RBI under Section 45IA of the RBI Act.
- ii. Certificate of registration bearing registration number N-05.06857 dated January 21, 2015 issued by the RBI pursuant to change of name of our Company.
- iii. Certificate of registration bearing registration number N-13.02109 dated January 20, 2016 issued by the RBI pursuant to change in registered office of our Company from West Bengal to Maharashtra.

### 3. ***Tax registrations***

- i. Permanent account number AAECR4127Q, issued by the Income Tax Department, Government of India.
- ii. Tax deduction account number MUMR27314A, issued by the Income Tax Department, Government of India.
- iii. GST registration number 27AAECR4127Q2ZV issued by the Government of India to our Corporate and Registered Office.
- iv. GST registration numbers, issued by the Government of India for various states for our Company are as follows:

S. No.	State	Registration Number
1.	Tamil Nadu	33AAECR4127Q6ZY
2.	Gujarat	24AAECR4127Q5ZY
3.	Karnataka	29AAECR4127Q6ZN
4.	Kerala	32AAECR4127Q1Z5
5.	Madhya Pradesh	23AAECR4127Q5Z0
6.	Maharashtra	27AAECR4127Q1ZW
7.	Delhi	07AAECR4127Q6ZT
8.	Punjab	03AAECR4127Q1Z6
9.	Rajasthan	08AAECR4127Q5ZS
10.	Telangana	36AAECR4127Q6ZS
11.	Uttarakhand	05AAECR4127Q1Z2
12.	Uttar Pradesh	09AAECR4127Q1ZU
13.	Andhra Pradesh	37AAECR4127Q1ZV
14.	Himachal Pradesh	02AAECR4127Q1Z8

### 4. ***Business approvals***

#### ***Company level***

- i. Employees' provident fund code MH/BAN/127366, registered with the Employees' Provident Fund Organisation, Maharashtra (regional office).
- ii. Employees' state insurance code 31001072460001099, issued by Employees' State Insurance Corporation, Mumbai (regional office).

#### ***Branch level***

As of February 28, 2018, our Company had 66 branches in India. The following materials approvals are required for the functioning of our branches ("**Material Company Approvals**"):

- A. *Shops and commercial establishment registrations:* In states where our branches are located, registrations under the respective state-level shops and establishment laws, wherever enacted and in force, are required. Apart from registration, such laws also regulate working hours, payment of wages, leave, holidays, terms of service and other conditions of work of persons



employed in shops and commercial establishments. Contraventions of provisions of such laws may entail punishment such as imprisonment along with monetary penalty. The term of such registrations and renewal requirements as well as processes may differ under the various state legislations.

- B. Tax registrations:* Registrations are required to be obtained from the state commissioners or departments under central or state-level tax legislations, wherever enacted and in force, including for GST registrations and professional tax registrations.
- C. Trade Licenses:* In certain states where our branches are located, trade licenses are required to provide motor vehicle finance. These licenses are obtained from the respective municipal authorities of areas where such branches are located. These licenses may be subject to renewals from time to time.

Our Company holds, has made or will make applications for shops and establishments registrations, professional tax registrations, GST registrations and trade licenses, as applicable, for all branches of our Company as on February 28, 2018. Certain approvals may have lapsed in their normal course and our Company has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications. With respect to the branches opened after February 28, 2018, our Company is in the process of obtaining Material Company Approvals, as applicable.

#### **D. Approvals relating to the Subsidiaries**

##### **1. Corporate approvals**

- i.* Certificate of incorporation dated February 21, 2013 issued by the RoC to IAAPL.
- ii.* Corporate identity number of IAAPL – U67100MH2013PTC240676.
- iii.* Certificate of incorporation dated January 1, 2016 issued by the RoC to IHFPL.
- iv.* Corporate identity number of IHFPL – U65990MH2016PTC271587.

##### **2. Regulatory approvals**

- i.* Certificate of registration bearing registration number 08.0141.16 dated August 26, 2016, issued by National Housing Bank to IHFPL under section 29A of the NHB Act to carry on the business of a housing finance institution without accepting public deposits. However, the NHB does not accept any responsibility or guarantee about the present position as to the financial soundness of IHFPL or for the correctness of any of the statements or representations made or opinion expressed by IHFPL and for repayment of deposits/ discharge of liabilities by IHFPL.
- ii.* Certificate of registration dated April 29, 2015 issued by SEBI (bearing registration number IN/AIF2/15-16/0147) for registration of Indostar Credit Fund as a Category II AIF.
- iii.* Certificate of registration dated June 25, 2013 issued by SEBI (bearing registration number IN/AIF2/13-14/0060) for registration of Indostar Recurring Return Credit Fund, a Category II AIF.

##### **3. Tax registrations**

- i.* Permanent account number AADCI2585G, issued by the Income Tax Department, Government of India to IAAPL.
- ii.* Tax deduction account number MUMI11981E, issued by the Income Tax Department, Government of India to IAAPL.
- iii.* GST registration number 27AADCI2585G1ZH, issued by the Government of India to IAAPL.

- iv. Permanent account number AAECI0095E, issued by the Income Tax Department, Government of India to IHFPL.
- v. Tax deduction account number MUMI12856E, issued by the Income Tax Department, Government of India to IHFPL.
- vi. GST registration number 27AAECI0095E2ZQ issued by the Government of India to the corporate and registered office of IHFPL.
- vii. GST registration numbers, issued by the Government of India for various states for IHFPL are as follows:

S. No.	State	Registration Number
1.	Andhra Pradesh	37AAECI0095E1ZQ
2.	Gujarat	24AAECI0095E1ZX
3.	Karnataka	29AAECI0095E1ZN
4.	Maharashtra	27AAECI0095E1ZR
5.	Delhi	07AAECI0095E1ZT
6.	Rajasthan	08AAECI0095E1ZR
7.	Tamil Nadu	33AAECI0095E1ZY
8.	Telangana	36AAECI0095E1ZS
9.	Uttar Pradesh	09AAECI0095E1ZP

#### 4. **Business approvals – Subsidiary level**

- i. Employees' provident fund code MHBAN1662962000, registered with the Employees' Provident Fund Organisation to IHFPL.
- ii. Employees' state insurance code 31001073010001099, issued by Employees' State Insurance Corporation, Mumbai (regional office) to IHFPL.

#### 5. **Business approvals – Subsidiary Branch level**

As of February 28, 2018, IAAPL had no branches in India and currently operates its business from its registered office and IHFPL had 26 branches in India. Material approvals required by our Subsidiaries for the functioning of their branches (“**Material Subsidiary Approvals**”) are:








- i. *Shops and establishments' registrations:* In states where our branches are located, registrations under the respective state-level shops and establishment laws, wherever enacted and in force, are required. Apart from registration, such laws also regulate working hours, payment of wages, leave, holidays, terms of service and other conditions of work of persons employed in shops and commercial establishments. Contraventions of provisions of such laws may entail punishment such as imprisonment along with monetary penalty. The terms of such registrations and renewal requirements as well as processes may differ under the various state legislations.
- ii. *Tax registrations:* Registrations are required to be obtained from the state commissioners or departments under central or state-level tax legislations, wherever enacted and in force, including for GST registrations and professional tax registrations.

IAAPL holds shops and establishments' registrations and GST registrations as on February 28, 2018.








IHFPL holds, has made or will make applications for shops and establishments' registrations, professional tax registrations, and GST registrations as applicable as on February 28, 2018. Certain approvals may have lapsed in their normal course and IHFPL has either made an application to the appropriate authorities for renewal of such registration or is in the process of making such applications. With respect to the branches opened after February 28, 2018, IHFPL is in the process of obtaining Material Subsidiary Approvals, as applicable.
















## E. Intellectual Property








### *Registered trademarks of our Company*

S. No	Description	Class	Trademark Number
1.		16 (Black and white)	2233374
2.		16 (Colour)	2233375
3.		35 (Black and white)	2233376
4.		35 (Colour)	3308917
5.		35 (Black and white)	3308914
6.		36 (Black and white)	2233378
7.		36 (Colour)	2233379

### *Trademarks for which applications have been made by our Company*

S. No	Description	Class	Trademark Application Number
1.		16 (Black and white)	3308913
2.		16 (Colour)	3308916
3.		16 (Colour)	3728645
4.		16 (Colour)	3728646
5.		16 (Colour)	3728647
6.		16 (Colour)	3728648
7.		16 (Black and white)	3728649

S. No	Description	Class	Trademark Application Number
8.		16 (Black and white)	3728650
9.		16 (Black and white)	3728651
10.		16 (Black and white)	3728652
11.		35 (Colour)	2233377
12.		35 (Colour)	3728660
13.		35 (Colour)	3728661
14.		35 (Colour)	3728662
15.		35 (Colour)	3728663
16.		35 (Black and white)	3728664
17.		35 (Black and white)	3728665
18.		35 (Black and white)	3728666
19.		35 (Black and white)	3728667
20.		36 (Black and white)	3308915
21.		36 (Colour)	3308918
22.		36 (Colour)	3729175

S. No	Description	Class	Trademark Application Number
23.		36 (Colour)	3729176
24.		36 (Colour)	3729177
25.		36 (Colour)	3729178
26.		36 (Black and white)	3729179
27.		36 (Black and white)	3729180
28.		36 (Black and white)	3729181
29.		36 (Black and white)	3729182

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for this Offer

- The Board, pursuant to its resolution dated February 5, 2018, authorised the Offer subject to approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013.
- The shareholders of our Company have, by a special resolution dated February 7, 2018, approved and authorised the Fresh Issue and authorised the Board and the IPO Committee to take decisions in relation to this Offer.
- The RBI has approved the Offer pursuant to its letter dated January 12, 2018.
- The Offer for Sale has been authorised by the Selling Shareholders as set forth in “*The Offer*” on page 71.
- The Board and IPO Committee approved the Draft Red Herring Prospectus pursuant to resolutions dated February 5, 2018 and February 9, 2018, respectively.
- The IPO Committee approved this Red Herring Prospectus pursuant to a resolution dated April 25, 2018.
- In-principle approval for the listing of our Equity Shares from the NSE dated February 28, 2018.
- In-principle approval for the listing of our Equity Shares from the BSE dated February 22, 2018.

### Prohibition by SEBI or other Authorities

We confirm that our Company, Promoter, members of the Promoter Group, Directors and Group Companies have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any authorities. Each of the Selling Shareholders, severally and not jointly, confirms that it has not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority or governmental authority in India.

Except for Dhanpal Jhaveri who is associated with Baroda Pioneer Asset Management Company Limited, Kshitij Venture Capital Fund, IndoStar Credit Fund, and Eversource Advisors Private Limited, Sameer Sain who is associated with IndoStar Credit Fund, Bobby Parikh who is associated with Aditya Birla Sun Life AMC Limited, and Dinesh Kumar Mehrotra who is associated with Computer Age Management Services Private Limited, UTI Asset Management Company Limited and VLS Finance Limited, none of our Directors are associated with the securities market in any manner, including securities market related business. Further, no action has been initiated by SEBI against our Directors, or entities with which our Directors are involved in as promoters and/or directors.

### Other confirmations

None of our Company, our Directors, our Promoter, members of our Promoter Group, Subsidiaries or Group Companies have been identified as wilful defaulters as defined under the SEBI ICDR Regulations. Further, there have been no violations of securities laws committed by any of them in the past or are currently pending against them.

Each Selling Shareholder, severally and not jointly, specifically confirms that (a) they have not been identified as wilful defaulters by the RBI as defined under the SEBI ICDR Regulations, and (b) there are no violations of securities laws committed by the respective Selling Shareholders in the past or are currently pending against them.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations, which states as follows:

- Our Company has net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on restated and consolidated basis during the three most profitable years out of the immediately preceding five years;
- Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate size of the proposed Offer and all previous issues made in the same financial year in terms of issue size is not expected to exceed five times the pre-Offer net worth of our Company as per the audited balance sheet of the preceding financial year; and
- Our Company did not change its name in the last one year.

Our Company's net worth, net tangible assets and monetary assets derived from our Restated Standalone Financial Statements, as at and for the five Fiscal Years are as given below:

(In ₹ million)

Particulars	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Net worth <sup>(1)</sup>	19,004.16	15,412.21	12,852.67	11,356.52	10,249.62
Net tangible assets <sup>(2)</sup>	54,834.86	46,919.85	39,914.48	31,606.78	22,070.48
Monetary assets <sup>(3)</sup>	544.23	3,495.92	4,856.38	4,681.70	2,820.98
Monetary assets as a % of net tangible assets	1.0%	7.5%	12.2%	14.8%	12.8%

<sup>(1)</sup> 'Net worth' represents the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

<sup>(2)</sup> 'Restated Net tangible assets' means the sum of total assets (excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India and deferred tax assets) net of depreciation / amortisation and provisions in respect of the assets.

<sup>(3)</sup> 'Restated Monetary assets' comprise of cash and bank balances and deposit accounts with banks.

Our Company's average pre-tax operating profit derived from our Restated Standalone Financial Statements, as at and for the five Fiscal Years are as given below:

(In ₹ million)

Particulars	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013
Pre-tax operating profit <sup>(1)</sup>	3,204.25	2,923.01	2,260.88	1,692.50	1,296.87

Average pre-tax operating profit based on the three most profitable years (Fiscal Years 2015, 2016 and 2017 out of the immediately preceding five years is ₹ 2,796.05 million

<sup>(1)</sup> Pre-tax operating profit comprises of profit before tax excluding other income.

Our Company's net worth, net tangible assets and monetary assets derived from our Restated Consolidated Financial Statements, as at and for the four Fiscal Years are as given below:

(In ₹ million)

Particulars	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Net worth <sup>(1)</sup>	19,027.54	15,418.02	12,852.35	11,356.48
Net tangible assets <sup>(2)</sup>	54,868.90	46,930.16	39,914.08	31,606.78
Monetary assets <sup>(3)</sup>	651.30	3,596.09	4,856.46	4,681.80
Monetary assets as a % of net tangible assets	1.2%	7.7%	12.2%	14.8%

<sup>(1)</sup> 'Net worth' represents the aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

<sup>(2)</sup> 'Restated Net tangible assets' means the sum of total assets (excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India and deferred tax assets) net of depreciation / amortisation and provisions in respect of the assets.

<sup>(3)</sup> 'Restated Monetary assets' comprise of cash and bank balances and deposit accounts with banks.

Our Company's average pre-tax operating profit derived from our Restated Consolidated Financial Statements, as at and for the five Fiscal Years are as given below:

(In ₹ million)

Particulars	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
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Pre-tax operating Profit (before share of profit attributable to minority interest) <sup>(1)</sup>	3,230.40	2,932.07	2,260.46	1,692.46
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Average pre-tax operating profit based on the three most profitable years (Fiscal Years 2015, 2016 and 2017) out of the immediately preceding four years is ₹ 2,807.64 million

<sup>(1)</sup> Pre-tax operating profit comprises of profit before tax (before share of profit attributable to minority interest) excluding other income.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000 failing which the entire application money shall be refunded. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

None of the Selling Shareholders shall be liable to reimburse the Company for any interest paid by it on behalf of the Selling Shareholders on account of any delay with respect to Allotment of their respective portion of their respective Offered Shares or otherwise, unless such delay is solely accountable to such Selling Shareholder.

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI ICDR Regulations:

- (i) Our Company, our Promoter, the members of our Promoter Group, persons in control of our Company and our Directors are not debarred from accessing the capital markets by SEBI;
- (ii) The companies with which our Promoter, or our Directors or persons in control of our Company are or were associated as promoter or director or as person in control are not debarred from accessing capital markets under any order or direction passed by SEBI;
- (iii) Our Company has applied to the BSE and the NSE for obtaining their in-principle approvals for listing of the Equity Shares under this Offer and has received the in-principle approvals from the BSE and the NSE pursuant to their letters dated February 22, 2018 and February 28, 2018, respectively. For the purposes of this Offer, the NSE shall be the Designated Stock Exchange;
- (iv) Our Company along with the Registrar to the Offer has entered into tripartite agreements dated February 14, 2011 and January 8, 2018 with the NSDL and CDSL, respectively, for dematerialisation of the Equity Shares; and
- (v) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Red Herring Prospectus

Further, the entire requirement of funds towards objects of the Fresh Issue will be met from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue.

#### DISCLAIMER CLAUSE OF SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, BEING JM FINANCIAL LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE SELLING SHAREHOLDERS ARE, SEVERALLY AND NOT JOINTLY, RESPONSIBLE ONLY FOR THE**



STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES FOR THEIR RESPECTIVE PROPORTION OF THE OFFERED SHARES, THE BOOK RUNNING LEAD MANAGERS, JM FINANCIAL LIMITED, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, MOTILAL OSWAL INVESTMENT ADVISORS LIMITED AND NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED, ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 9, 2018 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS DATED FEBRUARY 9, 2018 (“DRHP”) PERTAINING TO THE SAID OFFER;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:
  - (A) THE DRHP FILED WITH SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”) IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
  - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (C) THE DISCLOSURES MADE IN THE DRHP ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 (AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE), THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (“SEBI ICDR REGULATIONS”) AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES ALL THE INTERMEDIARIES NAMED IN THE DRHP ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID. – COMPLIED WITH AND NOTED FOR COMPLIANCE.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. – NOTED FOR COMPLIANCE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SPECIFIED SECURITIES AS PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER’S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH SEBI

**TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRHP. – COMPLIED WITH.**

- 6. WE CERTIFY THAT REGULATION 33 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRHP. – COMPLIED WITH AND NOTED FOR COMPLIANCE.**
- 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. – NOT APPLICABLE.**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRHP THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER HAVE TO BE ISSUED ONLY IN DEMATERIALISED FORM.**
- 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL-INFORMED DECISION.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRHP:**
  - (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND**
  - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.**

13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS WHILE MAKING THE OFFER. – NOTED FOR COMPLIANCE.
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER’S EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRHP WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSE A STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY THE MERCHANT BANKER BELOW (WHO IS RESPONSIBLE FOR PRICING THIS OFFER)’, AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS INCLUDED IN THE DRHP, AS CERTIFIED BY RAMANAND & ASSOCIATES, CHARTERED ACCOUNTANTS, PURSUANT TO ITS CERTIFICATE DATED FEBRUARY 9, 2018.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). NOT APPLICABLE.

The filing of this Red Herring Prospectus does not, however, absolve our Company and any person who has authorised the issue of this Red Herring Prospectus from any liabilities under Section 34 or Section 36 of Companies Act, 2013, or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Red Herring Prospectus.

The filing of this Red Herring Prospectus does not absolve the respective Selling Shareholders from any liability to the extent of the statements specifically confirmed or undertaken by each Selling Shareholder in respect of their respective portion of the Offered Shares, under Section 34 or Section 36 of Companies Act, 2013.

All legal requirements pertaining to this Offer will be complied with at the time of filing of this Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1) and 33(2) of the Companies Act, 2013.

#### **Disclaimer Clause of BSE**

BSE Limited (the “Exchange”) has given vide its letter dated February 22, 2018 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

## Disclaimer Clause of NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/38739 dated February 28, 2018 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

## Price information of past issues handled by the BRLMs

### A. JM Financial Limited

#### 1. Price information of past issues handled by JM Financial Limited:

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Bandhan Bank Limited	44,730.19	375.00	March 27, 2018	499.00	NA	NA	NA
2.	Aster DM Healthcare Limited	9,801.00	190.00	February 26, 2018	183.00	-13.66% [-3.77%]	NA	NA
3.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	+1.14% [-3.31%]	NA	NA
4.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	+3.61% [-3.19%]	+5.91% [+2.95%]	NA
5.	Prataap Snacks Limited	4,815.98	938.00 <sup>(1)</sup>	October 5, 2017	1,270.00	+25.12% [+5.70%]	+31.82% [+5.60%]	+40.99% [+3.27%]
6.	SBI Life Insurance Company Limited	83,887.29	700.00 <sup>(2)</sup>	October 3, 2017	735.00	-7.56% [+5.89%]	-0.66% [+6.81%]	-3.11% [+2.58%]
7.	ICICI Lombard General Insurance Company Limited	57,009.40	661.00	September 27, 2017	651.10	+3.62% [+6.25%]	+17.60% [+7.78%]	+12.13% [+2.69%]
8.	Cochin Shipyard Limited	14,429.30	432.00 <sup>(3)</sup>	August 11, 2017	440.15	+27.06% [+2.31%]	+30.96% [+6.10%]	+20.01% [+8.11%]
9.	GTPL Hathway Limited	4,848.00	170.00	July 4, 2017	170.00	-10.71% [+4.87%]	-19.09% [+1.82%]	-2.94% [+9.54%]
10.	S Chand and Company Limited	7,286.00	670.00	May 09, 2017	700.00	-17.37% [+3.72%]	-25.38% [+8.05%]	-27.92% [+12.19%]

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details

#### Notes:

1. A discount of ₹90 per equity share had been offered to eligible employees.

2. A discount of ₹68 per equity share had been offered to eligible employees.
3. A discount of ₹21 per equity share had been offered to eligible employees and retail individual bidders.
4. Opening price information as disclosed on the website of NSE.
5. Change in closing price over the issue/offer price as disclosed on NSE.
6. Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.
7. In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.
8. 30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days.
9. Restricted to last 10 issues.

## 2. Summary statement of price information of past issues handled by JM Financial Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2018-2019*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-2018	10	251,600.44	-	-	4	-	2	3	-	1	2	-	1	2
2016-2017	7	137,049.21	-	-	2	1	1	3	-	-	1	2	2	2

Source: www.nseindia.com

### Notes:

1. The information is as on the date of this Red Herring Prospectus.
2. The information for each of the financial years is based on issues listed during such financial year.

