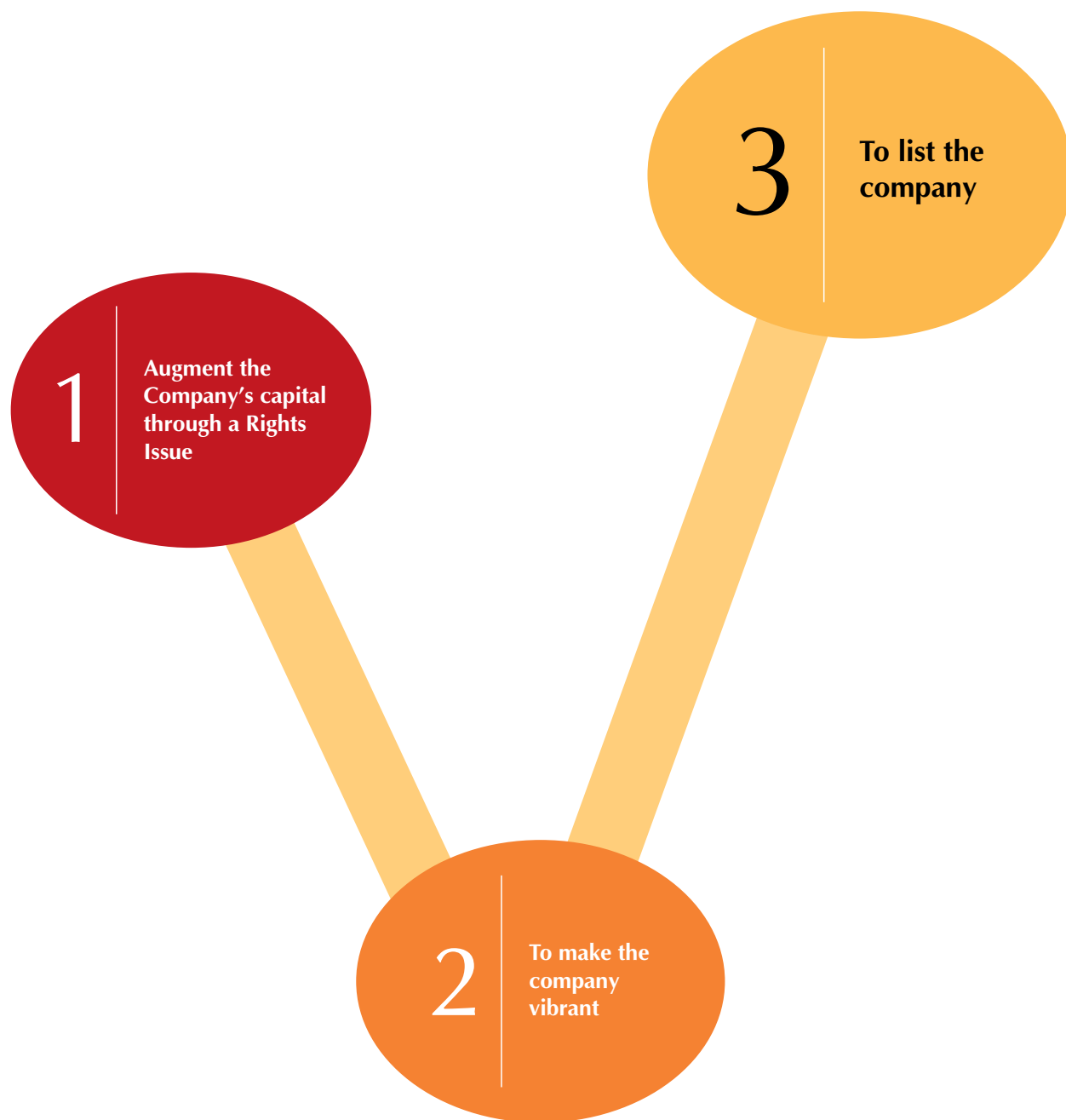


**IndusInd International Holdings Ltd and its subsidiaries**

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**IIHL - STRATEGIC PRIORITIES:**

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## MISSION

To create long-term  
shareholder value

## VISION

To be a  
**Global Financial Services Institution**  
with commitment to excellence in  
International orientation, innovation,  
speed and strict compliance with  
the principles of good corporate  
governance.

## OUR VALUES

### **Integrity:**

Integrity is the cornerstone of all our dealings with partners, shareholders, governments or the communities we serve.

### **Sustained Growth:**

We are driven to grow our business capacity and profitability to create value for all our stakeholders.

### **Global Mindset:**

We think globally and act with due respect to and consideration for the local requirements.

### **Quality:**

We believe in continuous improvement through innovation, process enhancement and team work.