## B. Kotak Mahindra Capital Company Limited

### 1. Price information of past issues handled by Kotak Mahindra Capital Company Limited:

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Lemon Tree Hotels Limited	10,386.85	56	April 9, 2018	61.60	-	-	-
2.	Bandhan Bank Limited	44,730.19	375	March 27, 2018	499.00	-	-	-
3.	Aster DM Healthcare Limited	9,801.36	190	February 26, 2018	183.00	-13.66% [-3.77%]	-	-
4.	The New India Assurance Company Limited <sup>(1)</sup>	95,858.22	800	November 13, 2017	750.00	-27.91% [+0.15%]	-12.93% [+2.25%]	-
5.	Mahindra Logistics Limited <sup>(2)</sup>	8,288.84	429	November 10, 2017	429.00	+3.12% [-0.54%]	+9.48% [+1.50%]	-
6.	General Insurance Corporation of India <sup>(3)</sup>	112,568.31	912	October 25, 2017	850.00	-12.92% [+0.52%]	-13.95% [+6.52%]	-20.78% [+2.61%]
7.	Indian Energy Exchange Limited	10,007.26	1,650	October 23, 2017	1,500.00	-8.15% [+1.39%]	-1.77% [+6.97%]	-0.71% [+3.72%]
8.	Godrej Agrovet Limited	11,573.12	460	October 16, 2017	615.60	+14.96% [-0.43%]	+34.95% [+4.40%]	+51.09% [+2.44%]
9.	SBI Life Insurance Company Limited <sup>(4)</sup>	83,887.29	700	October 3, 2017	735.00	-7.56% [+5.89%]	-0.66% [+6.81%]	-3.11% [+2.58%]
10.	Security and Intelligence Services (India) Limited	7,795.80	815	August 10, 2017	879.80	-3.29% [+1.17%]	+3.14% [+5.40%]	+39.12% [+8.62%]

Source: www.nseindia.com

### Notes:

1. In The New India Assurance Company Limited, the issue price to retail individual bidders and employees was ₹770 per equity share after a discount of ₹30 per equity share.
2. In Mahindra Logistics Limited, the issue price to employees was ₹387 per equity share after a discount of ₹42 per equity share. The Anchor Investor Issue price was ₹429 per equity share.
3. In General Insurance Corporation of India, the issue price to retail individual bidders and employees was ₹867 per equity share after a discount of ₹45 per equity share.
4. In SBI Life Insurance Company Limited, the issue price to employees was ₹632 per equity share after a discount of ₹68 per equity share. The Anchor Investor Issue price was ₹700 per equity share.
5. In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.
6. Nifty is considered as the benchmark index.
7. Restricted to last 10 issues.

### 2. Summary statement of price information of past issues handled by Kotak Mahindra Capital Company Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2018-2019*	1	10,386.85	-	-	-	-	-	-	-	-	-	-	-	-
2017-2018	9	384,510.39	-	1	5	-	-	2	-	-	3	1	1	-
2016-2017	11	135,676.30	-	-	4	2	1	4	-	1	2	5	2	1

\*The information is as on the date of this Red Herring Prospectus.

### C. Morgan Stanley India Company Private Limited

#### 1. Price information of past issues handled by Morgan Stanley India Company Limited:

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	RBL Bank Limited	12,130	225.00	August 31, 2016	274.20	27.1% [-1.8%]	57.0% [-7.1%]	107.9% [1.7%]
2.	PNB Housing Finance Limited <sup>(6)</sup>	30,000	775.00	November 07, 2016	860.00	11.7%[-3.4%]	26.9% [4.4%]	70.5% [10.1%]
3.	HDFC Standard Life Insurance Company	86,950	290.00	November 17, 2017	310.00	30.2%[1.7%]	48.9% [3.2%]	-

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details.

Notes:

1. Benchmark index considered is NIFTY50
2. Issue Size is as per the prospectus filed with SEBI with the figures rounded off to the nearest decimal point
3. If the 30th/90th/180th day falls on a trading holiday then pricing information on the immediate next trading day has been considered
4. Pricing Performance for the company is calculated as per the final offer price
5. Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date
6. A discount of INR 75.0 was offered to employee investors

#### 2. Summary statement of price information of past issues handled by Morgan Stanley India Company Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2018-19	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-18	1	86,950	-	-	-	-	1	-	-	-	-	-	-	-
2016-17	2	42,130	-	-	-	-	1	1	-	-	-	2	-	-

Source: www.nseindia.com

Notes:

1. The information is as on the date of this Red Herring Prospectus.
2. The information for each of the financial years is based on issues listed during such financial year.

### D. Motilal Oswal Investment Advisors Limited

#### 1. Price information of past issues handled by Motilal Oswal Investment Advisors Limited:

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	MAS Financial Services	4,600.42	459.00	October	660.00	28.45%	35.80%	31.55%

	Limited			18, 2017			[+0.71%]	[+4.79%]	[+3.11%]
2.	Dixon Technologies (India) Limited	5,992.79	1766.00	September 18, 2017	2,725.00	50.78%	80.93%	95.22%	
						[+0.57%]	[+1.77%]	[+0.41%]	
3.	AU Small Finance Bank Limited	19,125.14	358.00	July 10, 2017	530.00	53.60%	71.80%	95.38%	
						[+1.40%]	[+2.14%]	[+8.06%]	
4.	GTPL Hathway Limited	4,848.00	170.00	July 4, 2017	170.00	-13.32%	-19.09%	-2.94%	
						[+4.16%]	[+1.82%]	[+9.54%]	
5.	PSP Projects Limited	2,116.80	210.00	May 29, 2017	190.00	21.67%	68.37%	103.21%	
						[-1.18%]	[+2.63%]	[+8.17%]	
6.	Avenue Supermarts Limited	18,700.00	299.00	March 21, 2017	600.00	152.94%	166.35%	263.80%	
						[+0.16%]	[+5.88%]	[+10.57%]	
7.	BSE Limited	12,434.32	806.00	February 3, 2017	1,085.00	10.51%	24.21%	32.41%	
						[+1.79%]	[+7.08%]	[+15.34%]	
8.	S.P. Apparels Limited	2,391.20	268.00	August 12, 2016	275.00	27.33%	17.09%	51.94%	
						[+2.24%]	[-0.54%]	[+1.11%]	
9.	Parag Milk Foods Limited	7,505.37	215.00	May 19, 2016	217.50	17.07%	48.67%	38.93%	
						[+4.97%]	[+11.04%]	[+6.59%]	

Source: www.nseindia.com

**Notes:**

1. The S&P CNX NIFTY is considered as the Benchmark Index.
2. Price on NSE is considered for all of the above calculations.
3. In the event any day falls on a holiday, the price/index of the immediately preceding working day has been considered.
4. In Parag Milk Foods Limited, the issue price to retail individual investor and employees was ₹203 per equity share after a discount of ₹12 per equity share. The Anchor Investor Issue price was ₹227 per equity share.

2. Summary statement of price information of past issues handled by Motilal Oswal Investment Advisors Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2018 – date*	Nil	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2017-2018	5	36,683.15	NA	NA	1	2	1	1	NA	NA	1	3	1	NA
2016-2017	4	41,000.89	NA	NA	NA	1	1	2	NA	NA	NA	2	2	NA

Source: www.nseindia.com

**Notes:**

1. The information is as on the date of this Red Herring Prospectus.
2. The information for each of the financial years is based on issues listed during such financial year.

**E. Nomura Financial Advisory and Securities (India) Private Limited**

1. Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Nomura Financial Advisory and Securities (India) Private Limited:

S. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1.	Future Supply Chain Solutions Limited	6,496.95	664	December 18, 2017	664	+3.50% [3.00%]	+6.27% [-2.83%]	Not applicable
2.	HDFC Standard Life Insurance Company Limited	86,950.07	290	November 17, 2017	310	+30.16% [1.02%]	+48.93% [+2.11%]	Not applicable
3.	The New India Assurance Company Limited <sup>1</sup>	95,858.23	800	November 13, 2017	750	-27.91% [0.15%]	-7.81% [+3.08%]	Not applicable
4.	Reliance Nippon Life Asset Management Limited	15,422.40	252	November 6, 2017	295.9	+3.61% [-3.19%]	+8.12% [+2.05%]	Not applicable
5.	Central Depository Services (India) Limited	5,239.91	149	June 30, 2017	250	+127.92% [5.84%]	+128.86%, [2.26%]	+146.71%, [10.61%]
6.	Tejas Networks Limited	7,766.88	257	June 27, 2017	257	+28.04%, [+5.35%]	+17.82%, [3.80%]	+51.36%, [10.73%]
7.	Housing and Urban Development Corporation Limited <sup>2</sup>	12,097.77	60	May 19, 2017	73	+13.17%, [+2.44%]	+34.67%, [+4.98%]	+35.67%, [+8.05%]
8.	BSE Limited	12,434.32	806	February 3, 2017	1,085	+17.52%, [+2.55%]	+24.41%, [+6.53%]	+34.43% [+15.72%]

Source: www.nseindia.com

1. Price for retail individual investors and Eligible Employees bidding in the Employee Reservation Portion was INR 770.00 per equity share

2. Price for retail individual bidders bidding in the retail portion and to eligible employees was INR 58.00 per equity share

**Notes:**

- The CNX NIFTY has been considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.
- Not applicable – Period not completed

2. Summary statement of price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2018-2019*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-2018	7	229,832.21	-	1	-	1	2	3	-	-	-	2	1	-
2016-2017	1	12,434.32	-	-	-	-	-	1	-	-	-	-	1	-

Source: www.nseindia.com

**Notes:**

- The information is as on the date of this Red Herring Prospectus.
- The information for each of the financial years is based on issues listed during such financial year.

**Track record of past issues handled by the BRLMs**

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLM	Website
1.	JM Financial Limited	www.jmfl.com
2.	Kotak Mahindra Capital Company Limited	www.investmentbank.kotak.com
3.	Morgan Stanley India Company Private Limited	www.morganstanley.com/about-us/globaloffices/india
4.	Motilal Oswal Investment Advisors Limited	www.motilaloswalgroup.com
5.	Nomura Financial Advisory and Securities (India) Private Limited	www.nomuraholdings.com/company/group/asia/india/index.html

**Disclaimer from our Company, the Selling Shareholders, our Directors and the BRLMs**

Our Company, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance. Each of the Selling Shareholders, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made other than those specifically made by the respective Selling Shareholder in relation to itself and its respective proportion of the Offered Shares. Anyone placing reliance on any other source of information, including our Company's website [www.indostarcapital.com](http://www.indostarcapital.com) or the respective websites of any of our Promoter, Promoter Group, Subsidiaries, Group Companies or of any affiliate of our Company and the Selling Shareholders, would be doing so at his or her own risk.

**Caution**

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company and the BRLMs to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Specified Locations or elsewhere.

None among our Company, the Selling Shareholders or any of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives that



they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, each of the Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for our Company, each of the Selling Shareholders, Promoter, members of our Promoter Group, Group Companies, Subsidiaries, or their respective subsidiaries, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, each of the Selling Shareholders, Promoter, members of our Promoter Group, Group Companies, Subsidiaries or their respective directors, subsidiaries, group companies, affiliates or associates, for which they have received, and may in the future receive, compensation.

### **Disclaimer in respect of Jurisdiction**

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important non-banking financial companies and permitted Non-Residents including FPIs, and Eligible NRIs, AIFs, FVCIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

This Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus had been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company and any of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act except for these purposes, U.S. Persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon section 3(c)(7) thereof. Accordingly, the Equity Shares are only being offered and sold (i) within the United States or to U.S. Persons that are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”) and referred to in the Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as “QIBs”) in transactions exempt from or not subject to the registration requirements of the U.S. Securities**

Act, that are also “qualified purchasers” (as defined under the U.S. Investment Company Act) in reliance upon section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. See “*Terms of the Offer – Eligibility and Transfer Restrictions*” beginning on page 365.

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

#### **Disclaimer Clause of RBI**

Our Company holds a valid certificate of registration dated January 20, 2016 issued by the RBI under Section 45IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of our Company or for the correctness of any of the statements or representation made or opinions expressed by our Company and for repayment of deposits/discharge of liabilities by our Company.

#### **Filing**

A copy of the Draft Red Herring Prospectus had been filed with SEBI at the Securities and Exchange Board of India, Plot No. C4-A, “G” Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 will be delivered for registration to the RoC situated at 100, Everest, Marine Drive, Mumbai 400 002, Maharashtra, India.

#### **Listing**

Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares to be Allotted in the Offer. The NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and each of the Selling Shareholders will forthwith repay, all monies received from the applicants in pursuance of this Red Herring Prospectus, in accordance with applicable law. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law. In this regard, it is clarified that, none of the Selling Shareholders shall be liable to pay interest for any delay, unless such delay has been caused solely by such Selling Shareholder in relation to their respective proportion of the Offered Shares.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/Offer Closing Date or within such other period as may be prescribed. If our Company does not allot Equity Shares within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest the application money, failing which interest shall be paid to the Bidders at the rate of 15% per annum for the delayed period. Each of the Selling Shareholders confirms that it shall extend reasonable support required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (including the Offered Shares) pursuant to the Offer, at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date, provided that subject to applicable law, a Selling Shareholder shall not be responsible to reimburse any interest

unless such delay has been caused solely by such Selling Shareholder, in which case our Company shall be responsible for payment of such interest.

### **Consents**

Consents in writing of (a) the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, the BRLMs, legal counsel, bankers to our Company, lenders to our Company, CRISIL, and the Registrar to the Offer have been obtained; and consents in writing of (b) the Syndicate Members, the Escrow Collection Bank(s), Monitoring Agency, Public Offer Account Bank(s) and Refund Bank(s) to act in their respective capacities, have been obtained and filed along with a copy of this Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act, 2013. Further, consents received prior to filing of this Red Herring Prospectus have not been withdrawn up to the time of delivery of this Red Herring Prospectus with the RoC.

### **Expert**

Except as stated herein, our Company has not obtained any expert opinions.

Our Company has received written consent from the Statutory Auditors namely, S. R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated April 6, 2018 and the statement of tax benefits dated April 11, 2018, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

Such consent has not been withdrawn as on the date of this Red Herring Prospectus.

### **Offer related expenses**

The Offer related expenses include fees payable to the BRLMs and legal counsel, fees payable to the Auditors, brokerage and selling commission, commission payable to Registered Brokers, CDPs, RTAs, SCSBs’ fees, Registrar’s fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. For details of the Offer expenses, see “*Objects of the Offer*” on page 114.

The fees and expenses relating to the Offer shall be borne by each of our Company and the Selling Shareholders in the manner agreed to among our Company and the Selling Shareholders, and in proportion to the number of Equity Shares issued and/or transferred by each of the Company and the Selling Shareholders in the Offer, respectively. Further, the Selling Shareholders shall reimburse our Company for all expenses, other than the listing fee (which shall be solely borne by our Company), incurred by our Company in relation to the Offer for Sale on each of their behalf in proportion to their respective Offered Shares and in accordance with applicable law.

### **Fees Payable to the Syndicate**

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expenses) will be as per the Syndicate Agreement, a copy of which will be available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date. For details of the Offer expenses, see “*Objects of the Offer*” on page 114.

### **Commission payable to SCSBs, Registered Brokers, RTAs and CDPs**

For details of the commission payable to SCBS, Registered Brokers, RTAs and CDPs, see “*Objects of the Offer*” on page 114.

### **Fees Payable to the Registrar to the Offer**

The fees payable to the Registrar to the Offer for processing of application, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which will be available for inspection at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date.

The Registrar to the Offer shall be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post or speed post.

#### **Public or rights issues by our Company during the last five years**

Our Company has not made any public or rights issues during the five years immediately preceding the date of this Red Herring Prospectus.

#### **Previous issues of securities otherwise than for cash**

Our Company has not issued any specified securities for consideration otherwise than for cash.

#### **Performance vis-à-vis objects**

Our Company has not undertaken any public or rights issue during the last ten years preceding the date of the Draft Red Herring Prospectus and the Red Herring Prospectus. Accordingly, the requirement to disclose performance vis-à-vis objects in respect of earlier offerings does not apply.

#### **Performance vis-à-vis objects – Last issue of Group Companies and Subsidiaries**

Neither our Subsidiaries nor our Group Companies are listed. Accordingly, the requirement to disclose performance vis-à-vis objects in respect of earlier offerings does not apply to our Subsidiaries or our Group Companies.

#### **Underwriting commission, brokerage and selling commission paid on previous issues of the Equity Shares**

No sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's incorporation.

#### **Previous capital issue during the previous three years by listed Group Companies and Subsidiaries**

None of our Subsidiaries or Group Companies is listed on any stock exchange in India or overseas. Accordingly, the requirement to disclose details of previous issues by our listed group companies or subsidiaries does not apply.

#### **Outstanding debentures, bonds, redeemable preference shares or other instruments**

Except as stated in the sections titled "*Capital Structure*" and "*Financial Indebtedness*" on pages 85 and 326 respectively, our Company does not have any outstanding debentures, bonds, redeemable preference shares or other instruments as on the date of this Red Herring Prospectus.

#### **Outstanding Preference Shares**

Our Company does not have any outstanding preference shares as on date of this Red Herring Prospectus.

#### **Partly Paid-up Shares**

Our Company does not have any partly paid-up Equity Shares as on the date of this Red Herring Prospectus.

#### **Stock Market Data of Equity Shares**

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

## **Mechanism for Redressal of Investor Grievances**

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least three years from the date of commencement of trading of the Equity Shares on the Stock Exchanges, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/information mentioned hereinabove.

Investors may contact the BRLMs for any complaints pertaining to the Offer. All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder and the ASBA Account number in which the amount equivalent to the Bid Amount is blocked.

Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

In terms of the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of Equity Shares. SCSBs are required to resolve these complaints within fifteen days, failing which the concerned SCSB would have to pay interest at the rate of fifteen percent per annum for any delay beyond this period of fifteen days.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidder DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the relevant BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

The Registrar to the Offer shall obtain the required information from the Designated Intermediaries for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of the Designated Intermediaries including any defaults in complying with their obligations under applicable SEBI ICDR Regulations.

## **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 15 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has constituted a Stakeholders' Relationship Committee comprising Dhanpal Jhaveri, R. Sridhar, Dinesh Kumar Mehrotra and Bobby Parikh as members. For details, see "*Our Management*" on page 193.

Our Company has appointed Jitendra Bhati as our Company Secretary and Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

One Indiabulls Center, 20th Floor,  
Tower 2A, Jupiter Mills Compound,  
Senapati Bapat Marg, Mumbai 400 013,  
Maharashtra, India  
**Telephone:** +91 22 4315 7000  
**Facsimile:** +91 22 4315 7010  
**E-mail:** investor.relations@indostarcapital.com

**Disposal of investor grievances by listed companies under the same management**

As on the date of this Red Herring Prospectus, none of our Subsidiaries or companies under the same management as that of our Company are listed on any stock exchange. Accordingly, the requirement to disclose details of investor grievances by listed companies under the same management as our Company does not apply.

**Changes in Auditors**

There have been no changes in the auditors of our Company during the last three years immediately preceding the date of this Red Herring Prospectus.

**Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time during the last five years preceding the date of this Red Herring Prospectus.

**Revaluation of Assets**

Our Company has not revalued its assets at any time during the five years preceding the date of this Red Herring Prospectus.

## SECTION VII – OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being offered and transferred pursuant to this Offer are subject to the provisions of the Companies Act, the SCRA, SCRR, SEBI ICDR Regulations, our Memorandum and Articles of Association, the terms of this Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, CAN, the Allotment Advice, the SEBI Listing Regulations and other terms and conditions as may be incorporated in other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities offered from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI, and/or other authorities, as in force on the date of this Offer and to the extent applicable or such other conditions as may be prescribed by such governmental, regulatory or statutory authority while granting its approval for the Offer.

#### Offer for Sale

The Offer consists of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. The fees and expenses relating to the Offer shall be borne by each of our Company and the Selling Shareholders in the manner agreed to among our Company and the Selling Shareholders and in proportion to the number of Equity Shares issued and/or transferred by each of the Company and the Selling Shareholders in the Offer, respectively. Further, the Selling Shareholders shall reimburse our Company for all expenses, other than the listing fee (which shall be solely borne by our Company), incurred by our Company in relation to the Offer for Sale on each of their behalf in proportion to their respective Offered Shares, and in accordance with applicable law.

#### Ranking of the Equity Shares

The Equity Shares being offered and transferred in the Offer shall be subject to the provisions of the Companies Act, 2013, Companies Act, 1956 (to the extent applicable), our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend and other corporate benefits if any, declared by our Company after the date of Allotment. For further details, see “Main Provisions of the Articles of Association” on page 426.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to shareholders of our Company as per the provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the SEBI Listing Regulations and other applicable law. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the transfer of Equity Shares from the Offer for Sale), will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable law. For further details in relation to dividends, see “Dividend Policy” and “Main Provisions of the Articles of Association” on pages 229 and 426, respectively.

#### Face Value and Offer Price

The face value of the Equity Shares is ₹ 10 each. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share. The Price Band, minimum Bid lot size, will be decided by our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, and advertised in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language in the state where our Registered and Corporate Office is located), each with wide circulation, respectively, at least five Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges. The Offer Price shall be determined by our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time there shall be only one denomination for the Equity Shares.

## **Compliance with disclosure and accounting norms**

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

## **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or 'e-voting';
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see "*Main Provisions of the Articles of Association*" on page 426.

## **Option to receive Equity Shares in dematerialised form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through this Red Herring Prospectus can be applied for in the dematerialised form only.

## **Market Lot and Trading Lot**

Further, the trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. See "*Offer Procedure – Part B – General Information Document for Investing in Public Issues - Allotment Procedure and Basis of Allotment*" on page 415.

## **Joint Holders**

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

## **Jurisdiction**

The courts of Mumbai, India will have exclusive jurisdiction in relation to this Offer.

## **Period of operation of subscription list**

See "*Offer Structure – Bid/Offer Programme*" on page 377.

## **Nomination facility to investors**

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debenture) Rules, 2014, as amended, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons,



unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered and Corporate Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If investors wish to change their nomination, they are requested to inform their respective Depository Participant.

### **Minimum Subscription**

In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue; and (ii) minimum Allotment as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, as applicable, within 60 days from the date of Bid/ Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law. The requirement of minimum subscription is not applicable to the Offer for Sale.

In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

### **Arrangements for disposal of odd lots**

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

### **Restriction on transfer and transmission of shares**

Except for the lock-in of the pre-Offer Equity Shares, the minimum Promoter's contribution and Allotments made to Anchor Investors pursuant to the Offer, as detailed in "*Capital Structure*" on page 85 and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See, "*Main Provisions of the Articles of Association*" on page 426.

### **Eligibility and Transfer Restrictions**

As described more fully below, there are certain restrictions regarding the Equity Shares that affect potential U.S. and non-U.S. investors. These restrictions are (i) prohibitions on participation in the Offer by persons in circumstances which would cause our Company to be required to be registered as an investment company under

the U.S. Investment Company Act and (ii) restrictions on the ownership of Equity Shares by such persons following the offer.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act except for these purposes, U.S. Persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance upon section 3(c)(7) thereof. Accordingly, the Equity Shares are only being offered and sold (i) within the United States or to U.S. Persons that are “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act (“Rule 144A”) and referred to in the Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Red Herring Prospectus as “QIBs”) in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act, that are also “qualified purchasers” (as defined under the U.S. Investment Company Act) in reliance upon section 3(c)(7) of the U.S. Investment Company Act and (ii) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not reasonably known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the Stock Exchanges). See “*Terms of the Offer – Eligibility and Transfer Restrictions*” beginning on page 365.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act.

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision investors must rely on their own examination of our Company and the terms of the Offer, including the merits and risks involved.

Our Company is not and will not be registered under the U.S. Investment Company Act, and investors will not be entitled to the benefits afforded to investors under the U.S. Investment Company Act.

Investors may be required to bear the financial risk of an investment in the Equity Shares for an indefinite period. The Equity Shares are not transferable except in compliance with the restrictions described in “*Offer Information – Terms of the Offer – Eligibility and Transfer Restrictions*” on page 365.

### ***Eligible Investors***

The Equity Shares are being offered and sold

- (i) in the United States or to, or for the account or benefit of, U.S. Persons, in each case that are both U.S. QIBs and QPs, in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and in reliance on section 3(c)(7) of the U.S. Investment Company Act; and
- (ii) outside the United States to investors that are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur; and
- (iii) in each case who are deemed to have made the representations set forth immediately below.

### ***Equity Shares Offered and Sold within the United States or to U.S. Persons***

Each purchaser that is a U.S. Person or acquiring the Equity Shares issued pursuant to this Offer within the United States or for the account or benefit of U.S. Persons, by a declaration included in the Bid cum Application Form and its acceptance of this Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed, on behalf of itself and each person for which it is acting, with the Company and the Managers that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (i) the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to this Offer in compliance with all applicable laws and regulations;
- (ii) the purchaser acknowledges that the Equity Shares issued pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;
- (iii) the purchaser (i) is a U.S. QIB and a QP, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, (iii) was not formed or operated for the purpose of investing in the Equity Shares and (iv) is acquiring such Equity Shares for its own account or for the account of one or more persons, each of which is a U.S. QIB and a QP, with respect to which it exercises sole and complete investment discretion and with authority to bind each such person and not with a view to any public resale or distribution of such Equity Shares;
- (iv) the purchaser acknowledges that the Company has not registered, and does not intend to register, as an "investment company" (as such term is defined under the U.S. Investment Company Act) and that the Company has imposed the transfer and offering restrictions with respect to persons in the United States and U.S. Persons described in the Red Herring Prospectus so that the Company will be able to rely on the exception provided by Section 3(c)(7) of the U.S. Investment Company Act and will have no obligation to register as an investment company. The purchaser, and each person for which it is acting, also understands and agrees that the Company and the Managers shall have the right to request and receive such additional documents, certifications, representations and undertakings, from time to time, as they may deem necessary in order to comply with applicable legal requirements;
- (v) the purchaser is not a broker-dealer which owns and invests on a discretionary basis less than US\$25 million in securities of issuers unaffiliated with such broker-dealer;
- (vi) the purchaser understands that, subject to certain exceptions, to be a QP, entities must have US\$25 million in "investments" (as defined in Rule 2a51-1 of the U.S. Investment Company Act);
- (vii) the purchaser is not an affiliate (as defined in Rule 405 of the U.S. Securities Act) of the Company or a person acting on behalf of an affiliate (as defined in Rule 405 of the U.S. Securities Act);
- (viii) the purchaser is not a participant-directed employee plan, such as a 401 (k) plan or an entity described in subsections (a)(1)(i)(D), (E) or (F) of Rule 144A, or a trust holding the assets of such plan, unless the investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan;
- (ix) the purchaser is not managed as a device for facilitating individual investment decisions of beneficial owners, but rather is managed as a collective investment vehicle;
- (x) the purchaser, and each account for which it is purchasing or otherwise acquiring Equity Shares, will purchase, hold or transfer Equity Shares amounting to at least US\$250,000 or its equivalent in another currency;
- (xi) it, and each person for which it is acting, was not formed, reformed, operated or recapitalized for the purpose of investing in the Equity Shares and/or other securities of the Company;

- (xii) if the purchaser, or any person for which it is acting, is an investment company excepted from the U.S. Investment Company Act pursuant to section 3(c)(1) or section 3(c)(7) thereof (or a foreign investment company under Section 7(d) thereof relying on section 3(c)(1) or 3(c)(7) with respect to its holders that are U.S. persons) and was formed on or before April 30, 1996, it has received the consent of its beneficial owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a QP in the manner required by Section 2(a)(51)(C) of the U.S. Investment Company Act and the rules promulgated thereunder;
- (xiii) the purchaser, and each person for which it is acting, is not a partnership, common trust fund, or corporation, special trust, pension fund or retirement plan, or other entity, in which the partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners, as the case may be, may designate the particular investments to be made, or the allocation thereof unless all such partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners are both U.S. QIBs and QPs;
- (xiv) the purchaser, and each person for which it is acting, has not invested and will not invest more than 40.0% of its assets in the Equity Shares (or beneficial interests therein) and/or other securities of the Company after giving effect to the purchase of the Equity Shares (or beneficial interests therein) (unless all of the beneficial owners of such entity's securities are both U.S. QIBs and QPs);
- (xv) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act to a person outside the United States and not reasonably known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, by means of a bona fide sale on the floor of any Indian stock exchange). The purchaser agrees not to effect any sale, pledge or other transfer unless the purchaser first executes (x) in the case of a sale, pledge or other transfer that takes place on the floor of any Indian stock exchange, a letter certifying as such or (x) for all other sales, pledges or other transfers, a US Resale Letter in the form of Annexure A to this Red Herring Prospectus, and in each case delivers such letter to the Company prior to the settlement if any, of the sale, pledge or other transfer of the Equity Shares. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;
- (xvi) is not subscribing to, or purchasing, the Equity Shares with a view to, or for the offer or sale in connection with, any distribution thereof (within the meaning of the U.S. Securities Act) that would be in violation of the securities laws of the United States or any state thereof;
- (xvii) the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;
- (xviii) the purchaser agrees that neither the purchaser, nor any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), nor any person acting on behalf of the purchaser or any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares or any "general solicitation" or "general advertising" (as defined in Regulation D under the U.S. Securities Act) in the United States in connection with any offer or sale of the Equity Shares;
- (xix) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE COMPANY HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT").

THIS PURCHASER OF THIS SECURITY AGREES THAT (X) THE ISSUER MAY OFFER OR SELL THIS SECURITY IN MINIMUM DENOMINATIONS OF \$250,000, AND ONLY TO A PERSON WHO IS (A) BOTH A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "U.S. QIB") IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A AND A QUALIFIED PURCHASER AS DEFINED UNDER SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT FOR PURPOSES OF SECTION 3(c)(7) OF THE U.S. INVESTMENT COMPANY ACT (A "QP"), (B) NOT A BROKER-DEALER WHICH OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US \$25 MILLION IN SECURITIES OF ISSUERS UNAFFILIATED WITH SUCH BROKER-DEALER, (C) NOT AN AFFILIATE OF THE ISSUER OR A PERSON OR A PERSON ACTING ON BEHALF OF AN AFFILIATE, (D) NOT A PARTICIPANT-DIRECTED EMPLOYEE PLAN, SUCH AS A 401(K) PLAN, OR A TRUST HOLD THE ASSETS OF SUCH PLAN, UNLESS THE INVESTMENT DECISIONS WITH RESPECT TO SUCH PLAN ARE MADE SOLELY BY THE FIDUCIARY TRUSTEE OF SUCH PLAN, (E) NOT MANAGED AS A DEVICE FOR FACILITATING INDIVIDUAL INVESTMENT DECISIONS OF BENEFICIAL OWNERS, BUT RATHER AS A MANAGED INVESTMENT VEHICLE, AND (F) WAS NOT FORMED OR OPERATED FOR THE PURPOSE OF INVESTING IN THE ISSUER (EXCEPT WHERE EACH BENEFICIAL OWNER OF THE PURCHASER IS A U.S. QIB-QP), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION, AND (Y) THE PURCHASER WILL, AND EACH SUBSEQUENT PURCHASER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THIS SECURITY OR ANY INTEREST HEREIN FROM IT OF THE RESALE RESTRICTIONS REFERRED TO IN (A) ABOVE.

THIS SECURITY MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED BY A TRANSFEROR TO ANOTHER PERSON EXCEPT TO A PERSON OUTSIDE THE UNITED STATES AND NOT REASONABLY KNOWN BY THE TRANSFEROR TO BE A US PERSON BY PRE-ARRANGEMENT OR OTHERWISE IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AND OTHERWISE IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT AND UPON CERTIFICATION TO THAT EFFECT BY THE TRANSFEROR IN WRITING IN A FORM ACCEPTABLE TO THE COMPANY. THE TERM "U.S. PERSON" AS USED HEREIN HAS THE MEANING GIVEN TO IT IN REGULATION S (NOT RELYING ON RULE 902(k)(1)(viii)(B) OR RULE 902(k)(2)(i)).

THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

- (xx) the purchaser agrees, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Equity Shares being sold and agrees not to act as a swap counterparty or other type of intermediary whereby any other party will acquire an economic interest or beneficial interest in the Equity Shares acquired or reoffer, resell, pledge or otherwise transfer the Equity Shares or any beneficial interest therein, to any person except to a person that meets all of the requirements above and who agrees not to subsequently transfer the Equity Shares or any beneficial interest therein except in accordance with these transfer restrictions;
- (xxi) the purchaser understands and acknowledges that (i) subject to applicable law, the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a U.S. QIB-QP but is not a U.S. QIB-QP at the time it acquires a beneficial interest in the Equity Shares or in non-compliance with any of the above stated restrictions, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act or failure to act by any person authorized by the Company in connection with the foregoing;

- (xxii) the purchaser understands and acknowledges that the Company may be a “covered fund” as defined in Section 13 of the Bank Holding Company Act of 1956, commonly referred to as the “Volcker Rule” (the “Volcker Rule”). The definition of “covered fund” in the Volcker Rule includes (subject to specified exclusions) any entity that would be an investment company under the U.S. Investment Company Act but for the exception from the definition of “investment company” in Section 3(c)(1) or 3(c)(7) thereof. The Company intends to qualify under Section 3(c)(7) of the U.S. Investment Company Act. The Company may be otherwise excepted from the definition of “investment company”, but it makes no assurances in that regard. Thus, the Company may be a “covered fund” for purposes of the Volcker Rule. Accordingly, banking entities that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exclusion or exemption. Each purchaser must make its own determination as to whether it is a banking entity subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to acquire or retain our Equity Shares;
- (xxiii) the purchaser is knowledgeable, sophisticated and experienced in business and financial matters, fully understands the limitations on ownership and transfer and the restrictions on sales of the Equity Shares and is aware that there are substantial risks incidental to the purchase of the Equity Shares and is able to bear the economic risk of such purchase; and
- (xxiv) the purchaser acknowledges that the Company, the Managers, their respective affiliates (as defined in Rule 405 of the U.S. Securities Act) and others will rely upon the truth and accuracy of, and compliance with, the foregoing acknowledgements, representations and agreements, including as a basis for exemption of the offer and sale of the Shares under the U.S. Securities Act, the U.S. Investment Company Act, and other securities laws of all applicable states and for other purposes, and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and
- (xxv) upon a proposed sale, transfer, assignment, pledge or other disposition of the Equity Shares, we will notify any purchaser of such Equity Shares, the executing broker and any other agent of the transferor involved in selling the Equity Shares, as applicable, of the transfer restrictions set forth in this Application Form that are applicable to the Equity Shares being sold and will require the broker and such other agent, as applicable, to comply with such restrictions.

***All Other Equity Shares Offered and Sold in this Offer***

Each purchaser that is a non-U.S. Person and acquiring the Equity Shares sold pursuant to this Offer outside the United States, by a declaration included in the Bid cum Application Form and its acceptance of this Red Herring Prospectus and of the Equity Shares sold pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with the Company and the Managers that it has received a copy of this Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (i) the purchaser is authorized to consummate the purchase of the Equity Shares sold pursuant to this Offer in compliance with all applicable laws and regulations;
- (ii) the purchaser acknowledges that the Equity Shares issued pursuant to this Offer have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (not relying on Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act);
- (iii) the purchaser is purchasing the Equity Shares issued pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

- (iv) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Offer, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;
- (v) the purchaser is not an affiliate (as defined in Rule 405 of the U.S. Securities Act) of the Company or a person acting on behalf of an affiliate (as defined in Rule 405 of the U.S. Securities Act);
- (vi) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act to a person not reasonably known by the transferor to be a U.S. Person, by pre-arrangement or otherwise (including, for the avoidance of doubt, by means of a bona fide sale on the floor of any Indian stock exchange). The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the Equity Shares is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act or the U.S. Investment Company Act;
- (vii) the purchaser agrees that neither the purchaser, nor any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), nor any person acting on behalf of the purchaser or any of its affiliates (as defined in Rule 405 of the U.S. Securities Act), will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;
- (viii) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE COMPANY HAS NOT BEEN REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "U.S. INVESTMENT COMPANY ACT"). THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON OUTSIDE THE UNITED STATES AND NOT REASONABLY KNOWN BY THE TRANSFEROR TO BE A US PERSON BY PRE-ARRANGEMENT OR OTHERWISE IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND OTHERWISE IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND THE U.S. INVESTMENT COMPANY ACT AND UPON CERTIFICATION TO THAT EFFECT BY THE TRANSFEROR IN WRITING IN A FORM ACCEPTABLE TO THE COMPANY. THE TERM "U.S. PERSON" AS USED HEREIN HAS THE MEANING GIVEN TO IT IN REGULATION S (NOT RELYING ON RULE 902(k)(1)(viii)(B) OR RULE 902(k)(2)(i)).

THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY'S OFFER DOCUMENTS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.

- (ix) the purchaser agrees, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Equity Shares being sold;
- (x) the purchaser understands and acknowledges that (i) subject to applicable law, the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares under other than in compliance

with the above-stated restrictions; (ii) any acquisition of a beneficial interest in the Equity Shares by any U.S. Person or any person within the United States who is required under these restrictions to be a U.S. QIB-QP but is not a U.S. QIB-QP at the time it acquires a beneficial interest in the Equity Shares or in non-compliance with any of the above stated restrictions, shall be null and void ab initio and will not be honored by the Company and in no event will the Company, its directors, officers, employees or agents, including any broker or dealer, have any liability whatsoever to the purchaser by reason of any act of failure to act by any person authorized by the Company in connection with the foregoing;

- (xi) the purchaser understands and acknowledges that the Company may be a “covered fund” as defined in the Volcker Rule. The definition of “covered fund” in the Volcker Rule includes (subject to specified exclusions) any entity that would be an investment company under the U.S. Investment Company Act but for the exception from the definition of “investment company” in Section 3(c)(1) or 3(c)(7) thereof. The Company intends to qualify under Section 3(c)(7) of the U.S. Investment Company Act. The Company may be otherwise excepted from the definition of “investment company”, but it makes no assurances in that regard. Thus, the Company may be a “covered fund” for purposes of the Volcker Rule. Accordingly, banking entities that are subject to the Volcker Rule may be prohibited under the Volcker Rule from, among other things, acquiring or retaining our Equity Shares, absent any applicable exclusion or exemption. Each purchaser must make its own determination as to whether it is a banking entity subject to the Volcker Rule and, if applicable, the potential impact of the Volcker Rule on its ability to acquire or retain our Equity Shares;
- (xii) the purchaser acknowledges that the Company, the Managers, their respective affiliates (as defined in Rule 405 of the U.S. Securities Act) and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account; and
- (xiii) Upon a proposed sale, transfer, assignment, pledge or other disposition of the Equity Shares, we will notify any purchaser of such Equity Shares, the executing broker and any other agent of the transferor involved in selling the Equity Shares, as applicable, of the transfer restrictions set forth in this Application Form that are applicable to the Equity Shares being sold and will require the broker and such other agent, as applicable, to comply with such restrictions.



## OFFER STRUCTURE

Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million, comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 7,000 million by our Company and an Offer for Sale of up to 20,000,000 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholders, comprising an offer for sale of up to 18,508,407 Equity Shares aggregating up to ₹ [●] million by the Promoter Selling Shareholder and an offer for sale of up to 1,491,593 Equity Shares aggregating up to ₹ [●] million by the Other Selling Shareholders. The Offer would constitute [●] % of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/allocation <sup>(2)</sup>	[●] Equity Shares.	Not less than [●] Equity Shares or Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [●] Equity Shares or Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Percentage of Offer size available for Allotment/allocation	50% of the Offer shall be allocated to QIB Bidders.  However, 5% of the Net QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available for allocation to QIBs.	Not less than 15% of the Offer or the Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Offer or the Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of Allotment if respective category is oversubscribed <sup>(3)</sup>	Proportionate as follows (excluding the Anchor Investor Portion):  (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and  (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.  Our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis, out of which at least one-third will be available for allocation to Mutual Funds only.	Proportionate.	Allotment to each Retail Individual Bidders shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. For further details, see “Offer Procedure – Part B – General Information Document for Investing in Public Issues – Allotment Procedure and Basis of Allotment – Allotment to RIIs” on page 415.

Particulars	QIBs <sup>(1)</sup>	Non-Institutional Bidders	Retail Individual Bidders
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000. <sup>(6)</sup>	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 200,000.	[●] Equity Shares, such that the Bid Amount does not exceed ₹ 200,000.
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceeds the size of the Offer, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceeds the size of the Offer, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily in dematerialised form.		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share, subject to availability in the Retail Portion.
Trading Lot	One Equity Share.		
Who can Apply <sup>(4)</sup>	Mutual Funds, AIFs, FVCIs, FPIs (other than Category III FPIs) public financial institution as defined in Section 2(72) of the Companies Act, 2013, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the Insurance Regulatory and Development Authority of India, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India, and systemically important non-banking financial companies.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, and Category III FPIs.	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs.
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of Anchor Investor Application Form by Anchor Investors <sup>(5)</sup> . In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).	Only through the ASBA process.	Only through the ASBA process.

<sup>(1)</sup> Our Company and the Promoter Selling Shareholder may, in consultation with the BRLMs, may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. For details, see "Offer Procedure" beginning on page 379.

<sup>(2)</sup> Subject to valid Bids being received at or above the Offer Price. In terms of Rule 19(2)(b) of the SCRR, the Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Our Company and the Promoter Selling Shareholder in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual

Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis.

- (3) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.
- (4) In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.
- (5) Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Application Form, provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price, in the event the Anchor Investor Offer Price is higher than the Anchor Investor Allocation Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN. In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the Bid cum Application Form.
- (6) For minimum bid amount by eligible U.S. Persons or investors located in the United States, see “Terms of the Offer – Eligibility and Transfer Restrictions” beginning on page 367.

#### **Bid/Offer Programme\***

<b>FOR ALL BIDDERS</b>	<b>OFFER OPENS ON WEDNESDAY, MAY 9, 2018</b>
<b>FOR ALL BIDDERS</b>	<b>OFFER CLOSES ON FRIDAY, MAY 11, 2018</b>

\* Our Company and the Promoter Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. Anchor Investors shall Bid on the Anchor Investor Bidding Date.

An indicative timetable in respect of the Offer is set out below:

<b>Event</b>	<b>Indicative Date</b>
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Wednesday, May 16, 2018
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account	On or about Thursday, May 17, 2018
Credit of the Equity Shares to depository accounts of Allottees	On or about Friday, May 18, 2018
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Monday, May 21, 2018

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the BRLMs. While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

The Selling Shareholders confirm that they shall, severally and not jointly, extend reasonable support required by our Company, the BRLMs for the completion of the necessary formalities for listing and commencement of trading of their respective proportion of Offered Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time (“IST”)) during the Bid/Offer Period

(except on the Bid/Offer Closing Date) at the Bidding Centres as mentioned on the Bid cum Application Form except that on the Bid/Offer Closing Date:

- (a) in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and
- (b) in case of Bids by Retail Individual Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system will be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids will only be accepted on Working Days. Investors may please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. Neither our Company, nor the Selling Shareholders, nor any member of the Syndicate is liable for any failure in uploading or downloading the Bids due to faults in any software / hardware system or otherwise.

Our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations. In such an event, the Cap Price shall not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price, as advertised at least five Working Days before the Bid/Offer Opening Date.

**In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.**

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

## OFFER PROCEDURE

*All Bidders should review the 'General Information Document for Investing in Public Issues' prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document") included below in "– Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect various enactments and regulations as well as amendments to existing regulations, to the extent applicable to the Offer. The General Information Document is also available on the websites of the Stock Exchanges, the BRLMs. Please refer to the relevant portions of the General Information Document which are applicable to this Offer.*

*Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus.*

### PART A

#### Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein 50% of the Offer shall be available for allocation on a proportionate basis to QIBs. Our Company and the Promoter Selling Shareholder in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, subject to valid Bids being received from them at or above the Offer Price. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price such that, subject to availability of Equity Shares, each Retail Individual Bidder shall be Allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis. The Offer would constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Promoter Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

#### Bid cum Application Form

All Bidders (other than Anchor Investors) are required to mandatorily participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

Copies of the ASBA Forms and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centres and at our Registered and Corporate Office. Electronic copies of the ASBA Forms will also be available for download on the websites of the Stock Exchanges, namely, NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)), at least one day prior to the Bid/Offer Opening Date. Anchor Investor Application Forms shall be available at the offices of the BRLMs at least one day prior to the Anchor Investor Bidding Date.

All Bidders (other than Anchor Investors) shall ensure that their Bids are made on ASBA Forms bearing the stamp of a Designated Intermediary and submitted at the Bidding centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Additionally, ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and ASBA Forms that do not contain such details are liable to be rejected. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the Bid cum Application Form for various categories of Bidders is as follows:

Category	Colour of Bid cum Application Form *
Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis **	White
Non-Residents including Eligible NRIs, FVCIs, FPIs and registered multilateral and bilateral development financial institutions applying on a repatriation basis **	Blue
Anchor Investors ***	White

\* Excluding electronic Bid cum Application Forms.

\*\* Electronic Bid cum Application forms will also be available for download on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)).

\*\*\* Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs.

Designated Intermediaries (other than SCSBs) shall submit/ deliver ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or the Escrow Collection Bank.

### Who can Bid?

In addition to the category of Bidders set forth in “– Part B – General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue” on page 395, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs, other than Category III FPIs;
- Category III FPIs who are foreign corporates or foreign individuals only under the Non-Institutional Portion
- Scientific organisations in India which are authorised to invest in equity shares; and
- Any other person eligible to Bid in this Offer, under the laws, rules, regulations, guidelines and policies applicable to them.