# IndusInd International Holdings Ltd and its subsidiaries

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## Corporate data

		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>Directors:</b>	Srichand P. Hinduja	01 Mar 1994	29 Jun 2017
	Ashok P. Hinduja	26 Sep 2006	-
	Lal Tolani	01 Mar 1994	-
	Dr. Ram Buxani	01 Mar 1994	-
	Kewalram Sital	26 Apr 1994	-
	Maghanmal Jethananad Pancholia	17 Jul 1994	-
	Narayan Pohani	17 Jul 1994	-
	Ajay Hinduja	15 May 2004	-
	Kamal Fabiani	10 Sep 1997	-
	Vashdev T. Purswani	01 Mar 1994	-
	Mayank Malik	31 Jan 2018	-
	Imalambaal Kichenin	01 Mar 2018	-
	Jayechund Jingree	15 May 2004	13 Apr 2017
	Sushil Kumar Jogoo	13 Mar 2003	07 Apr 2017
Thierry Vincent Marie Koenig	13 Apr 2017	01 Mar 2018	
Caroline Leclézio	13 Apr 2017	01 Mar 2018	
<b>Secretary:</b>	HBS Trust Services (Mauritius) Ltd 3 <sup>rd</sup> Floor, 3B Citius Building 31 Cybercity, Ebène, Mauritius	(Up to 06 April 2017)	
	ENSafrica Fiduciary Ltd 19 Church Street Port Louis, Mauritius	(Up to 28 February 2018)	
	JurisTax Ltd Level 3, Ebene House Hotel Avenue, 33 Cybercity Ebene 72201, Mauritius	(As from 01 March 2018)	
<b>Registered office:</b>	3 <sup>rd</sup> Floor, 3B Citius Building 31 Cybercity Ebène, Mauritius	(Up to 01 May 2017)	
	19 Church Street Port Louis, Mauritius	(Up to 28 February 2018)	
	C/o JurisTax Ltd Level 3, Ebene House Hotel Avenue, 33 Cybercity Ebene 72201, Mauritius	(As from 01 March 2018)	
<b>Bankers:</b>	SBI International (Mauritius) Ltd (State Bank of India Group)		
	Hinduja Bank (Switzerland) Ltd, Geneva, Switzerland		
	SBM Bank (Mauritius) Ltd		
	Banque J. Safra Sarasin		
	Citibank, N.A. London Bank of Baroda, London		
<b>Auditor:</b>	Deloitte 7 <sup>th</sup> - 8 <sup>th</sup> Floor, Standard Chartered Tower 19-21 Bank Street, Cybercity, Ebène 72201, Mauritius		

**DIRECTORS**

**Chairman**

**Emeritus Chairman**



Ashok P. Hinduja



Srichand P. Hinduja



Lal Tolani



Kewalram Sital



Dr. Ram Buxani



Narayan Pohani



Ajay Hinduja



Kamal Fabiani



Maghanmal  
Jethanand Pancholia



Vashdev T. Purswani



Mayank Malik



Imalambaal Kichenin

# IndusInd International Holdings Ltd and its subsidiaries

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## CHAIRMAN'S MESSAGE

Dear Shareholders,

The year 2017-18 was a year of determined execution of the Board's long-standing strategy of making your Company a vibrant organization. You will be pleased to know that the Company now has a full time CEO, Mr. Mayank Malik, who has joined us from Citibank. He brings with him 30+years of experience as an established banker where he has ably built businesses in the Middle East, African Sub-Continent, Jordan, Iraq and the Levant region. He will be spearheading the value creation initiatives, including but not limited to acquisition of financial services companies and listing.



The Company also has an office space of its own and hiring of key team members is under way. This goes in line with the main objective of the Board to make your Company a Global Financial Services Institution, thereby enhancing the value for our Shareholders.

On the investments front, the Assets of your Company have been steadily growing in value. A Capital of mere USD 156 Mn (including the funds raised in the Rights Issue of 2016) infused by our esteemed Shareholders has resulted in a Net Worth of USD 2.7 Bn. as of 31<sup>st</sup> March 2018 (net of exchange rate fluctuations). This increase in value, as you are aware, is on account of the underlying investments mainly in IndusInd Bank Ltd. The Bank has grown leaps and bounds delivering a steady growth between 25-30% of the loan book year on year. Since the new management took over in 2008 the profit has increased from around INR 850 Mn. to INR 36,060 Mn. i.e from US\$ 21.25 mn to US\$ 554 mn as on 31<sup>st</sup> March 2018, which is a growth of 26x in dollar terms.

The Bank announced a merger with Bharat Financial Inclusion Ltd. (BFIL) which is pending approval from National Company Law Tribunal (NCLT). The discussions are now in the final leg in the approval process. BFIL has 1567 branches across 342 districts which complements IndusInd's branch network of 1410 branches (including 261 rural branches) and 920 vehicle finance outlets. Post-merger IndusInd will have 3897 banking points. IndusInd's 12Mn. customer base will stand enhanced through the addition of BFIL's 8Mn. customers. The merger, upon approval will consolidate IBL and BFIL Financials with effect from 1<sup>st</sup> January 2018. BFIL will add 8% to the Bank's Balance Sheet and approximately 20% to the Bank's profit in the financial year 2018-19 whilst also been accretive to margins, return on assets and return on equity.

Your Company will see the listing of one of its other investments, Hinduja Leyland Finance Ltd., (HLFL) in the financial year 2018-19. The Draft Red Herring Prospectus (DRHP) is awaiting clearance

### CHAIRMAN'S MESSAGE *(continued)*

from The Securities Exchange Board of India (SEBI). Your Company holds 17.43% in HLFL (as of end July 2018). The listing will lead to unlocking of value for IIHL and other Shareholders.

Investors are aware of the Rights Issue that was offered by your Company in 2016. At that time, the first Tranche of around US\$ 120 Mn. was launched which received an overwhelming response from you all.

The Company is now focussed on delivering its commitment of providing an exit to Shareholders through listing. Given that IIHL is a holding Company, efforts are being made to acquire entities in the Financial Services domain, in line with its vision of making your Company a Global Financial Services Institution. The Company has identified a Bank in Mauritius for acquisition. The negotiations are progressing well