**The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act except for these purposes, U.S. Persons include persons who would otherwise have been excluded from such term solely by virtue of Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i)) (“U.S. Persons”) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Our Company has not registered and does not intend to register under the U.S. Investment Company Act. Accordingly, the Equity Shares are only being offered and sold (i) to persons in the United States or to, or for the account or benefit of, U.S. Persons, in each case that are both “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as “U.S. QIBs”; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as “QIBs”) and “qualified purchasers” (as defined under the U.S. Investment Company Act and referred to in this Red Herring Prospectus as “QPs”) in transactions exempt from or not subject to the registration**

requirements of the Securities Act and in reliance upon section 3(c)(7) of the U.S. Investment Company Act; or (ii) outside the United States to investors that are not U.S. Persons nor persons acquiring for the account or benefit of U.S. Persons in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares may not be re-offered, re-sold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States and not reasonably known by the transferor to be a U.S. Person by pre-arrangement or otherwise. See “*Terms of the Offer – Eligibility and Transfer Restrictions*” beginning on page 365.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Participation by associates and affiliates of the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members may subscribe to or purchase Equity Shares in the Offer, in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Other than mutual funds sponsored by entities related to the BRLMs, the Syndicate, the Promoter, members of the Promoter Group and any persons related to them cannot apply in the Offer under the Anchor Investor Portion.

#### **Bids by Mutual Funds**

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder, severally and not jointly, reserve the right to reject any Bid in whole or in part, in either case, without assigning any reason thereof.

No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

#### **Bids by Eligible NRIs**

NRIs may obtain copies of ASBA Forms from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis should authorise their SCSB to block their Non-Resident External (“NRE”) or Foreign Currency Non-Resident (“FCNR”) accounts, maintained with banks authorised by the RBI under the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000. Eligible NRIs Bidding on a repatriation basis should authorise their SCSB to block their NRE or FCNR accounts for the full Bid Amount, while Eligible NRIs Bidding on a non-repatriation basis should authorise their SCSB to block their NRO accounts for the full Bid Amount.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form for non-residents, while Eligible NRIs Bidding on a non-repatriation basis are advised to use the Bid cum Application Form for residents.

## **Bids by FPIs**

On January 7, 2014, SEBI notified the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (“**SEBI FPI Regulations**”) pursuant to which the existing classes of portfolio investors, namely, Foreign Institutional Investors and Qualified Foreign Investors were subsumed under a new category namely ‘foreign portfolio investors’ or ‘FPIs’. Furthermore, RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board, followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to RBI. For calculating the aggregate holding of FPIs in our company, holding of all registered FPIs as well as holding of Foreign Institutional Investors (being deemed FPIs) shall be included. In terms of the above-mentioned provisions of the FEMA Regulations, the existing individual and aggregate investment limits for an FPI in our Company is 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

As per the circular issued by SEBI on November 24, 2014, and the circular dated April 10, 2018 issued by the SEBI, these investment restrictions shall also apply to subscribers of offshore derivative instruments (“**ODIs**”). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the GoI from time to time. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents. FPIs are required to Bid through the ASBA process to participate in the Offer.

An FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, or unlisted debt securities or securitised debt instruments as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iii) such offshore derivative instruments shall not be issued to or transferred to persons who are resident Indians or NRIs and to entities that are beneficially owned by resident Indians or NRIs. An FPI is also required to ensure that any transfer of any ODI is made by or on behalf of it subject to the following conditions: (i) such ODIs are transferred to persons subject to fulfilment of SEBI FPI Regulations; and (ii) prior consent of the foreign portfolio investor is obtained for such transfer, except when the persons to whom the ODI are to be transferred to are pre-approved by the FPI.

## **Bids by SEBI registered Alternative Investment Funds and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

FVCIs and AIFs may participate in the Offer subject to the rules and regulations that are applicable to each of them respectively.

FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A



category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations (and accordingly are not permitted to invest in the Offer) until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme or increase the targeted corpus of the fund or scheme after the notification of the SEBI AIF Regulations.

Further, according to the SEBI ICDR Regulations, the shareholding of VCFs, category I and category II AIFs and FVCIs held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing of a draft offer document with SEBI.

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder, severally and not jointly, reserve the right to reject any Bid without assigning any reason therefor.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder, severally and not jointly, reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers is prescribed in Regulation 9 of the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 (the “**IRDAI Investment Regulations**”) are set forth below:

- (i) equity shares of a company: the lower of 10% of the investee company’s outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/ investment assets in case of a general insurer or a reinsurer;
- (ii) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (iii) (the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurer or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be. The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.

Insurer companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time.

#### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder, severally and not jointly, reserve the right to reject any Bid, without assigning any reason thereof.

#### **Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations, the key terms for participation by Anchor Investors are provided below.

- (i) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.
- (ii) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.
- (iii) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- (iv) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.
- (v) Our Company and the Promoter Selling Shareholder, in consultation with the BRLMs will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;
  - (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and
  - (c) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million, subject to minimum allotment of ₹ 50 million per Anchor Investor.
- (vi) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.
- (vii) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (viii) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price.
- (ix) Equity Shares Allotted in the Anchor Investor Portion will be locked-in for a period of 30 days from the date of Allotment.
- (x) The BRLMs, our Promoter, members of the Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLMs) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLMs and made available as part of the records of the BRLMs for inspection by SEBI.
- (xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

- (xii) For more information, see “*Offer Procedure - Part B: General Information Document for Investing in Public Issues - Section 7: Allotment Procedure and Basis of Allotment – Allotment to Anchor Investors*” on page 416.

#### *Payment by Anchor Investors into the Escrow Account*

Our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NECS, NACH or NEFT) for payment of their Bid Amounts in the Escrow Account in favour of:

- (i) In case of resident Anchor Investors: Escrow Account IndoStar IPO-R
- (ii) In case of non-resident Anchor Investors: Escrow Account IndoStar IPO-NR

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, the Syndicate, the Escrow Collection Bank, the Public Offer Account Bank, the Refund Bank and the Registrar to the Offer to facilitate collections from Anchor Investors.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Promoter Selling Shareholder, severally and not jointly, reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the “**Banking Regulation Act**”), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks’ own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank’s paid-up share capital and reserves. A banking company may hold up to 30% of the paid up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

#### **Bids by Systemically Important Non-Banking Financial Companies**

With respect to Bids by systemically important non-banking financial companies, a certified copy of its registration certificate with the RBI, indicating that the Bidder is a systemically important non-banking financial company, must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Systemically important non-banking financial companies participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

#### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA Bids.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney including by limited companies, corporate bodies,

registered societies, FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, provident funds with minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged with the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholder, severally and not jointly, reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

Our Company and the Promoter Selling Shareholder, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney with the Bid cum Application Form, subject to such terms and conditions that our Company and the Promoter Selling Shareholder in consultation with the BRLMs deem fit, without assigning any reasons therefore.

In accordance with existing regulations, OCBs cannot participate in the Offer.

### **Pre-Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Mumbai edition of Navshakti, a Marathi daily newspaper (Marathi being the regional language in the state where our Registered and Corporate Office is located), each with wide circulation, respectively. In the pre- Offer advertisement, we shall state the Bid/Offer Opening Date, and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI ICDR Regulations.

***The above information is given for the benefit of Bidders. Our Company and the Selling Shareholders, our Directors, the officers of our Company and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that they are eligible to Bid in the Offer and that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.***

### **Information for Bidders**

In addition to the instructions provided to Bidders set forth in “– Part B – General Information Document for Investing in Public Issues” on page 393, Bidders are requested to note the following additional information in relation to the Offer.

1. The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip (“**Acknowledgement Slip**”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each Bid cum Application Form. It is the Bidder’s responsibility to obtain the Acknowledgement Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/ Allotted. Such Acknowledgement will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgement Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.
2. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholders, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents

of the Draft Red Herring Prospectus or this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

3. In the event of an upward revision in the Price Band, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if such Bidder wants to continue to Bid at Cut-off Price. The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. In case the Bid Amount for any Bid under the Retail Portion exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, then such Bid may be rejected if it is at the Cut-off Price. If, however, the Retail Individual Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder and the Retail Individual Bidder is deemed to have approved such revised Bid at Cut-off Price.
4. In the event of a downward revision in the Price Band, Retail Individual Bidders who have bid at Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised.
5. Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

In addition to the information provided in “*Part B – General Information Document for Investing in Public Issues – Interest and Refunds - Mode of Refund*” on page 419.

#### **Signing of the Underwriting Agreement and the RoC Filing**

Our Company and the Selling Shareholders intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Offer Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

#### **GENERAL INSTRUCTIONS**

In addition to the general instructions provided in “*Part B – General Information Document for Investing in Public Issues*” on page 415, Bidders are requested to note the additional instructions provided below.

##### ***Do's:***

1. Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable law;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form, bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time.
6. With respect to the ASBA Bids, ensure that the ASBA Form is signed by the account holder in case the applicant is not the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;
7. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
8. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;
9. Ensure that you request for and receive a stamped Acknowledgement Slip of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the Bid cum Application Form;
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account with the SCSB before

- submitting the ASBA Form to any of the Designated Intermediaries;
11. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process until six Working Days from the Bid/ Offer Closing Date;
  12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;
  13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and persons exempt from holding a PAN under applicable law, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same;
  14. Ensure that the Demographic Details are updated, true and correct in all respects;
  15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
  16. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
  17. Ensure that you tick the correct investor category and the investor status, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
  18. Ensure that for Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
  19. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
  20. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the electronic system of the Stock Exchanges by the relevant Designated Intermediary match with the DP ID, Client ID and PAN available in the Depository database;
  21. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and this Red Herring Prospectus;
  22. Ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>).
  23. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form; and
  24. In relation to the ASBA Bids, ensure that you have correctly signed the authorisation/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

#### ***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid or revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
4. Do not pay the Bid Amount by cheques and demand drafts or in cash, by money order or by postal order or by stockinvest;
5. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;

6. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;
7. Anchor Investors should not Bid through the ASBA process;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
9. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
11. Do not submit the GIR number instead of the PAN;
12. Do not submit the Bids without instructions to block funds equivalent to the Bid Amount in the ASBA Account;
13. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
14. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
15. If you are a Non-Institutional Bidder or Retail Individual Bidder, do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date;
16. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
17. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
18. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
19. Do not submit more than five ASBA Forms per ASBA Account;
20. Do not submit ASBA Bids to a Designated Intermediary at a location other than the Bidding Centres;
21. Do not submit ASBA Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>); and

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

## **INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM**

In addition to the instructions for completing the Bid cum Application Form provided in “ – Part B – General Information Document for Investing in Public Issues – Applying in the Issue – Instructions for filing the Bid cum Application Form/ Application Form” on page 396, Bidders are requested to note the additional instructions provided below.

1. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
2. ASBA Bids must be made in a single name or in joint names (not more than three, and in the same order as their details appear with the Depository Participant), and completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in this Red Herring Prospectus and in the ASBA Form.
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of Eligible NRIs, FIIs or FPIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

## **Designated Date and Allotment**

- (a) Our Company will ensure that the Allotment and credit to the successful Bidder's depository account will be completed within six Working Days, or such period as may be prescribed by SEBI, of the Bid/Offer Closing Date or such other period as may be prescribed.

- (b) Equity Shares will be Allotted only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act, 2013 and the Depositories Act.

### **Grounds for Technical Rejections**

In addition to the grounds for rejection of Bids on technical grounds as provided in “*Part B – General Information Document for Investing in Public Issues – Issue Procedure in Book Built Issue – Rejection and Responsibility for Upload of Bids – Grounds for Technical Rejections*” on page 390, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

1. Bid submitted without payment of the entire Bid Amount;
2. Bids submitted by Retail Individual Bidders which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids by HUFs not mentioned correctly as given in “ – *Who can Bid?*” on page 380;
5. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
6. Bids submitted without the signature of the First Bidder or sole Bidder;
7. With respect to ASBA Bids, the ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
8. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are ‘suspended for credit’ in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;
9. GIR number furnished instead of PAN;
10. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹ 200,000;
11. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals, including VCFs;
12. Bids accompanied by stockinvest, money order, postal order, cheques, demand drafts or cash;
13. Bids by persons in the United States other than ‘qualified institutional buyers’ (as defined in Rule 144A of the Securities Act) who are also “qualified purchasers”; and
14. Bids by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/Offer Closing Date, and Bids by Retail Individual Bidders and uploaded after 5.00 p.m. on the Bid/Offer Closing Date, unless extended by the Stock Exchanges.

### **Depository Arrangements**

The Allotment of the Equity Shares in the Offer shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, two agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated February 14, 2011 among NSDL, our Company and the Registrar to the Offer.
- Agreement dated January 8, 2018 among CDSL, our Company and Registrar to the Offer.



## **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- That if our Company and/or the Selling Shareholders withdraw the entire or portion of the Offer after the Bid/Offer Closing Date, our Company shall be required to file an updated offer document or a fresh offer document with the RoC/ SEBI, as the case may be, in the event our Company or the Selling Shareholders (or any other Selling Shareholders) subsequently decides to proceed with the Offer;
- That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed;
- if Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within 15 days from the Bid/Offer Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders as per applicable laws;
- That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within 15 days from the Bid/Offer Closing Date or such lesser time as specified by SEBI, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit for the refund;
- That the certificates of the securities or refund orders to Eligible NRIs shall be despatched within specified time;
- That no further issue of Equity Shares shall be made until the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc; and
- That we shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

## **UNDERTAKINGS BY THE SELLING SHAREHOLDERS**

The Selling Shareholders, severally and not jointly, undertake the following:

- That they are the legal and beneficial owners of the Offered Shares;
- the respective Offered Shares are free and clear of any encumbrances and shall be transferred to the Bidders within the time specified under applicable law;
- it has authorised the Company to take such necessary steps in relation to the completion of Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of its Offered Shares;
- the Selling Shareholders have authorised the Compliance Officer and Registrar to the Offer to redress such investor grievances. They shall provide reasonable support as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and its Offered Shares;
- they shall not have any recourse to the proceeds of the Offer for Sale until final listing and trading approvals have been received from the Stock Exchanges; and
- it shall comply with all applicable laws, in India, including the Companies Act, the SEBI ICDR Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in relation to the respective portion of the Offered Shares in the Offer to the extent that such

compliance is the obligation of the respective Selling Shareholder.

### **Utilisation of Offer proceeds**

Details of all monies utilized out of the proceeds of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized. Each Selling Shareholder, along with our Company, specifically declares that all monies received out of its component of the Offer for Sale shall be credited / transferred to a separate bank account pursuant to sub-section (3) of Section 40 of the Companies Act, 2013.

### **Withdrawal of the Offer**

Our Company and the Selling Shareholders, severally and not jointly, in consultation with the BRLMs, reserve the right not to proceed with the entire or portion of the Offer for any reason at any time after the Bid/Offer Opening Date but before the Allotment.

In the event that the Company or the Selling Shareholders decide not to proceed with the Offer at all, our Company would issue a public notice in the same newspapers, in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date, providing reasons for not proceeding with the Offer. Further, the Stock Exchanges shall be informed promptly in this regard by our Company. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Offer and subsequently, plans of a fresh offer by our Company, a fresh draft red herring prospectus will be submitted again to SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days or such other period as may be prescribed, and the final RoC approval of the Prospectus after it is filed with the RoC and the Stock Exchanges.

## PART B

### General Information Document for Investing in Public Issues

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read this Red Herring Prospectus/Prospectus before investing in the Offer.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations, 2009").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in this Red Herring Prospectus ("RHP")/Prospectus filed by the Issuer with the Registrar of Companies ("RoC"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Offer is available on the websites of stock exchanges, on the website(s) of the BRLMs to the Offer and on the website of Securities and Exchange Board of India ("SEBI") at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalised terms and abbreviations used herein Bidders/Applicants may refer to the section "Glossary and Abbreviations".

#### SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 (the "Companies Act") as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

## **2.4 Types of Public Issues - Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Offer Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-Offer advertisement was given at least five Working Days before the Bid/ Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/ Offer Opening Date, in case of an FPO.

The Floor Price or the Offer Price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

## **2.5 OFFER PERIOD**

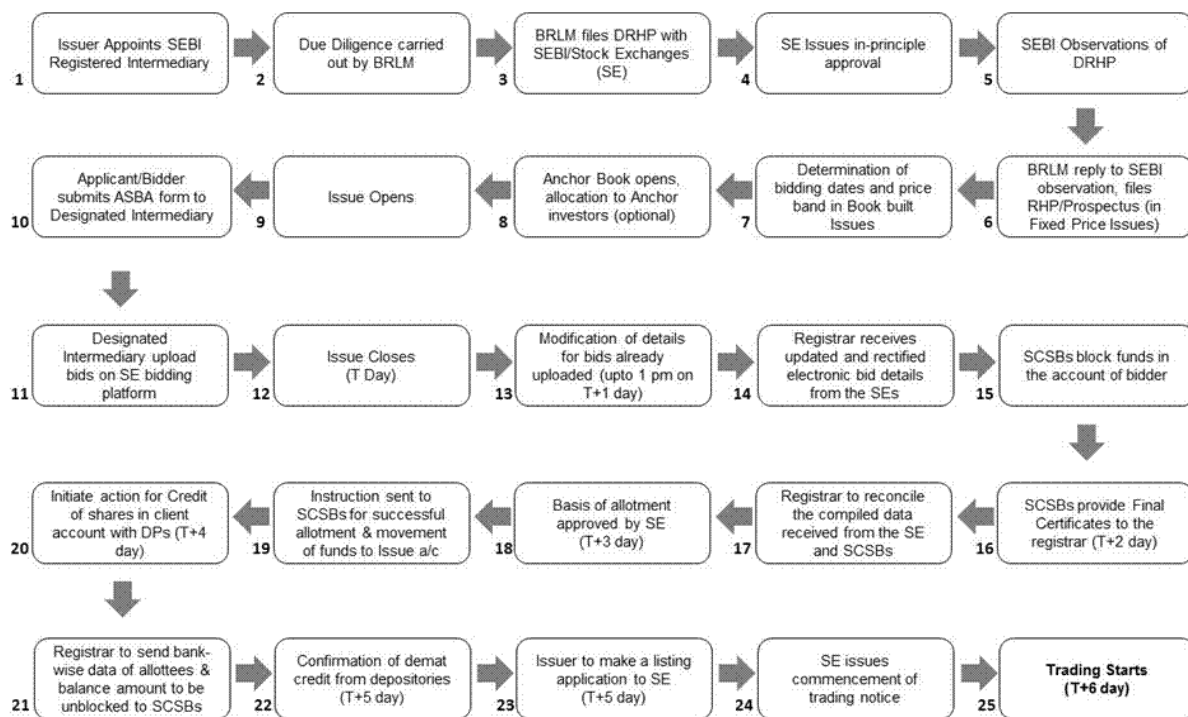
The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/ Offer Period. Details of Bid/ Offer Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/ Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLMs, and the advertisement in the newspaper(s) issued in this regard.

## **2.6 FLOWCHART OF TIMELINES**

A flow chart of process flow in Fixed Price and Book Built Issues is as follows [Bidders/Applicants may note that this is not applicable for Fast Track FPOs.]:

- In case of Offer other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
  - (i) Step 7 : Determination of Offer Date and Price
  - (ii) Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries.



### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

*Each Bidder/Applicant should check whether it is eligible to apply under applicable law.*

Furthermore, certain categories of Bidders/Applicants, such as NRIs, FIIs, FPIs, QFIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- FPIs (other than Category III FPIs) bidding in the QIBs category;
- Category III FPIs bidding in the Non Institutional Bidders category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and

- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in the Offer.

#### SECTION 4: APPLYING IN THE OFFER

**Book Built Issue:** Bidders should only use the specified Bid cum Application Form (*i.e.*, in case of Anchor Investors, the Anchor Investor Application Form, and in case of Bidders other than Anchor Investors, the ASBA Forms) either bearing the stamp of a Designated Intermediary or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/ Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

**Fixed Price Issue:** Applicants should only use the specified cum Bid cum Application Form, bearing the stamp of the Designated Intermediary or downloaded from the websites of the Stock Exchanges. Application Forms are available with Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub- Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB) and FPIs	Blue
Anchor Investors (where applicable)	[As specified by the Issuer]

Securities issued in an IPO can only be in dematerialised form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

#### 4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM / APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS</b>																																	
Address : _____ Contact Details : _____ CIN No. _____																																			
TO, THE BOARD OF DIRECTORS XYZ LIMITED	<b>BOOK BUILT ISSUE</b> ISIN : _____	Bid cum Application Form No. _____																																	
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#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT



- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer and the Designated Intermediaries only for correspondence(s) related to the Offer and for no other purposes.
- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who –*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

#### 4.1.2 **FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST BIDDER/APPLICANT**

- (a) PAN (of the sole/ first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available

as per the Demographic Details available in their Depository records, are liable to be rejected.

- (c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Bids/Applications by Bidders whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and demographic details are not provided by depositories.

#### 4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorised the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to the Offer.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

#### 4.1.4 FIELD NUMBER 4: BID OPTIONS

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Offer Opening Date in case of an IPO, and at least one Working Day before Bid/ Offer Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))
- (c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer, in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum

application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer and the Selling Shareholders on basis of such minimum application value.

- (e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000. Bids by Employees must be for such number of shares so as to ensure that the Bid Amount less Employee Discount (if applicable), payable by the Bidder does not exceed ₹500,000. Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

In case the Bid Amount for any Bid under the Retail Portion or Employee Reservation Portion exceeds ₹ 200,000 and ₹ 500,000, respectively, due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount, then such Bid may be rejected if it is at the Cut-off Price.

- (b) For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (c) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.
- (d) RII may revise or withdraw their bids till closure of the bidding period. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.
- (e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bidding Date and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

- (g) A Bid cannot be submitted for more than the Offer size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

#### 4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:
  - (i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - (ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
  - (i) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - (ii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - (iii) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### 4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.
- (b) Upto 60% of the QIB Category can be allocated by the Issuer and the Selling Shareholders, on a discretionary basis [subject to the criteria of minimum and maximum number of anchor investors based on allocation size], to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted

under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

- (d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in the Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

#### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Offer is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders/Applicants, such as NRIs, FIIs, QFIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in a Bidder's ASBA Account based on the authorisation provided by the Bidder in the ASBA Form. If the Discount is applicable in the Offer, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked in respect of the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e., Bid price less Discount offered, if any.
- (b) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.
- (c) QIBs and NIIs can participate in the Offer only through the ASBA mechanism.
- (d) All Bidders (except Anchor Investors) are required to Bid through the ASBA process.
- (e) Bid Amount cannot be paid in cash, through money order or through postal order.

##### **4.1.7.1 Instructions for Anchor Investors:**

- (a) Anchor Investors may submit their Bids with a BRLMs.
- (b) Payments by Anchor Investors are required to be made through direct credit, RTGS or NEFT.
- (c) The Escrow Collection Bank shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

##### **4.1.7.2 Payment instructions for ASBA Bidders**

- (a) Bidders may submit the ASBA Form either

- (i) in electronic mode through the internet banking facility offered by an SCSB authorising blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
- (iii) in physical mode to a Designated Intermediary at a Bidding Centre.
- (b) ASBA Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
- (d) Bidders shall note that that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bid cum Application Forms can be submitted.
- (f) Bidders should submit the Bid cum Application Form only at a Bidding Centre i.e to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- (g) ASBA Bidders bidding through a Designated Intermediary other than an SCSB should note that the ASBA Forms submitted to the Designated Intermediary may not be accepted by the Designated Intermediary, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary to deposit Bid cum Application Forms.
- (h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids on the Stock Exchange platform and such bids are liable to be rejected.
- (l) Upon submission of a completed Bid cum Application Form each ASBA Bidder may be deemed to have agreed to block the entire Bid Amount and authorised the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### 4.1.7.2.1 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Offer Closing Date.

#### 4.1.7.3 **Additional Payment Instructions for NRIs**

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

#### 4.1.7.4 **Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Offer may make payment for an amount i.e., the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh rupees (under the RII category) or more than five lakh rupees (under the Employee Reservation Portion), the bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category nor the Employee Reservation Portion.

#### 4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

#### **4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the relevant Designated Intermediary for submission of the ASBA Form.
- (b) All communications in connection with Bids/Applications made in the Offer should be addressed as under:
  - (i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Offer.
  - (ii) In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.
  - (iii) In case of queries relating to uploading of Bids by a Designated Intermediary other than an SCSB, the Bidders/Applicants should contact the relevant Designated Intermediary.
  - (iv) Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLMs in case of any other complaints in relation to the Offer.
- (d) The following details (as applicable) should be quoted while making any queries –
  - (i) full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount blocked on application.
  - (ii) name and address of the Designated Intermediary where the Bid was submitted; and
  - (iii) The ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/ Prospectus and the Bid cum Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Bid/ Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RII may revise or withdraw their bids till closure of the bidding period.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.



A sample Revision form is reproduced below:

[illegible]

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.2.2 FIELD 4 AND 5: BID OPTIONS REVISION 'FROM' AND 'TO'

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

- (c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000 (₹ 500,000 in case of Employees). In case the Bid Amount for any Bid by the RIIs exceeds ₹ 200,000 (₹ 500,000 in case of Employees) due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked after finalisation of the basis of allotment.

#### 4.2.3 **FIELD 6: PAYMENT DETAILS**

- (a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked in the ASBA Accounts. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e., Bid price less discount offered, if any.
- (b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- (d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of bidding may be unblocked after finalisation of the basis of allotment.

#### 4.2.4 **FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

#### 4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT AND DEPOSITORY ACCOUNT DETAILS OF**

## THE BIDDER/APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

### 4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY AND AMOUNT

- (a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer, in consultation with the Lead Manager to the Offer (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIIs, Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000 and applications by Employees must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 500,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Offer size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:
  - (i) All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.
  - (ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
  - (i) Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
  - (ii) Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

### 4.3.3 FIELD NUMBER 5: CATEGORY OF APPLICANTS

- (a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in the Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

#### 4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### 4.3.5 **FIELD 7: PAYMENT DETAILS**

- (a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Offer.
- (b) Application Amount cannot be paid through cheques and demand drafts or in cash, through money order or through postal order or through stock invest.

##### 4.3.5.1 **Payment instructions for ASBA Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

##### 4.3.5.2.1 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

##### 4.3.5.2 **Discount** (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Offer, applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Offer may authorise blocking of an amount i.e., the Application Amount less Discount (if applicable).

#### 4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS AND ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 and 4.1.9.

#### 4.4 **SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM/APPLICATION FORM**

##### 4.4.1 **Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-**

Mode of Application			Submission of Bid cum Application Form
Application	by	Anchor Investors	To the Book Running Lead Manager at the locations specified in the Anchor Investor Application Form

<b>Mode of Application</b>	<b>Submission of Bid cum Application Form</b>
Applications by other Bidders	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres, or the RTA at the Designated RTA Location or the CDP at the Designated CDP Locations.
	(b) To the Designated branches of the SCSBs

- (a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.
- (b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorised the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- (c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum Application Form will be considered as the application form.

## **SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Offer Price is finalised after the Bid/ Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

### **5.1 SUBMISSION OF BIDS**

- (a) During the Bid/ Offer Period, Bidders/Applicants may approach the Designated Intermediaries to submit and register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager to register their Bids.
- (b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

### **5.2 ELECTRONIC REGISTRATION OF BIDS**

- (a) The Designated Intermediaries may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for Book Building on a regular basis before the closure of the Offer.
- (b) On the Bid/ Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Draft Red Herring Prospectus and this Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given up to one day after the Bid/ Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Offer Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

### **5.3 BUILD UP OF THE BOOK**

- (a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be

electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Offer Period.

- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/ Offer Period.

#### **5.4 WITHDRAWAL OF BIDS**

- (a) RIIs can withdraw their Bids until the Bid/ Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after finalisation of the basis of allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

#### **5.5 REJECTION AND RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to
  - (i) the Bids accepted by the Designated Intermediaries,
  - (ii) the Bids uploaded by the Designated Intermediaries, or
  - (iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only in the specified locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIIs and RIIs Bids can be rejected on technical grounds listed herein.

##### **5.5.1 GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the Designated Intermediaries or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various places in this GID:-

- (a) Bid/Applications accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB;
- (b) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details

provided by Depositories);

- (c) Bids/Applications by OCBs;
- (d) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (e) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form;
- (f) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (h) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;
- (i) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (j) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (k) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (l) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;
- (m) Bids/Applications at Cut-off Price by NIIs and QIBs;
- (n) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (o) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (p) Submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;
- (q) Bids not uploaded in the Stock Exchanges bidding system;
- (r) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- (s) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (t) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/ Offer Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;
- (u) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form at the time of blocking such Bid/Application Amount in the bank account;
- (v) Where no confirmation is received from SCSB for blocking of funds;

- (w) Bids/Applications by Bidders (other than Anchor Investors) that are not submitted through ASBA process;
- (x) ASBA Bids/Applications submitted to a Designated Intermediary at locations other than the Bidding Centres, submitted to the Escrow Collection Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Offer;
- (y) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (z) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## 5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in the Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.
- (b) Under-subscription in any category (except for the QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB category is not available for subscription to other categories.
- (c) A Bid by an Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Employees who have Bid in excess of ₹ 200,000, subject to the maximum value of Allotment made to such Employee not exceeding ₹ 500,000. For further details on allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Offer size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLMs may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or



above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/ Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## **SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Offer Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through a Designated Intermediary.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/ Offer Opening Date.

In a fixed price Offer, allocation in the offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIIs**

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid

Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e., who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

## **7.2 ALLOTMENT TO NIIs**

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

## **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

## **7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the Issuer, in consultation with the BRLMs, subject to compliance with the following requirements:
  - (i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;

- (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
- (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:
  - a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
  - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor; and
  - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 250 crores subject to minimum allotment of ₹ 5 crores per such Anchor Investor.
- (b) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer, in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (c) **In the event that the Offer Price is higher than the Anchor Investor Offer Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (d) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

## 7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS) AND NIIs IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorised according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

- (e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## 7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to unblock funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.**  
  
Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/ Issue Closing Date.

## SECTION 8: INTEREST AND REFUNDS

### 8.1 COMPLETION OF FORMALITIES FOR LISTING AND COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with the Depositories, and dispatch the Allotment Advice within six Working Days of the Bid/ Offer Closing Date.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at rates prescribed under applicable law.

### 8.2 GROUNDS FOR REFUND

#### 8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from the Bidders/Applicants in pursuance of the RHP/Prospectus.

#### **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, without interest take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Offer Closing Date and repay, without interest, all subscription amounts received from Anchor Investors. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

#### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

#### **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75% of the Offer to QIBs, in such case full subscription money is to be refunded.

#### **8.3 MODE OF REFUND**

- (a) **In case of ASBA Bids:** Within six Working Days of the Bid/ Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts of unsuccessful Bidders and also for any excess amount blocked on Bidding/Application.
- (b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Offer Closing Date may dispatch refunds for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Offer may obtain from the Depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Selling Shareholders, the Registrar to the Offer, the Escrow Collection Bank, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

- (d) In the case of Bids from Eligible NRIs, FIIs, FPIs and QFIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer and the Selling Shareholders may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

### 8.3.1 Electronic modes of making refunds to Anchor Investors

The payment of refund to Anchor Investors, if any, may be done through various modes as mentioned below:

- (a) **NACH**—Payment of refund would be done through NACH for Bidders/Applicants having an account at any of the centres specified by the RBI where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Bidders/Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where the Bidder/Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;
- (b) **NEFT**— Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investor's bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- (c) **Direct Credit**— Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account; and
- (d) **RTGS**— Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc, Anchor Investors may refer to RHP/Prospectus.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted by the Anchor Investor to the Escrow Collection Bank.

### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at rates prescribed under applicable laws if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the six Working days of the Bid/Issue Closing Date.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time. In case of inconsistency in the description of a term mentioned herein below and the description ascribed to such term in this Red Herring Prospectus, the description as ascribed to such term in this Red Herring Prospectus shall prevail.*

<b>Term</b>	<b>Description</b>
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Allotment in terms of this Red Herring Prospectus and the Prospectus.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by the Issuer, in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by ASBA Bidders/Applicants to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
Application Supported by Blocked Amount Form/ASBA Form	An application from, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Offer who Bid/apply through ASBA
Banker(s) to the Offer/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bidding Date by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid /Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Offer Period
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid

Term	Description
	pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
Book Running Lead Manager/ BRLMs/ Book Running Lead Manager/ Lead Manager/ LM	The Book Running Lead Manager/ Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation Allotment Note	of Note or intimation of allocation of Equity Shares sent to each Anchor Investor who has been allocated Equity Shares after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Category III FPI	FPIs who are registered as “Category III foreign portfolio investors” under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Collecting Depository Participant(s) or CDP(s)	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Companies Act	The Companies Act, 1956 or the Companies Act, 2013, as the context requires.
Cut-off Price	Offer Price, finalised by the Issuer, in consultation with the Book Running Lead Manager, which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (other than Anchor Investors) and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Designated CDP Locations	Such locations where Bidders can submit the ASBA Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ), as updated from time to time
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Offer Account in terms of this Red Herring Prospectus or the amounts blocked by the SCSBs are transferred from the ASBA Accounts of successful Allottees to the Public Offer Account, following which the board of directors may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale.
Designated Intermediaries	The Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
Designated RTA Locations	Such locations where Bidders can submit the ASBA Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band



<b>Term</b>	<b>Description</b>
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoter and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity shares of the Issuer
Escrow Account	An account opened with the Escrow Collection Bank and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPI	Foreign portfolio investor registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Portion (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NACH	National Automated Clearing House, a consolidated system of ECS.
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Non-Institutional Investors or NIIs	All Bidders/Applicants, including Category III FPIs that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs registered with SEBI, FVCIs registered with SEBI, FPIs and QFIs
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer, in consultation with the Book Running Lead Manager
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied

Term	Description
	for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer, in consultation with the Book Running Lead Manager and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer, in consultation with the Book Running Lead Manager, finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Offer Account	A bank account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Portion	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013 which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Refunds through electronic transfer of funds	Refunds through NACH, Direct Credit, NEFT, RTGS or ASBA, as applicable
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTI	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than ₹ 200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centres
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager and the Syndicate Member(s)
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager and the Syndicate Member(s)

<b>Term</b>	<b>Description</b>
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	“Working Day” means all days, other than the second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to the time period between (a) announcement of Price Band; and (b) Bid/Offer Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

## **SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION**

The Articles of Association of our Company are divided into Parts A and B which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall be applicable. However, Part B will automatically terminate and cease to have any force and effect immediately upon the commencement of trading of the equity shares of our Company on a recognized stock exchange in India pursuant to an initial public offering of the equity shares of our Company without any further action by our Company or by its shareholders.

### **PART A**

#### **SHARE CAPITAL**

The Authorised Share Capital of the Company is, or, shall be such amount as stated in Clause V(a) of the Memorandum of Association, for the time being or as may be varied, from time to time, under the provisions of the Act, and divided into such numbers, classes and descriptions of Shares and into such denomination as stated therein.

Subject to the provisions of the Act and these Articles, the Company may, by ordinary resolution:

- a) increase its Authorised Share Capital by such amount, to be divided into Shares of such amount, as may be specified in the resolution;
- b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;
- c) convert all or any of its fully paid-up Shares into stock, and reconvert that stock into fully paid-up Shares of any denomination;
- d) sub-divide its Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
- e) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person, and diminish the amount of its share capital by the amount of the Shares so cancelled.

Subject to the provisions of the Act and these Articles, the Board, may, increase, issue, reduce, cancel, sub-divide, repay, or divide the share capital into several classes and attach thereto any rights, privileges or conditions and to vary, modify or abrogate any such rights, privileges or conditions, consolidate, reorganize, classify or re-classify the same in to any class of Shares.

#### **KINDS OF SHARE CAPITAL**

The Company may issue the following kinds of Shares in accordance with these Articles, the Act, the Rules and other Applicable Law:

- (a) equity share capital:
  - (i) with voting rights; and / or;
  - (ii) with differential rights as to Dividend, voting or otherwise
- (b) preference share capital

#### **FUTHER ISSUE OF SHARE CAPITAL AND SHARES AT THE DISPOSAL OF DIRECTORS**

Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Board who may issue, allot, or otherwise dispose off the same to such

Persons, in such proportion and with or without any preferential, deferred, qualified or special rights, privileges or conditions attached thereto, either at par or premium during such time and for such consideration as the Board thinks fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that the Board shall not give the option or right to call on Shares to any Person or Persons without the sanction of the Company in the General Meeting.

Subject to the provisions of section 43 and the Rules made thereunder, the Company may issue any equity shares with differential rights as to Dividend, voting or otherwise.

The Board, may, in accordance with the Act and the Rules, issue further Shares to:

- (a) Persons who, at the date of offer, are holders of equity shares of the Company, in proportion, as nearly as circumstances admit, to the Capital Paid on those Shares at that date;
- (b) the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
- (c) such offer shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to him or any of them in favour of any other Person and the notice referred to in clause (b) shall contain a statement of this right; or
- (d) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board may dispose of them in such manner which is not dis-advantageous to the Shareholders and the Company.
- (e) Employees under any scheme of Employees' Stock Option subject to special resolution passed by the Company and subject to the Act and Rules; or
- (f) Any persons, when authorised by a special resolution, whether or not those person include the persons referred to in clause (a) or (e) above, either for cash or for a consideration other than cash, if the price of such Shares is determined by the valuation report of a registered valuer subject to such conditions as may be specified in the relevant Rules.

Nothing in this Article shall apply to the increase of the Subscribed Capital of the Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into Shares in the Company.

Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in a General Meeting.

A further issue of Shares may be made in any manner whatsoever as the Board may determine including by way of public issue through prospectus, private placement, preferential offer, rights issue, bonus issue or in any other manner that the Board may deem fit, subject to and in accordance with the provisions of the Act.

Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted into equity shares, on such terms and conditions and in such manner as may be determined by the Board in accordance with the Act.

Subject to the provisions of the Act and these Articles, the Board may issue and allot Shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any Shares which may be so allotted may be issued as fully paid-up or partly paid-up Shares, otherwise than for cash and if so issued be deemed to be fully paid up or partly paid up Shares, as the case may be.

Any application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Share therein, shall be an acceptance of Shares within the meaning of these Articles; and every person who

thus or otherwise accepts any share and whose name is on the Register of Members shall, for the purposes of these Articles, be a Member

Every member, or his heirs, executors or administrators or other representative, shall pay to the Company the portion of the capital represented by his Share or Shares, which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Directors shall, from time to time, in accordance with these Articles, Act, Rules and other Applicable Law, require or fix for the payment thereof

Where Shares are converted into stock:

- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the Shares from which the stock arose.

- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at Meetings of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the Dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.
- (c) such of the regulations of the Company as are applicable to paid-up Shares shall apply to stock and the words "Share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as by these Articles or by law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

## **VARIATION OF SHAREHOLDER'S RIGHTS**

Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class whether or not the Company is being wound up, may be varied (unless otherwise provided by the terms of issue of the Shares of that class), with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of a special resolution passed at a separate Meeting of the holders of the Shares of that class.

To every such separate Meeting, the provisions of these Articles relating to General Meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued Shares of the class in question.

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith

The Company may exercise the powers of paying commission, conferred by sub-section (6) of section 40, provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act.

The rate or amount of the commission shall be as decided by the Board and shall not exceed the rate or amount as prescribed in the Act

Company shall not pay any commission to any underwriter on securities which are not offered to public for subscription.

Nothing in Article 19 shall affect the power of the Company to pay such brokerage, in connection with subscription to its securities, as it may consider reasonable and lawful.

The Mode of payment of commission may be such as fixed by the Board in accordance with the Act, Rules and Applicable Law.

Notwithstanding anything contained in these Articles but subject to the provisions of the Act and Applicable Law, the Company may purchase its own Shares or other specified securities.

The Company may by resolution, as prescribed by the Act and the Rules, reduce in any manner in accordance with the provisions of the Act and with, and subject to, any incident authorised and consent required by law:

- (i) Its share capital
- (ii) Any capital redemption reserve account;
- (iii) Any securities premium account ; or
- (iv) Any other reserve in the nature of share capital.

Whenever any preference shares are issued by the Company which are or at the option of the Company are liable to be redeemed, the same shall be redeemed in accordance with the provisions of the Act.

Subject to the provisions of the Act, the Company shall have the power to make compromise or make arrangements with creditors and members, consolidate, demerge, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other Applicable Laws

## **SHARE CERTIFICATE**

Every person whose name is entered as a member in the register of members shall be entitled to receive within the time prescribed under the Act and Applicable Law:

- (a) one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his/her name without payment of any charges; or
- (b) several certificates, each for one or more of his/her Shares, upon payment of such charges as may be fixed by the Board for each certificate.

Every certificate of Shares shall be under the Seal of the Company and shall specify the number and distinctive number of Shares in respect of which it is issued and amount paid up thereon and shall be in such form as the Directors may prescribe and approve.

In respect of any Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all such holders.

## **DEMATERIALIZATION**

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its Shares, Debentures and other securities pursuant to the Depositories Act, 1996 and to offer its further Shares, Debentures and other securities for subscription in a dematerialised form

The Company shall cause to keep a register and index of Beneficial Owners in accordance with all applicable provisions of the Act and the Depositories Act, 1996 with details of Shares held in dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. Subject to the applicable provisions of the Act, either the Company or a person subscribing to Shares offered by the Company shall have the option to issue, deal in, hold the securities (including Shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the

Depositories Act, 1996, as amended from time to time or any statutory modification thereto or re-enactment thereof.

The Company shall, unless prohibited by any provision of law or any order of Court, Tribunal or other authority, deliver the certificates of all securities allotted, transferred or transmitted:

- (a) within a period of two months from the date of allotment, in the case of any allotment of any of its Shares;
- (b) within a period of one month from the date of receipt by the Company of the instrument of transfer or, as the case may be, of the intimation of transmission, in the case of a transfer or transmission of securities;
- (c) within a period of six months from the date of allotment in the case of any allotment of Debenture

Provided that where the securities are dealt with in a Depository, the Company shall intimate the details of allotment of securities to Depository immediately on allotment of such securities.

If any certificate be worn out, defaced, mutilated, torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate in lieu thereof may be issued.

If any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on such indemnity as the Board deems adequate being given, a new certificate in lieu thereof shall be given to the party entitled. A sum as may be fixed by the Board (not exceeding such fee as may be prescribed under Applicable Law), shall be paid to the Company for every certificate issued under this Article, provided that no fee shall be charged for issue of new certificate in replacement of those which are old, worn out, defaced, mutilated or if there be no further space on the back thereof for endorsement of transfer.

The Company shall issue certificates or receipts or advices, as applicable, of subdivision, split, consolidation, renewal, exchanges, endorsements, issuance of duplicates thereof or issuance of new certificates or receipts or advices, as applicable, in cases of loss or old decrepit or worn out certificates or receipts or advices, as applicable within a period of thirty days from the date of such lodgement.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the Rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956 or any other act, or rules applicable thereof in this behalf.

Every endorsement upon the certificate of any Share in favour of any transferee thereof shall be signed by such person for the time being authorised by the Board in that behalf.

Every Share in the Company shall be distinguished by its distinctive number, provided that nothing shall apply to a Share held by a person whose name is entered as holder of Beneficial Owner in such Share in the records of Depository

The provisions of the forgoing Article relating to issue of Certificate shall mutatis mutandis apply to issue of Certificate for any other securities including Debentures (except where the Act otherwise requires) of the Company

## **CALLS ON SHARES**

The Board may, from time to time, make such calls on uniform basis, as it thinks fit, upon the members in respect of all moneys unpaid on the Shares (whether on account of the nominal value of the Shares or by way of premium) held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each such member shall pay the amount of every call so made on him, within such time as prescribed by the Board in the notice of call ("Call Notice"), and in accordance with these Articles.

A call may exceed one-fourth of the nominal value of the Shares and be payable at any time regardless of the date fixed for the payment of the last preceding call.



If by the terms of issue of any Shares or otherwise, any amount is made payable at any fixed time, whether on account of the nominal value of the Shares or by way of premium, every such amount of instalment shall be made payable as if it were a call duly made by the Board and of which due notice had been given and all provisions herein contained in respect of calls related to such amount or instalment shall apply.

In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstance.

A call may be revoked or postponed at the discretion of the Board.

A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments

The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof

If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate as may be fixed by the Board

#### **PAYMENT IN ANTICIPATION OF CALLS MAY CARRY INTEREST**

The Board:-

- (i) may, subject to the provisions of the Act, if it thinks fit, agree to and receive from any member willing to advance the same, all or any part of the monies due and unpaid beyond the sums actually called for upon any Shares held by him or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance is made; and
- (ii) upon all or any of the moneys so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. The Board may at any time repay the amount so advanced.

Nothing contained in this Article shall confer on the member (a) any right to Dividend and/or participate in profits or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.

#### **FORFEITURE OF SHARES**

If any member fails to pay any call, or instalment of a call or any money due in respect of any Share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all the expenses that may have been incurred by the Company by reason of non-payment.

The notice aforesaid shall:-

- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- (b) state that, in the event of non-payment on or before the day so named, the Shares in respect of which the call was made shall be liable to be forfeited.

If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

Neither the receipt by the Company for a portion of any money which may from time to time be due from any member in respect of his Shares, nor any indulgence that may be granted by the Company, in respect of payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture in respect of such Shares as provided by this Article. Such forfeiture shall include all Dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture. Provided that there will be no forfeiture of unclaimed Dividends before the claim becomes barred by law

When any Share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of member but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.

A duly verified declaration in writing that the declarant is a Director, Manager or Secretary of the Company, and that Share(s) in the Company have been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share(s).

A forfeited Share shall be deemed to be the property of the Company and may be (i) cancelled from the Issued, Subscribed and Paid up Share Capital of the Company; or (ii) sold or re-allotted or otherwise disposed off either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit

The Company may receive the consideration, if any, given for the Share(s) on any sale, re-allotment or disposal thereof and may execute a transfer of Share in favour of the person to whom the Share is/are sold, allotted or disposed of.

## **LIEN**

The Company shall have a first and paramount lien :-

- (i) on every Share (not being a fully paid Share), registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called, or payable at a fixed time, in respect of that Share and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all Dividends and bonuses from time to time declared in respect of such Shares; and
- (ii) on all Shares (not being fully paid Shares) standing registered in the name of a Member, for all monies presently payable by him or his estate to the Company:

Unless otherwise agreed, the registration of a transfer of Shares shall operate as a waiver of the Company's lien if any, on such Shares. Provided that the Board of Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article.

The Company shall have no lien on its fully paid-up Shares and in case of partly paid-up Shares, the Company's lien will be restricted to moneys called or payable at a fixed time in respect of such Shares.

The Company's lien, if any, on a Share shall extend to all Dividends payable and bonuses declared from time to time in respect of such Shares.

The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien:

Provided that no sale shall be made:-

- (a) unless a sum in respect of which the lien exists is presently payable;
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the

registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency or otherwise

To give effect to any such sale, the Board may authorize such person to transfer the Shares sold to the purchaser thereof.

The receipt of the Company for the consideration (if any) given for the Share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the Share and the purchaser shall be registered as the holder of the Share comprised in any such transfer.

The purchaser shall be registered as the holder of the Shares comprised in any such transfer.

The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the person entitled to the Shares, at the date of the sale.

In exercising the lien, the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof and accordingly shall not (except as ordered by any statute) be bound to recognize any equitable or other claim to, or interest in, such Share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim

## **TRANSFER OF SHARES**

The instrument of transfer of any Share in the Company shall be in writing and be duly executed by or on behalf of both the transferor and the transferee. The Company shall use a common form of transfer.

The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the register of members in respect thereof.

No fee shall be payable to the Company, in respect of the registration of transfer or transmission of Shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents.

Subject to the provisions of sections 58 and 59 of the Act, these Articles and other applicable provisions of any other law for the time being in force, the Board may, subject to the right of appeal conferred by the Act, whether in pursuance of any power of the Company under these Articles or otherwise, decline to register the transfer of, or the transmission by operation of law of the right to, any

Shares or interest of a member in the Company The Company shall within thirty days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided further that the registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on Shares or the transfer of a Share, not being a fully paid Share, to a person of whom they do not approve.

## **CAPITALISATION OF PROFITS**

The Company in a General Meeting may, upon the recommendation of the Board, resolve:

- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

- (b) that such sum be accordingly set free for distribution in the manner specified in Article 106 amongst the members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.

## **GENERAL MEETINGS**

Subject to the provisions of the Act, an Annual General Meeting of the Members of the Company shall be held every year in accordance with the provisions of the Act and Rules

All General Meetings other than Annual General Meeting shall be called Extraordinary General Meeting.

The Board may, whenever it thinks fit, call an Extraordinary General Meeting. The Company can pass any resolution permitted by the Act through Postal Ballot and such resolution(s) shall be deemed to have been duly passed at a General Meeting convened in that behalf on the date of announcement of results of Postal Ballot.

If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any two members of the company may call an Extraordinary General Meeting in the same manner, as nearly as possible, as that in which such a Meeting may be called by the Board.

A General Meeting of the Company may be called by giving not less than clear 21 (twenty one) days' notice to all such persons entitled to receive the same in accordance with the Act. However, a General Meeting may be called after giving a shorter notice in accordance with the Act.

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at Meeting and not on others, those members shall be taken into account for the purposes of this Article in respect of the former resolution or resolutions and not in respect of the latter.

## **BOARD OF DIRECTORS**

Until otherwise determined by the members of the Company through special resolution, the Board shall comprise of such number of Directors, excluding the Directors, if any, nominated or appointed by Central or State Government, a local authority, bank or any financial Institutions, or any person or persons or any Body Corporate, in pursuance of any agreement entered into with the Company, provided that the number of Directors on the Board shall not exceed 15 (Fifteen).

The Directors shall not be required to hold any qualification Shares.

Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

The Directors shall have power, at any time and from time to time, to appoint any person other than a person who fails to get appointed as a director in a General Meeting, as an Additional Director at any time. Each such Additional Director shall hold office only up to the date of the next Annual General Meeting, or the last date on which the Annual General Meeting should have been held, whichever is earlier, but shall be eligible for appointment by the Company at that Meeting as a Director as per the provisions of the Act.

Notwithstanding anything to the contrary, whenever the Company enters into an agreement or contract with the Central or State Government, a local authority, bank or any financial Institutions, or any person or persons or any Body Corporate (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for underwriting Shares or Debentures or other securities of the Company, the Board shall have, the power to agree that such appointer shall have and to the extent provided by the terms of such agreement or contract, the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board, for such period and upon such conditions as may be mentioned in the agreement or contract. The Board may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer, may appoint another or others in his or their place and also fill any vacancy which may occur as a result or any Director or Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company, including payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with the appointer. A Director

appointed under this Article is herein referred as “Nominee Director” and the term “Nominee Director” means any director for time being in office under this Article

#### **APPOINTMENT OF CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER**

Subject to the provisions of the Act:

- (a) The Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer, may be appointed by the Board for such term at such remuneration and upon such conditions as it may think fit and the Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer so appointed may be removed by means of a resolution of the Board Meeting.
- (b) A Director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.
- (c) A provision of the Act or these Articles requiring or authorizing a thing to be done by or to a Director and Chief Executive Officer, manager, company secretary or Chief Financial Officer shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, Chief Executive Officer, manager, company secretary or Chief Financial Officer.

#### **MANAGING DIRECTOR**

Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint, from time to time, any of its member as a Managing Director or Joint Managing Director, Whole Time Director, Manager or Chief Executive Officer of the Company on such terms and conditions as the Board thinks fit, and subject to the provisions of these Articles, the Board may, by resolution, vest in such Managing Director or Joint Managing Director, Whole Time Director, Manager or Chief Executive Officer of the Company such of the powers hereby vested in the Board generally, as it thinks fit, and such powers may be made exercisable for such period or periods; and upon such conditions and subject to such restrictions, as it may determine. The remuneration of a Managing Director, Joint Managing Director, Whole Time Director, Manager or Chief Executive Officer may be by way of salary and/or allowances, commission or participation in profits or perquisites of any kind, nature or description, or by any or all of these modes, or by any other mode(s) not expressly prohibited by the Act.

The Board of Directors may from time to time entrust to and upon a Managing Director or Joint Managing Director for the time being such of the powers exercisable under the Act and these Articles by the Directors as they may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers, unless and until otherwise determined that a Managing Director may exercise all the powers exercisable by the Directors, save such powers as by the Act or by these Articles shall be exercisable by the Directors themselves.

#### **PROCEEDINGS OF BOARD OF DIRECTORS**

A minimum number of four meetings of the Directors to be held in every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board. The Directors may meet together for the conduct of business, adjourn and otherwise regulate their meeting and proceedings, as they think fit, subject to the provisions of the Act.

The Board of Directors or any committee of the Board of Directors thereof shall be entitled to hold its meeting through video conferencing or audio visual means or other permitted means and in conducting the Board/committee meetings through such video conferencing or audio visual or other permitted means the procedures and the precautions as laid down in the Act and the relevant Rules shall be adhered to with regard to every meeting conducted through video conferencing or audio visual means or other permitted means.

- (a) Subject to provisions of Section 173 (3) of the Act, notice of not less than seven days of every meeting of the Board of Directors of the Company shall be given in writing to every Director at his address registered with the Company and shall be sent by hand delivery or by post or through electronic means.

- (b) The meeting of the Board may be called at a shorter notice to transact urgent business subject to the condition that at least one Independent Director of the Company shall be present at the meeting. In the event, any Independent Director is not present at the meeting called at shorter notice, the decision taken at such meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director.

The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one third being rounded off as one), or two Directors whichever is higher and the Directors participating by video conferencing or by other permitted means shall also be counted for the purposes of this Article. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than two, shall be the quorum during such time.

## **POWERS OF BOARD**

Subject to the provisions of the Act and these Articles, the Board of Directors of the Company shall be entitled to exercise all such powers, give all such consents, make all such arrangements, be nearly do all such things as the Company is authorized to exercise and do.

Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act, or Applicable Law or by the Memorandum of Association of the Company or these Articles or otherwise, to be exercised or done by the Company in General Meeting.

Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions contained in this behalf in Act or Applicable Law or in the Memorandum of Association or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in General Meeting.

All acts and deeds as required under these Articles to be done by the Board shall be deemed to include to be done by Committee(s) duly constituted by the Board, unless the Act, Rules and Applicable Law specifically provides them to be done by the Board itself.

No regulation made by the Company in General Meeting shall invalidate any prior act of the Board, which would have been valid, if that regulation had not been made

## **DIVIDEND AND RESERVE**

The Company in General Meeting may declare Dividend, but no Dividend shall exceed the amount recommended by the Board but the Company in General Meeting may declare a lesser Dividend.

The Board may, before recommending any Dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising Dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time, think fit.

## **ACCOUNTS AND AUDIT**

The Company shall maintain such books of accounts and other books and papers as prescribed under the provisions of the Act. Such books of accounts and papers shall be kept at such place as prescribed under the Act or as the Board of Directors think fit, subject to compliance with the applicable provisions of the Act.

## **THE SEAL**

The Board shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereto and the Directors shall provide for the safe custody of the Seal.

The Seal of the Company shall be affixed to any instrument only if so authorised by a resolution of the Board or of a Committee of the Board and in the presence of one Director or any one person as the Board may appoint for the purpose. The Seal of the Company may be used outside India.

Provided that certificates of Shares or Debentures may be sealed and signed in the manner and in conformity with the provisions of the Act.

## **PART B**

### **SHARES**

Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company shall be under the control of the Board who may classify, allot, issue or otherwise dispose of the same to such persons, in such proportions and on such terms and conditions and either at a premium or at par and at such times as the Board thinks fit and with full power to make calls for the allotment of any share either at par or at a premium or at a discount and for such time and for such consideration as the Directors may think fit. The rights attached to different classes of Shares may be varied in accordance with the provisions of the Act.

- (a) The joint holders of Shares shall severally as well as jointly be liable for payment of all installments and calls due in respect of such shares.
- (b) Application for allotment of Shares in the name of minors could be made through their guardian, provided full amount payable on the face value of Shares is paid along with such application for Shares and application for allotment of Shares by Hindu undivided families may be made through their karta.

### **CALLS ON SHARES**

The proviso to Regulation 13(i) of Table F shall not apply, and accordingly a call may exceed one-fourth of the nominal value of the Shares and be payable at any time regardless of the date fixed for the payment of the last preceding call.

The Board may, from time to time, make such calls on uniform basis, as it thinks fit, upon the members in respect of all moneys unpaid on the Shares (whether on account of the nominal value of the Shares or by way of premium) held by them respectively, and each such member shall pay the amount of every call so made on him, within such time as prescribed by the Board in the notice of call ("**Call Notice**"), and in accordance with these Articles.

If by the terms of issue of any Shares or otherwise, any amount is made payable at any fixed time, whether on account of the amount of the Shares or by way of premium, every such amount of installment shall be payable as if it were a call duly made by the Board and of which due notice had been given and all provisions herein contained in respect of calls related to such amount or installment shall apply.

Notwithstanding anything contained in these Articles, if any member fails to pay any call or installment of call on or before the day a) appointed for the payment of the same as (stated in Article 5A.3 above); or b) prescribed by the Board in the Call Notice or otherwise; as applicable, then the Board may at any time thereafter, at its discretion, forfeit all the shares and securities held by such member by a resolution of the Board, in respect of which a Call Notice was issued. The Board may at its discretion also reissue the forfeited shares to any Person.

Such forfeiture shall include unclaimed dividends or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture; provided that there shall be no forfeiture of unclaimed dividends before the claim becomes barred by Applicable Law.

No amount paid or credited as paid on a Share in advance of calls shall be treated as an amount paid on the share and consequently shall not confer a right to receive dividend or participate in profits.

Services of Depository - Either the Company or the security-holder may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificate in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act.

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities, rematerialise its securities held in the Depositories and/ or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 and the rules framed thereunder, if any.

**Option to receive security certificate or hold securities with Depositories** - Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its records the name of the allottee(s) as the Beneficial Owner of the security.

Upon receipt of certificates of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

Notwithstanding anything to the contrary contained in the Act or these Articles, any reference to a registered holder or a shareholder or member shall deem to include Beneficial Owner.

**Securities in Depositories to be in a fungible form** - All securities held by a Depository shall be dematerialised and be in fungible form subject to the Act and these Articles.

#### Rights of Depositories and Beneficial Owner

- (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (b) Save as otherwise provided in (5B.7 (a)) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of the securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

**Furnishing of information and records by the Depository** - Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

Notwithstanding anything in the Act or these Articles, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

#### Option to opt out in respect of any security –

- (a) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.
- (b) The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.
- (c) The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares in physical form subject to the provisions of the Depository Act.



The shares in the capital shall be numbered progressively according to their several denominations provided, however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinabove mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

Register of Beneficial Owner - The Company shall cause to keep a Register and Index of Members and Register and Index of Debenture holders in accordance with the Act, and the Depositories Act, 1996 with details of shares and debentures held material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India, a branch Register of Members resident in that state or country.

## SHARE CERTIFICATES

The certificates of title to the shares shall be issued under the Seal of the Company in the manner prescribed under the rules framed under the Act. The Company shall comply with the provisions of such rules.

Every member shall be entitled to one certificate for the shares registered in his name or if the Board so approves, upon paying such fees as the Board may from time to time determine, to several certificates, for one more of such shares.

The certificate of shares registered in the name of two or more persons shall be delivered to the first named person in the register, and this shall be a sufficient delivery to all such holder.

Subject to the provisions of the Act, if any certificate is worn out or defaced, then upon production thereof to the Board it may order the same to be cancelled and may issue a new certificate in lieu thereof, and if the certificate be lost or destroyed then upon proof to the satisfaction of the Board and on such indemnity as the Board deems adequate being given, a new certificate in lieu thereof will be given to the Shareholder entitled to such lost or destroyed certificate.

## FURTHER ISSUANCE OF EQUITY SECURITIES

All increases in the subscribed capital of the Company shall be in accordance with the provisions of the Act and these Articles.

### Pre-emptive Rights

Except for the Excluded Issuance or if otherwise decided by Shareholders holding not less than 75% of the paid up Share Capital, Equity Securities proposed to be issued by the Company (the "**Further Issue**") shall be first offered to the Shareholders in the proportion of fully paid-up Equity Shares held by them.

In relation to any proposed Further Issue, the Company shall deliver to the Shareholders a written notice (the "**Offer Notice**") of the Equity Securities of the Company being offered (the "**Offer Securities**") in a Further Issue, which Offer Notice shall: (i) describe the price and other terms upon which the Offer Securities are to be offered or issued, (ii) offer to issue Offer Securities to the Shareholders in their respective proportion of fully paid-up Equity Shares as of that date and (iii) indicate the date (which shall not be later than 30 (thirty) Business Days from the date of the Offer Notice) (the "**Further Issue Date**") before which the payment for the Offered Securities is required to be made by the Shareholders.

To accept the Offer Securities, in whole or in part, the Shareholders shall deliver an irrevocable written notice to the Company prior to the end of the 7<sup>th</sup> (seventh) Business Day following receipt of the Offer Notice, offering to subscribe to the Offer Securities in whole or part (the "**Notice of Acceptance**").

In the event that any Shareholder does not subscribe to its pro rata portion of the Offer Securities, such unsubscribed Offer Securities shall be offered to the other Shareholders, who have subscribed to their portion of Offered Securities in full, pro rata to the respective proportions in which the fully paid-up Equity Shares are held

by them in the Company and the provisions of Article 8.1.3 shall apply, mutatis mutandis, to such further offer for its acceptance.

In the event that there are any unsubscribed Offer Securities or when so decided by Shareholders holding not less than 75% of the paid-up Share Capital, such unsubscribed Offer Securities or the Equity Securities of the Company, as the case may be, maybe offered and allotted to any Third Party in accordance with the provisions of the Act, subject to such Third Party executing a Deed of Adherence and such Third Party being approved by the Board.

The Investor may assign, in writing, the right to subscribe to the Offer Securities in favour of any Affiliate. The Affiliate shall be bound to execute a Deed of Adherence as a condition for the subscription of the Offer Securities. The provision of Article 9.2 shall apply, mutatis mutandis, to the Equity Securities subscribed by an Affiliate under this Article 8.1.6.

### **Sub division and consolidation of shares and share certificates and anti-dilution rights**

The Directors may after following the prescribed procedure under the Act and these Articles sub-divide and / or consolidate all or any of its shares (and share certificates), convert all or any of its fully paid up shares into stock and re convert that stock into fully paid up shares or cancel shares which have not been taken or agreed to be taken by any Person and diminish the amount of its Share Capital by the amount of the shares so cancelled.

In the event of any split of Shares, issue of bonus Shares, consolidation of Shares, combinations, recapitalizations, restructuring of the Company and any other event having a similar effect (each, a "**Dilution Event**"), the Shareholders shall cause the Company to and the Company shall take such steps as are necessary to ensure the Shareholding Percentage of each Shareholder is maintained at the same percentages existing prior to the Dilution Event, except to the extent agreed by each Shareholder. Upon the happening of the Dilution Event, the Shareholders shall be placed in the same position in terms of their Shareholding Percentage in the Company as the Shareholder would have been had there been no Dilution Event.

### **Closing for Further Issue**

In the event the Board determines to issue Equity Securities in accordance with Article 8.1 and the Act, the Company shall on (a) receipt of all Notices of Acceptance (under Article 8.1.3) from its Shareholders, and (b) a decision of the Board to issue and allot Equity Securities to a Third Party (under Article 8.1.5), give a notice to each of the Shareholders, which shall be delivered at least 5 (five) Business Days prior to the Further Issue Date, notifying them of (i) the number of Equity Securities it is proposing to issue and allot under Article 8.1, (ii) the subscription price for such Equity Security and (iii) the date of payment of respective subscription amounts.

After having received the respective subscription amounts for the Equity Securities of the Company as indicated in Article 8.3.1, the Company shall, and Shareholders shall cause the Company to take all steps required to issue and allot the Equity Securities of the Company to the respective subscribers.

## **TRANSFERS OF EQUITY SECURITIES**

### **Restrictions on Transfer**

Subject to the restrictions on Transfer as provided in this Article 9 and the additional lock-in requirements provided in Article 12 and except for an Excluded Transfer, no Shareholder shall Transfer or permit the Transfer of any Equity Securities of the Company held by it to any other Person.

Registration of any transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever.

The instrument of transfer, of any Equity Securities shall be in writing and shall be in such form as may be prescribed under the Act and a common form of transfer shall be used.

### **Transfer to Affiliate**

- (a) Notwithstanding anything to the contrary, a Shareholder ("Parent Party") may Transfer its Equity Securities of the Company to its Affiliate, provided that the Affiliate is not subject, at the time of such

Transfer, to any proceedings for receivership, bankruptcy, insolvency, dissolution or liquidation and the Parent Party and its Affiliate shall be bound to execute a Deed of Adherence as a condition of such Transfer to the Affiliate, and provided further that the Parent Party and the Affiliate shall continue to be jointly and severally responsible for the obligations of the Parent Party under these Articles, to the extent applicable. The Parent Party shall give to the other Shareholders, at least 7 (seven) Business Days prior written notice of its intention to Transfer its Equity Securities of the Company to its Affiliate.

- (b) In the event that a Person ceases to be an Affiliate of a Parent Party, and such Affiliate holds Equity Securities of the Company in accordance with the provisions of these Articles by virtue of being an Affiliate of a Parent Party then, within 7 (seven) Business Days thereafter, the Parent Party and the Affiliate of the Parent Party shall independently inform the other Shareholders of such cessation and the Parent Party shall acquire or cause any of its other Affiliates to acquire, full and unconditional title in and in all of the Equity Securities of the Company then held by such Person ceasing to qualify as an Affiliate.
- (c) Until the Parent Party acquires or causes any of its other Affiliates to acquire, full and unconditional title in all of the Equity Securities of the Company then held by such Person ceasing to qualify as an Affiliate, all rights but not the obligations with respect to such Equity Securities of the Company under these Articles (including voting and pre-emptive rights on a Further Issue) shall be suspended, and the Company and the Shareholders shall cause the Company to suspend the rights but not the obligations with respect to such Equity Securities of the Company.
- (d) Notwithstanding any provision to the contrary, if a Shareholder Transfers a part of its Equity Securities of the Company to any Affiliate or additional Equity Securities of the Company are issued to any Affiliate of such Shareholder, all of such Shareholder and/or Affiliate (collectively, the "Shareholders Group") shall be treated as a single Shareholder and their rights, obligations, covenants and undertakings hereunder shall be jointly and severally, and a breach by any one Person in the Shareholders Group of its rights, obligations, covenants or undertakings herein shall be deemed a collective breach by the other members of the Shareholders Group of their respective rights, obligations, covenants or undertakings herein.

### **Right of First Offer**

Except for the Excluded Transfers and subject to Article 9.2 and Article 9.5, no ROFO Shareholder shall be entitled to Transfer the Equity Securities of the Company held by it without such Equity Securities having been first offered to all other ROFO Shareholders, if any, in accordance with the procedure set out below.

The offer under Article 9.3.1 shall be made by the ROFO Shareholder (the "**Transferor**") by way of a notice (the "**Option Notice**") in writing to the other ROFO Shareholders (the "**Offered Shareholders**").

The Option Notice shall specify the intention to Transfer and the number of Equity Securities of the Company offered (the "**Offered Shares**"), the purchase price at which they are offered (the "**Specified Price**"), other material terms of the Transfer and the date on or before which the payment shall be made by the Offered Shareholders in case the offer is accepted by the Offered Shareholder. The Option Notice shall invite each of the Offered Shareholders to state in writing to the Transferor within 14 (fourteen) Business Days (the "**Option Period**") whether it is willing to purchase all and not less than all of the Offered Shares offered to it. The Option Notice may also contain a provision that, unless 100 percent of the Offered Shares are sold by the Transferor under this Article, the Transferor will not be under an obligation to sell any Offered Shares.

The Offered Shares shall be offered by the Transferor to the Offered Shareholders pro rata to the percentage of Equity Securities in the Company held by the Offered Shareholders. In case an Offered Shareholder does not specify its willingness to purchase all of the Offered Shares offered to it, within the Option Period, then all such unaccepted Offered Shares shall be further offered to the Offered Shareholders who have accepted their portion of Offered Shares under Article 9.3.3, pro rata to the number of Equity Securities held by them in the Company for their acceptance within a further period of 14 (fourteen) Business Days from the date of such further offer.

The Offered Shareholder who expresses a willingness to purchase the Offered Shares (the "**ROFO Purchaser**"), by way of a written notice, within the Option Period shall be bound to purchase and the Transferor shall be bound to sell the Offered Shares to such Offered Shareholders on the terms specified in the Option Notice. A failure or refusal of the Offered Shareholders to notify the Transferor within the Option Period of their

willingness to purchase the Offered Shares shall be deemed to be the consent of Offered Shareholders to the Transfer of the Offered Shares to a Third Party at the Specified Price and on terms not superior to the terms of the Transfer indicated in the Option Notice.

Within 14 (fourteen) Business Days from the expiry of the Option Period or a further period of 14 (fourteen) Business Days as indicated in Article 9.3.4, as the case may be, the Transferor shall Transfer the Offered Shares to the ROFO Purchaser at the Specified Price and other terms specified in the Option Notice.

If following the expiry of the Option Period (if the Offered Shareholders do not exercise the option to purchase the Offered Shares in terms of the Option Notice), at any time within a period of 90 (ninety) days after the expiry of the Option Period, the Transferor may Transfer the Offered Shares not purchased by the Offered Shareholders to a Third Party on terms which are not superior to the terms specified in the Option Notice, provided that:

- (a) if the Option Notice contained a provision that, unless 100 percent of the Offered Shares are sold under this Article, none shall be sold, the Transferor shall not be entitled to Transfer any of the Offered Shares unless all the Offered Shares are so Transferred; and
- (b) The sale shall be completed within 90 (ninety) days after the expiry of the Option Period.

If the conditions set forth above are not satisfied, the Transferor shall not be permitted to sell the Offered Shares without first giving a new Option Notice in compliance with this Article 9.3.

### **Tag Along**

Subject to Article 9.3, in the event:

- (a) the Transferor intends to sell the Offered Shares to a Third Party resulting in the Third Party's collective Shareholding Percentage in the Company, either directly or indirectly, after the purchase of the Offered Shares, aggregating to not less than 51 percent of the Share Capital, the Transferor shall give a written notice of the proposed sale of Offered Shares to all other Shareholders, who did not exercise their right to purchase Offered Shares under Article 9.3 or are not entitled under Article 9.3 to purchase the Offered Shares or could not purchase the Offered Shares by virtue of the fact that 100 percent of the Offered Shares were not purchased, in accordance with the provisions of Article 9.4.3; or
- (b) the Transferor intends to sell the Offered Shares to one or more Third Parties, in more than one transaction, resulting in the Third Parties' collective Shareholding Percentage in the Company, after the purchase of the Offered Shares, aggregating to not less than 51 percent of the Share Capital, the Transferor shall give a written notice of the proposed sale of Offered Shares to the Founder Managers.

The written notice given by the Transferor under Articles 9.4.1(a) and (b) shall be referred to as “**Tag Along Notice**” and the Shareholders to whom the Tag Along Notice is served under Articles 9.4.1(a) and (b) shall be referred to as “**Tag Along Shareholders**”.

The Tag Along Shareholders shall have a right, but not the obligation, to require such Third Party (on whose purchase of the Offered Shares, the right of the Tag Along Shareholders to receive the Tag Along Notice is triggered) to purchase from them, upon the same terms and conditions as provided to the Transferor (for the purchase of Offered Shares which has triggered the right of the Tag Along Shareholders to receive the Tag Along Notice), such number of Equity Securities of the Company then held by the Tag Along Shareholders in proportion to the aggregate shareholding sold to such Third Party or Third Parties, as the case may be (“**Tag Along Securities**”).

- (a) If the proposed Third Party is unwilling to acquire the Tag Along Securities under Article 9.4.1(a) in addition to the Offered Shares, the number of Offered Shares to be sold shall be reduced in proportion to the total number of Equity Securities held by each Offered Shareholders to allow pro-rata sale of the Tag Along Securities along with the Offered Shares so that the Tag Along Securities along with the Offered Shares are sold to the Third Party under Article 9.4.1(a), failing which the sale of the Offered Shares to such Third Party shall not be valid.

- (b) If the proposed Third Party(ies) is unwilling to acquire the Tag Along Securities under Article 9.4.1(b) in addition to the Offered Shares, the Third Party(ies) (on whose purchase of the Offered Shares the right of the Tag Along Shareholders to receive the Tag Along Notice under Article 9.4.1(b) is triggered) shall be under an obligation to purchase such number of Tag Along Securities which is in proportion to the aggregate shareholding sold to the Third Parties as set out in Article 9.4.1(b) and the number of Offered Shares sold shall be reduced accordingly, failing which the sale of Offered Shares to such Third Party(ies) shall not be valid.

Not less than 40 (forty) days prior to the proposed sale by the Transferor to the proposed Third Party(ies) (on whose purchase of the Offered Shares, the right of the Tag Along Shareholders to receive the Tag Along Notice is triggered) and as a condition precedent to such sale, the Transferor shall deliver to the Tag Along Shareholders a Tag Along Notice specifying (a) the number of Equity Securities which is intended to be sold, (b) the price at which the Equity Securities are offered, (c) the identity of the proposed Third Party(ies) (on whose purchase of the Offered Shares, the right of the Tag Along Shareholders to receive the Tag Along Notice is triggered) and (d) all other terms of the proposed sale. Within ten 10 (ten) Business Days after the date of receipt of the Tag Along Notice by the Tag Along Shareholders, in the event the Tag Along Shareholders wish to sell the Tag Along Securities, the Tag Along Shareholder(s) shall deliver an acceptance notice ("**Tag Along Acceptance Notice**") to the Transferor, specifying the number of Tag Along Securities (which shall be in proportion to the shareholding Transferred by the Transferor) that it desires to be included in the sale. If no Tag Along Acceptance Notice is received by the Transferor within 10 (ten) Business Days after the date of receipt of the Tag Along Notice by the Tag Along Shareholders, the Tag Along Shareholders will be deemed to have elected not to offer Tag Along Securities in the sale to the Third Party(ies).

If a Tag Along Acceptance Notice is delivered by the Tag Along Shareholders, the sale of the Offered Shares to the Third Party shall be conditional on the completion of the sale of the Tag Along Securities to the Third Party and the Third Party duly executing a Deed of Adherence.

Any proposed sale on terms and conditions materially different from those described in a Tag Along Notice, as well as subsequent proposed sale of Equity Securities of the Company by the Transferor, shall once again be subject to the right of first offer and tag along rights, and shall require compliance with the procedure set out in Article 9.3 and Article 9.4.

Subject to Article 9.5.3, in the event of a shareholder of the Investor, either individually or together with other shareholders of the Investor, proposes to Transfer 51 percent or more of the share capital of the Investor to one or more Persons, in one or more transactions, who are not existing shareholders of the Investor (for the avoidance of doubt, such sale excludes all inter-se shareholders and Affiliate transfers) (referred to as "**Put Option Event**"), then in such circumstances, each of the Founder Managers shall have an irrevocable and unconditional right to sell up to pro rata of the Founder Manager Shares to the Investor in proportion to the aggregate shareholding Transferred by the shareholders of the Investor under this Article 9.4.6 ("**Put Option**").

The Investor shall immediately on the receipt of a notice from its shareholders intimating the Put Option Event, give a notice to each of the Founder Managers of such Put Option Event ("**Put Option Notice**") specifying the number of Equity Securities of the Investor which are proposed to be sold and the proposed date of such sale. The Founder Managers may deliver to the Investor within a period of 10 (ten) Business Days of the receipt of the Put Option Notice a notice expressing their willingness to sell up to a pro rata portion of the Founder Manager Shares held by them to the Investor in terms of Article 9.4.6. In case a notice expressing the willingness to sell up to a pro rata portion of the Founder Manager Shares is not received by the Investor within a period of 10 (ten) Business Days of the receipt of the Put Option Notice, the Founder Managers shall be deemed to have elected not to sell their Founder Manager Shares to the Investor under this Article 9.4.7.

If any Founder Manager chooses to exercise the Put Option, the Investor and the Founder Managers shall promptly intimate the Company and the Company shall, on such intimation, immediately proceed to appoint a valuer (and shall bear its cost), which shall be amongst the Big Four Accounting Firms, to determine the value of the Founder Manager Shares and, subject to Applicable Law, the purchase consideration per Equity Share ("**Put Agreed Price**") for purchase of the Founder Manager Shares shall be computed within a period of 10 (ten) Business Days from the date of exercise of Put Option.

Sale of the Founder Managers Shares to the Third Party (in case the Tag Along Acceptance Notice is delivered by a Founder Manager) or to the Investor (in case the Put Option is exercised), as the case may be, shall be completed in accordance with the Applicable Law within 7 (seven) Business Days from the date of receipt of all

regulatory approvals required for such sale under Applicable Law, including approvals from the Reserve Bank of India, and the timelines for the sale of Founder Manager Shares under this Article 9.4 shall be construed as indicated below.

The Founder Managers shall use their best endeavours to procure regulatory approvals required under the Applicable Law (for the Transfer of Founder Manager Shares) within a period of 60 (sixty) days of delivery of Tag Along Acceptance Notice or Put Option Notice in the manner indicated in this Article 9.4. However, in the event any such regulatory approval is not received within 60 (sixty) days of delivery of the Tag Along Acceptance Notice or the Put Option Notice, as the case may be, (i) the Transferor may proceed to complete the sale of the Offered Shares to the Third Party under Article 9.4.1 and the shareholders of the Investor referred to in Article 9.4.6 shall be permitted to complete the sale of the share capital of the Investor under Article 9.4.6 notwithstanding any provisions to the contrary in these Articles, and (ii) the Third Party or Investor, as the case may be, shall complete the sale of the Founder Manager Shares pursuant to the receipt of the Tag Along Acceptance Notice or the exercise of the Put Option, as the case may be, as soon as practicable after all the regulatory approvals under Applicable Law have been received.

#### Price Adjustment

- (a) In the event the Applicable Law requires an adjustment to the price of Tag Along Securities indicated in the Tag Along Notice or the Put Agreed Price, as the case may be, which would otherwise result in such price being held to be invalid or unenforceable, the Founder Managers may (in their sole discretion) sell the Founder Manager Shares pursuant to the provisions of this Article 9.4 at the maximum price determined in accordance with the Applicable Law.
- (b) In the event Applicable Law indicates a price for the relevant Founder Manager Shares which would result in an amount greater than the price of Tag Along Securities indicated in the Tag Along Notice or the Put Agreed Price, as applicable, the Founder Managers will be able to sell only such lesser number of the Founder Manager Shares so that the purchase consideration for the Founder Manager Shares shall be equivalent to the aggregate price of Tag Along Securities indicated in the Tag Along Notice or the aggregate Put Agreed Price, as applicable. To the extent permitted by Applicable Law, the remaining Founder Manager Shares shall be delivered/ Transferred to a nominee of the Investor in the manner and on terms instructed by the Investor.

#### **Drag Along**

If the Investor, along with its Affiliates, ("**Drag Along Sellers**") proposes to Transfer Equity Securities of the Company representing 33 percent or more of the Share Capital to a Third Party ("**Transferee**"), all the other Shareholders ("**Compulsory Sellers**") shall, if so required by the Drag Along Sellers by prior notice of a minimum of 30 (thirty) days given to the Compulsory Sellers and the Company ("**Drag Along Notice**"), Transfer their pro rata shareholding in the Share Capital to the Transferee on terms no less favourable than those applying to the Transfer by the Drag Along Sellers ("**Drag Along Right**").

The Drag Along Sellers may, upon exercising a Drag Along Right, elect to structure the Transfer of the Equity Securities of the Company subject to the Drag Along Right as an auction, in which case, the Drag Along Sellers shall be entitled to take all steps reasonable necessary to carry out auction of the Company, including selecting an investment bank, providing confidential information to a Third Party (pursuant to appropriate confidentiality agreement), in selecting the winner bidder and negotiating the requisite documentation. The Company shall bear the cost for engaging the investment banker, legal advisors or any other person advising and assisting with respect to the auction the Equity Securities of the Company under this Article 9.5.2.

The Company and the Compulsory Sellers shall provide assistance with respect to these auctions as may be reasonably requested by the Drag Along Sellers.

In the event Indostar Everstone, Ashmore Cayman SPC Limited on behalf of and for the account of Indostar Segregated Portfolio and/or GS Investment Partners (Mauritius) I Limited ("**Investor's Subscribers**") propose to Transfer not less than 75 percent of their combined aggregate holding of Equity Securities (issued by the Investor) held by them at the completion of the initial capitalisation of the Investor (being the capital contributions made in the Investor for an amount up to \$ 200,000,000 (two hundred million) during a period ending 90 (ninety) days from the first issue of Equity Securities of the Investor to the Investor's Subscribers)("Investor Capitalisation"), in one or more transactions, to a Person who is not an existing

shareholder of the Investor at the completion of the Investor Capitalisation (for the avoidance of doubt, such sale excludes all inter-se shareholders and Affiliate Transfers) ("**Call Option Event**"), then in such circumstances, the Investor shall on being so required by the Investor's Subscribers, either by itself or through its Affiliates or its nominees, be under an irrevocable and unconditional obligation to purchase all or a part of the Founder Manager Shares from the Founder Managers ("**Call Option**").

The Investor shall immediately on the receipt of a notice from the Investor's Subscribers requiring the Investor to purchase all or part of the Founder Manager Shares, give a notice to each of the Founder Managers and the Company of the Call Option Event ("**Call Option Notice**") specifying the number of Founder Manager Shares which are proposed to be Transferred to the Investor and the proposed date of such Transfer.

If the Investor has issued a Call Option Notice, the Company shall immediately on the receipt of the Call Option Notice proceed to appoint a valuer (and shall bear its cost), which shall be amongst the Big Four Accounting Firms, to determine the value of Founder Manager Shares and, subject to the Applicable Law, the purchase consideration per Equity Share ("**Call Agreed Price**") for the Founder Manager Shares shall be computed within a period of 10 (ten) Business Days from the date of receipt of the Call Option Notice by the Company.

Transfer of the Founder Manager Shares to the Transferee (in case of exercise of Drag Along Right) or to the Investor (in case of exercise of Call Option) shall be completed in accordance with Applicable Law within a period of 7 (seven) Business Days of receipt of all relevant regulatory approvals required for such purchase under Applicable Law, including any approvals from the Reserve Bank of India, and the timelines for the Transfer of Founder Manager Shares under this Article 9.5 shall be construed as indicated below.

The Founder Managers shall use their best endeavours to procure regulatory approvals required under the Applicable Law (for the Transfer of Founder Manager Shares) within a period of 60 (sixty) days of deliver of Drag Along Notice or Call Option Notice in the manner indicated in this Article 9.5. However, in the event any such regulatory approval is not received within 60 (sixty) days of serving the Drag Along Notice or the Call Option Notice, as the case may be, (i) the Drag Along Sellers shall be permitted to Transfer the Equity Securities of the Company referred to in Article 9.5.1, and the Investor's Subscribers shall be permitted to complete the Transfer of not less than 75 percent of their aggregate holding of Equity Securities of the Investor referred to in 9.5.3, before purchasing the Founder Manager Shares under this Article 9.5, and (ii) the Drag Along Seller or the Investor, as the case may be, shall complete the purchase of the Founder Manager Shares as soon as practicable after all the regulatory approvals under Applicable Law have been received.

#### Price Adjustment

- (a) In the event the Applicable Law requires an adjustment of the price of the Equity Securities of the Company at which the Drag Along Right is exercised or to the Call Agreed Price, which would otherwise result in the such price being held to be invalid or unenforceable, the Investor may (in its sole discretion) purchase the Founder Manager Shares at the minimum price determined in accordance with Applicable Law.
- (b) In the event, Applicable Law indicates a price for the Founder Manager Shares at which the Drag Along Right or the Call Option, as the case may be, is exercised which would result in an amount greater than the price of the Founder Manager Shares indicated in the Drag Along Notice or the Call Agreed Price, as applicable, the Investor may exercise the Drag Along Right or the Call Option, as the case may be, only on such lesser number of Founder Manager Shares so that the purchase consideration for the Founder Manager Shares shall be equivalent to the aggregate price of the Founder Manager Shares indicated in the Drag Along Notice or the aggregate Call Agreed Price, as applicable. The remaining Founder Manager Shares shall be delivered/ Transferred to a nominee of the Investor in the manner and on the terms instructed by the Investor.

It is clarified that Drag Along Right of the Investor and the Call Option of the Investor's Subscribers as set out herein, and the Transfer of Equity Securities of the Company which triggers such Drag Along Right, shall not be subject to the provisions of Article 9.3 and Article 9.4 and should be construed accordingly.

#### **Right of First Refusal**

Except as provided in Article 9.4, Article 9.5 and Article 12.6 and subject to lock-in requirements as set out in Article 12, the ROFR Shareholders shall not Transfer any Equity Securities of the Company held by them to a Third Party without following the process set out in this Article 9.6.

If any of the ROFR Shareholders receive an offer from a Third Party to purchase some or all of the Equity Securities of the Company held by them ("**ROFR Offered Shares**"), the ROFR Shareholders desiring to Transfer ("**ROFR Transferor/s**") the ROFR Offered Shares to a Third Party shall, before consummating such proposed Transfer, give a written notice ("**ROFR Notice**") to the Investor of its intention to make such Transfer to a Third Party indicating all key terms of such proposed Transfer to a Third Party ("**Transfer Terms**"). The Transferor shall disclose the details of the offer in the ROFR Notice.

For a period of 20 (twenty) Business Days after receipt of the ROFR Notice ("**ROFR Option Period**"), the Investor shall have the option to purchase the ROFR Offered Shares on Transfer Terms. If the Investor desires to exercise such option, it shall give a written notice to the ROFR Transferor/s within the ROFR Option Period indicating its intention to purchase the ROFR Offered Shares in whole or part ("**Acceptance Letter**"). A failure to notify the ROFR Transferor/s within the ROFR Option Period by way of an Acceptance Letter shall be deemed to be the consent of the Investor to the Transfer of the ROFR Offered Shares to the Third Party on the Transfer Terms.

Within 10 (ten) Business Days from date of receipt of the Acceptance Letter by the ROFR Transferor/s ("**Sale Period**"), the Transferor shall Transfer the ROFR Offered Shares to the Investor in such numbers as accepted by the Investor on the Transfer Terms (being applicable pro rata to the number of ROFR Offered Shares expressed to be purchased by the Investor).

If following the expiry of the ROFR Option Period (if the Investor does not exercise the option to purchase the ROFR Offered Shares) or the Sale Period (if a part all of the ROFR Offered Shares have been accepted to be purchased by the Investor under Article 9.6.3), the ROFR Transferor/s may, at any time within a period of 30 (thirty) Business Days after the expiry of the ROFR Option Period or the Sale Period, as the case may be, Transfer the balance ROFR Offered Shares to the Third Party identified in the ROFR Notice on the Transfer Terms (being applicable pro rata to the number of ROFR Offered Shares sold to such Third Party).

## **General**

Except as otherwise provided in these Articles, the provisions of this Article 9 shall apply with respect any or all Transfers of Equity Securities of the Company.

The Company shall not register a Transfer of a Share and no shareholder shall Transfer any Share unless the Transferee, first executes a Deed of Adherence.

The covenants and obligations with respect to the Transfer of the Shares as set out in this Article 9 relate to special, unique and extraordinary matters, and that a violation of any of the terms of such covenants and obligations by a Shareholder will cause the other Shareholders, irreparable injury. Therefore, the Shareholders shall be entitled to such injunctions, orders or such other equitable relief as a court of competent jurisdiction may deem necessary or appropriate to restrain the others, as the case may be, from committing any violation of the covenants and obligations contained in this Article 9, or to compel the performance of certain acts. These injunctive remedies are cumulative and are in addition to any other rights and remedies that the Shareholders may have at law or in equity.

Except for the pledge of Managers Incentive Shares in favour of the Employees Trust or as otherwise provided in these Articles, the Shareholder (whether or not he is the beneficial owner of those Shares) shall not create any Encumbrances over any Equity Security held by it or permit the subsistence of any Encumbrance in order to ensure that it is at all times able and empowered to Transfer with full title guarantee the Shares held by him if so required in accordance with the terms of these Articles.

Wherever under this Article 9, except for the Transfer of Equity Securities of the Company contemplated under Article 9.4.6 and 9.5.3, a time period is prescribed for completion of Transfer of Equity Securities, the time required by the seller or the purchaser of the Equity Securities of the Company to obtain any approval from any Governmental Authority or any other person under Applicable Law, which shall be subject to a maximum period of 60 (sixty) days, to purchase the Equity Securities, shall be specifically excluded for purposes of computing the prescribed time period.



The Company shall not, and the Board shall without assigning any reasons refuse to, record or register any attempted Transfer of any Equity Securities in violation of any share transfer restrictions contained in these Articles in general or Article 9 in particular.

### **Management**

#### **The Board**

- (a) The Business of the Company shall be managed by the Board which may exercise all the powers of the Company save as otherwise provided in the Act and the Articles of Association.
  - (aa) The following shall be the first Directors of the Company:-  
  
Mr. Vishal Agrawal  
Mr. Rohit Choudhary
- (b) The Board shall comprise of such number of Directors, excluding the Directors, if any, nominated or appointed by any financial institution or bank, as nominated and appointed in the manner provided below, provided that the number of Directors on the Board may not at any time exceed 15 (fifteen) Directors, without the prior written consent of the Investor.

As long as the Investor holds any Equity Security in the Company, the Investor shall have a right to nominate up to 7 (seven) Investor Directors who shall be appointed by the Board.

- (ii) The Board shall identify and take steps to appoint such number of independent directors (**Independent Directors**) as may be required under Applicable Law or such higher number as may be determined by the Investor.
  - (iii) As long as the Remaining Founder Manager is in the employment of the Company and by virtue of being in the employment of the Company, he may be a director of the Company or its subsidiaries, at the discretion of the Board or its Committees.
  - (iv) The Board shall nominate and appoint the chief executive officer of the Company as a Director on the Board.
- (c) Unless otherwise agreed by the Investor, no new Shareholder shall be entitled to nominate a Director on the Board.
- (d) The Directors shall not be required to hold any qualification shares.
- (e) The Investor shall at all times have the right to nominate one or more observers to the Board of the Company. Any such observers appointed shall have the right to receive all Board papers, agenda and related materials and attend meetings of the Board, but shall not be allowed to vote on any matters at such meetings.
- (f) Each Director shall receive out of the funds of the Company by way of sitting fees a sum, for every Board Meeting and/or Committee(s) meeting attended by him, as may be decided by the Board. The Directors shall also be paid traveling and other expenses for attending and returning from meetings of the Board (including hotel expenses) and any other expenses properly incurred by them in connection with the business of the Company. The Directors may also be remunerated for any extra services done by them outside their ordinary duties as Directors.
- (g) Subject to the provisions of the Act, the Non-Executive Independent Director(s) may be paid remuneration by way of commission in the Company or any other manner permissible under the Act, as may be decided by the Board.

#### **Appointment and Removal of Directors**

- (a) The Investor shall, in accordance with the provisions of the Act, be entitled by notice in writing to the Company (or produced at a meeting of the directors) to appoint and to remove or replace any Investor Director. Each Shareholder agrees to vote its respective Shares at the Shareholders' meeting to ensure that the Directors are appointed on the Board in accordance with Article 14.1.

- (b) The Investor shall have the right to fill in any casual vacancy caused in the office of Investor Director(s), by reasons of his resignation, death, removal or otherwise. All nominations made by the Investor for filling any such casual vacancy shall be in writing and shall take effect on its receipt at the registered office of the Company.
- (c) All the Directors (other than Independent Directors) on the Board shall be liable to retire by rotation in accordance with the provisions of the Act. At every Annual General Meeting of the Company, one third of such of the Directors shall retire by rotation or if their number is not three or a multiple of three, the number nearest to one third shall retire from office.
- (d) Subject to the provisions of the Act, the Directors to retire by rotation under Article 14.2 (c) at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire, shall, in default of and subject to any agreement among themselves, be determined by lot.
- (e) A retiring Director shall be eligible for re-election.
- (f) Subject to these Articles:

The Board shall have the power, at any time and from time to time, to appoint any person as Director in addition to the existing Directors subject to the provisions of the Act, so that the total number of Directors shall not at any time exceed the maximum number fixed. Any Director so appointed, shall hold office only until the next following Annual General Meeting, but shall subject to the provisions of Article 14 be eligible thereat for election as Director.

The Company may, by ordinary resolution, of which special notice has been given in accordance with the provisions of the Act, remove any Director including the Managing Director, if any, before the expiration of the period of his office, notwithstanding anything contrary contained in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any contract of service between him and the Company.

If the Director appointed by the Company in General Meeting, vacates office as a Director before his term of office will expire in the normal course, the resulting casual vacancy may be filled up by the Board, at a meeting of the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if vacancy had not occurred, provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director.

Subject to the restrictions contained in the Act, the Board may delegate any of their powers to any Director or officer or to any person or to committee(s) of the Board consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such Director, officer, person or committee of the Board either wholly or in part and either as to persons or purpose. All acts done by any such Director, officer, person or committee of the Board in conformity with such regulations and in fulfilment of the purposes of their appointments but not otherwise, shall have the like force and effect as if done by the Board.

Every appointment, re-appointment, resignation or removal of director shall be in accordance with the provisions of the Act.

### **Chairman**

The chairman of the Board may be appointed for such period as the Board may determine and shall either be (i) elected by the Board from among the Investor Directors, or (ii) an independent director proposed on the Board by the Investor. The chairman shall not be entitled to a second or casting vote either at any meeting of the Board or any committee of the Directors.

### **Committees**

The Company shall have, inter alia, the following committees as and when decided by the Investor or in compliance with Applicable Law:

(a) Audit Committee

The Board shall establish and maintain an audit committee. The audit committee shall consist of [a minimum of 3 (three) members of which a majority shall be independent directors. The audit committee shall deal with all material questions concerning auditing and accounting policy of the Company and its subsidiaries and their financial controls and systems or any other function as may be determined by the Board. All decisions of the audit committee shall require a majority vote of its members.

(b) Risk Management Committee

The Board shall constitute a risk management committee comprising of such members as may be decided by the Investor. The risk management committee shall be responsible for setting up and reviewing risk management policies of the Company from time to time. All decisions of the risk management committees shall require a majority vote of its members.

(c) Credit Committee

The Board shall constitute a credit committee comprising of such members or observer(s) as may be decided by the Investor. The credit committee shall be responsible for examining, sanctioning or rejecting credit proposals proposed by the Company's management in accordance with the risk management policy approved by the risk management committee and/ or specify the terms and conditions pursuant to which such proposals may be approved. In addition to above, the credit committee shall be responsible for (i) overall deployment of the Company's capital, and (ii) recommending changes in the risk management policy to the risk management committee. All decisions of the credit committees shall require a majority vote of its members.

Any transactions that are proposed to be entered into by the Company that have a potential for a conflict-of-interest in the assessment by the members of the credit committee shall be referred to the risk management committee for a final resolution thereof.

(d) Asset Liability Committee

The Board shall constitute an asset liability committee comprising of such members as may be decided by the Investor. The asset liability committee shall be responsible for monitor the asset liability gap and suggesting strategies to mitigate the risk associated with asset liability gap. All decisions of the asset liability committees shall require a majority vote of its members.

(e) Nomination and Remuneration Committee

The Board shall constitute a nomination and remuneration committee (**Nomination Committee**) comprising of [4 (four)] or more non-executive directors, of which at least half shall be independent directors. The Nomination Committee, shall subject to Applicable Law, decide on specific remuneration packages (including pension rights and compensation payments) of the executive directors, the whole time directors and senior level employees of the Company. The Nomination Committee shall also have the power to determine, alter and vary the terms and conditions of remuneration of the managerial personnel of the Company, stock options and other such schemes of the Company. All decisions of the Nomination Committee shall require a majority vote of its members.

(f) Management Committee

The Board shall constitute a management committee comprising of senior management team (which may include the Remaining Founder Manager) and the chief executive officer of the Company. The management committee shall be responsible for resolving operational issues of the Company with respect to its Business, and such other matters as it may be authorised to deal with by the Board or any Committee of the Board.

- (g) Any other committee of directors or the employees as may be constituted or the above may be required under the Act or Applicable Law to be reconstituted by the Board in consultation with the Investor.

### **Alternate Directors**

The Board may appoint an alternate Director in accordance with the Act ("**Alternate Director**") to act for a Director ("**Original Director**") during his/ her absence. The Shareholder, which nominated such Original Director, shall have a right to nominate any other person to be the Alternate Director in place of the Original Director. The Shareholders shall ensure that the Board appoints only such person to be an Alternate Director as is recommended by the Shareholder, which nominated such Original Director.

### **Auditors**

The auditors of the Company shall be chosen from internationally recognized accounting firms with a presence in India.

### **Management of the Company**

The management of the Company shall be in the supervision and directions of the Board. The Company shall be managed and run professionally with utmost regard for sound ethical practices, good governance and regulatory compliance.

### **Number of Meetings of the Board**

At least 4 meetings of the Board will be held in every calendar year, and at least 1 every calendar quarter. No more than 120 days shall elapse between the date of one meeting of the Board and the date of the next meeting of the Board.

### **Notice and Place of the Meeting**

Notice of each meeting of the Board together with the written agenda for such meeting shall be sent to all Directors, including the Alternate Directors, and shall be given not less than seven days prior to the date on which the meeting is proposed to be held. A meeting of the Board may be convened with shorter notice provided that the consent of the majority of the Board of Directors is obtained, the agenda for such meeting has been sent to each Director and at least one independent Director is present at such meeting. It is hereby clarified that if an Independent Director is absent at such meeting, the decisions taken at such meeting shall be circulated to all directors and shall be valid upon ratification by at least one independent Director.

The meetings of the Board will be held at a place mutually decided upon by the Directors.

### **Quorum for Board and Committee Meetings**

- (a) Board Meeting:

Subject to the provisions of the Act, after the appointment of Investor nominee Directors and Independent Directors on the Board of the Company, the quorum for a meeting of the Board shall be 1/3 or 2 (whichever is higher), provided however, subject to Articles 15.3.2 and 15.3.3, no quorum shall be deemed to be present unless at least 2 (two) Investor Directors and at least one Independent Director are present at the meeting.

- (b) Committee Meeting:

Subject to the provisions of the Act, the quorum for a meeting of any committee shall be 1/3 or 2 (whichever is higher), provided however, subject to Articles 15.3.2 and 15.3.3, no quorum shall be deemed to be present unless at least 1 (one) Investor Director is present at the meeting.

The Directors may be present and participate in the meeting of the Board or any Committee thereof by electronic mode or by such other means as may be approved and allowed under the Act from time to time.

If quorum is not achieved at any meeting of the Board or any committee thereof within 30 (thirty) minutes after the time appointed for the commencement of the meeting, such meeting of the Board or committee, as the case

may be, shall stand adjourned to another date (which shall be 7 (seven) Business Days from the date of the original Board meeting or meeting of the committee, as the case may be) at the same place and same time as the original meeting of the Board or any committee thereof ("**First Adjourned Meeting**"). If at such First Adjourned Meeting the quorum is not present within one half of an hour of the time appointed for the meeting, then it shall be adjourned to the same day at the same time of the following week ("**Second Adjourned Meeting**") and the notice for such Second Adjourned Meeting shall expressly state that non availability of any Director shall not vitiate quorum and voting can proceed on any item included in the agenda of the meeting of the Board or the committee.

If at such a Second Adjourned Meeting the quorum of Directors is not present within 30 (thirty) minutes of the time appointed for the meeting, then the Directors present at such meeting shall constitute the quorum and the meeting may proceed with respect to all business stated in the agenda for the meeting as if a quorum was duly present at the Second Adjourned Meeting.

Nothing provided in this Article 15.3.3 and Article 15.3.2 shall be construed to override Article 17 and that Article 17 shall continue to apply at the Second Adjourned Meeting.

### **Decisions at Board**

Subject to Article 17 and the Act, all decisions of the Board and the committees shall be taken by a simple majority of the Directors present and voting at the meeting of the Board or the committee, as the case may be. Each Director may exercise one vote.

Subject to the Act and these Articles, the Directors shall have the right to delegate any of their powers to such Committee, managers, agents or other persons as they may deem fit and may at their own discretion revoke such powers.

The Board shall have power of general direction, management and superintendence of the business of the Company with full powers to do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company, and to make and sign all such contracts and to draw and accept on behalf of the Company all such bills of exchange, hundies, cheques, drafts and other Government papers and instruments that shall be necessary, proper or expedient, for the authority and direction of the Company except only such of them as by the Act or by these presents are expressly directed to be exercised by members in the general meeting or by any other person in such manner as the Board shall from time to time by a resolution determine. Subject to Applicable Law, the Board will be authorized to delegate its powers to employees, personnel and agents of the Company, in such manner as it thinks fit.

### **Circular Resolution**

Subject to the provisions of the Act and Article 17, any matter to be decided by the Board or a committee may be decided by way of a circular resolution, where the draft resolution along with an explanatory note has been circulated to the Directors or members of the Committee(s), respectively. The following shall apply to any circular resolutions:

- (a) A resolution which is signed or approved by all the Directors or members of the Committee(s) entitled to receive notice of a meeting of Directors or of a committee of Directors, and has been passed in accordance with the Act, shall be as valid and effectual as if it had been passed at a meeting of Directors or a committee of Directors (as the case may be) duly called and constituted.
- (b) For the purposes of this Article 15.5, the approval of a Director or members of the Committee may be given by letter, fax or e-mail.

### **Insurance**

The Company shall, and shall procure that each subsidiary of the Company shall, at all times keep insured with a reputable insurer its Directors and officers against any liability incurred by them in the lawful performance of their duties on terms approved by the Board.

### **Dividend Policy and Voting Rights**

The distributable profits of the Company generated by the operations of the Business shall be distributed to the Shareholders in accordance with the Act, as proposed by the Board in its sole discretion for being considered by the Shareholders at the general meeting.

Voting by Shareholders at any general meeting shall be done in accordance with the Act and, unless otherwise provided in the terms of a specific class of Equity Shares, the Shareholders shall have voting rights on a poll in proportion to their share of the paid-up Share Capital.

### **Members**

Each of the Shareholders undertakes to the others that it will exercise all powers and rights available to him as a Director, officer, employee or Shareholder in the Company (or in any other subsidiaries of the Company) in order to give effect to the provisions of these Articles and to ensure that the Company complies with its obligations under these Articles.

Every person who is subscriber to the Memorandum and Articles and or who intends to be or becomes a member of the Company shall, subject to the provisions of any Law in force, be bound by the provisions of the Memorandum and Articles of the Company and any matter of dispute arising between the Company and such person as regards mutual rights, obligations or otherwise shall be subject to the jurisdiction of the Court having jurisdiction over the registered office of the Company in respect to the disputed matter.

## **SECTION IX – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Red Herring Prospectus), which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of this Red Herring Prospectus/the Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered and Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date.

#### ***Material Contracts to the Offer***

1. Offer Agreement among our Company, the Selling Shareholders and the BRLMs dated February 9, 2018.
2. Registrar Agreement amongst our Company, the Selling Shareholders and Registrar to the Offer dated February 8, 2018.
3. Cash Escrow Agreement dated April 19, 2018 among our Company, the Selling Shareholders, the BRLMs, the Escrow Collection Bank, the Public Offer Account Bank, the Refund Bank, the Syndicate Members and the Registrar to the Offer.
4. Syndicate Agreement dated April 19, 2018 among our Company, the Selling Shareholders, the BRLMs and the Syndicate Members.
5. Underwriting Agreement dated [●] among our Company, the Selling Shareholders, the BRLMs and the Syndicate Members.
6. Monitoring Agency Agreement dated April 19, 2018 between our Company and HDFC Bank Limited.
7. Share escrow agreements dated April 19, 2018 and February 8, 2018 entered into by our Company and the share escrow agent with the Promoter Selling Shareholder and the Other Selling Shareholders, respectively.

#### ***Material Documents***

1. Certified copies of our Memorandum and Articles of Association, as amended till date.
2. Our certificate of incorporation dated July 21, 2009.
3. Agreement dated February 14, 2011, among NSDL, our Company and the Registrar to the Offer.
4. Agreement dated January 8, 2018, among CDSL, our Company and the Registrar to the Offer.
5. Resolution of the Board of Directors dated February 5, 2018 authorising the Offer.
6. Resolution of the shareholders dated February 7, 2018 under section 62(1)(c) of the Companies Act, 2013 authorising the Offer.
7. Certificate of registration number N-13.02109 dated January 20, 2016 issued by the RBI.
8. Letter of employment dated April 17, 2017 between our Company and our Executive Vice-Chairman and Chief Executive Officer, R. Sridhar.
9. Share subscription and shareholders agreement dated March 25, 2011, together with amendment letter dated April 1, 2011, amendment letter dated February 4, 2013, and the relinquishment letter dated January 30, 2018, and the letter dated February 28, 2018, sent by our Company to other parties to the agreement.

10. ICM Agreement dated January 30, 2018 among our Promoter, Indostar Everstone, Private Opportunities (Mauritius) I Limited, Global Long Short Partners Mauritius I Limited, ACP Libra Limited, Beacon India Private Equity Fund, CDIB Capital Investment II Limited, Everstar Holdings Pte. Ltd. and Beacon Light Group Limited.
11. Share sale and purchase agreement dated February 7, 2018 among our Company, Everstone Capital Advisors Private Limited and IAAPL.
12. Consent letters/ authorisation letter of the Selling Shareholders for participation in the Offer for Sale, as detailed in “*The Offer*” on page 71.
13. Copies of audit reports of our Company for Fiscal Years 2013, 2014, 2015, 2016 and 2017.
14. Copies of annual reports of our Company for Fiscal Year 2013, 2014, 2015, 2016 and 2017.
15. Examination report of the Auditors, S. R. Batliboi & Co. LLP, Chartered Accountants, dated April 6, 2018 on the Restated Standalone Financial Statements included in this Red Herring Prospectus.
16. Examination report of the Auditors, S. R. Batliboi & Co. LLP, Chartered Accountants, dated April 6, 2018 on the Restated Consolidated Financial Statements included in this Red Herring Prospectus.
17. Statement of special tax benefits from S. R. Batliboi & Co. LLP, Chartered Accountants dated April 11, 2018.
18. Reports titled “*NBFC Overview*” and “*NBFC Report*” dated November 2017 and data dated January 18, 2018 titled “*Market Segmentation of Vehicle Finance, Loan against Property and Housing Finance*”, “*Indian Economic Scenario and Credit Growth*” and “*Interest Rate Scenario*”, prepared by CRISIL Research, a division of CRISIL Limited.
19. Written consent from the Statutory Auditors namely, S. R. Batliboi & Co. LLP, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated April 6, 2018 and the statement of tax benefits dated April 11, 2018, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.
20. Consents of the Bankers to our Company, BRLMs, Syndicate Members, Registrar to the Offer, Escrow Collection Bank, Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, CRISIL, legal counsel, Refund Bank, Monitoring Agency and Public Offer Account Bank as referred to, in their respective capacities.
21. In-principle listing approvals dated February 28, 2018 and February 22, 2018 received from the NSE and the BSE, respectively.
22. Due diligence certificate dated February 9, 2018 to SEBI from the BRLMs.
23. SEBI final observation letter (CFD/DIL-1/OW/10241/2018) dated April 3, 2018.
24. SEBI observation letter (SEBI/HO/DIL1/OW/07541/2018) dated March 9, 2018.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time, if so required in the interest of our Company, or if required by other parties, without notification to the shareholders, subject to compliance with the provisions contained in the Companies Act, 2013 and other relevant statutes.



## DECLARATION

We hereby declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the rules/guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

### SIGNED BY DIRECTORS OF OUR COMPANY

<b>Dhanpal Jhaveri</b> (Chairman and Non-Executive Director)	_____
<b>Sameer Sain</b> (Non-Executive Director)	_____
<b>Alok Oberoi</b> (Non-Executive Director)	_____
<b>R. Sridhar</b> (Executive Vice-Chairman and Chief Executive Officer)	_____
<b>Dinesh Kumar Mehrotra</b> (Non-Executive Independent Director)	_____
<b>Hemant Kaul</b> (Non-Executive Independent Director)	_____
<b>Bobby Parikh</b> (Non-Executive Independent Director)	_____
<b>Naina Krishna Murthy</b> (Non-Executive Independent Director)	_____

### SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

\_\_\_\_\_  
**Pankaj Thapar**  
Chief Financial Officer

**Place:** Mumbai

**Date:**

## **DECLARATION BY INDOSTAR CAPITAL**

We, Indostar Capital, hereby confirm that all statements and undertakings specifically made or confirmed by us in this Red Herring Prospectus, about or in relation to ourselves, as a Selling Shareholder, and the Equity Shares being sold by us in the Offer for Sale, are true and correct. We assume no responsibility for any other statements, including statements made by the Company or any other person(s) in this Red Herring Prospectus.

**For and on behalf of Indostar Capital**

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**Name:** Francoise Chung Kee Mew

**Designation:** Authorised Signatory

**Place:** Mauritius

**Date:**

## **DECLARATION BY OTHER SELLING SHAREHOLDERS**

Each of the Other Selling Shareholder, severally and not jointly, confirms that all statements and undertakings specifically made or confirmed by it in this Red Herring Prospectus, about or in relation to itself, as a Selling Shareholder, and the Equity Shares being sold by it in the Offer for Sale, are true and correct. We assume no responsibility for any other statements, including statements made by the Company or any other person(s) in this Red Herring Prospectus.

**For and on behalf of Other Selling Shareholders**

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**Name:** Amit Gupta (on behalf of Other Selling Shareholders as power of attorney holder)

**Designation:** Power of attorney holder

**Place:** Mumbai

**Date:**

## ANNEXURE A – U.S. RESALE LETTER

*[on the letterhead of an investor who is a U.S. Person or a person in the United States; to be executed after resale of the Equity Shares outside the United States which was not consummated on the trading floor of any Indian stock exchange; to be delivered to the Company prior to the settlement of any sale or other transfer of Shares]*

IndoStar Capital Finance Limited (the “**Company**”)  
20th -Floor, Tower 2A  
One Indiabulls Centre,  
Senapati Bapat Marg,  
Mumbai – 400 013, India

Ladies and Gentlemen:

This letter (“**Resale Letter**”) relates to the sale or other transfer by us of equity shares (the “**Shares**”) of the Company, which is required to be in an offshore transaction pursuant to Regulation S (“**Regulation S**”) under the Securities Act of 1933, as amended (the “**U.S. Securities Act**”). Terms used in this Resale Letter are used as defined in Regulation S, except as otherwise stated herein.

We hereby represent and warrant to you as follows:

- (a) We previously purchased the Shares for our own account (or for one or more beneficial owners for which we have acted as fiduciary or agent, with complete investment discretion and with authority to bind each such person), as both a “qualified institutional buyer” (as defined in Rule 144A under the U.S. Securities Act) and a “qualified purchaser” (as defined in Section 2(a)(51) and related rules of the Investment Company Act of 1940, as amended, and the rules thereunder (the “**U.S. Investment Company Act**”). We understand that the Shares have not been and will not be registered under the U.S. Securities Act and that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act).
- (b) The offer and sale of the Shares by us was not made to a person in the United States or to a U.S. Person (as defined in Regulation S).
- (c) Either:
  - (i) at the time the sell order for the sale of the Shares by us was originated, the buyer was outside the United States or we and any person acting on our behalf reasonably believed that the buyer was outside the United States; or
  - (ii) the transfer of the Shares by us was executed in, on or through the facilities of the National Stock Exchange or the Bombay Stock Exchange, and neither we nor any person acting on our behalf has reason to believe that the transaction was pre-arranged with a buyer in the United States.
- (d) Neither we, nor any of our affiliates, nor any person acting on our or their behalf, has made any directed selling efforts (as such term is defined in Regulation S) in the United States with respect to the Equity Shares.
- (e) The transfer of the Equity Shares by us was not and is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act or the U.S. Investment Company Act.

(f) None of the Company, any of its agents nor any of their respective affiliates participated in the sale of the Equity Shares by us.

(g) We agree that the Company, its agents and their respective affiliates may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

*Where there are joint transferors, each must sign this US Resale Letter. A US Resale Letter of a corporation must be signed by an authorized officer or be completed otherwise in accordance with such corporation's constitution (and evidence of such authority may be required).*

Yours sincerely,

(Name of Transferor)

By: Title:

Date: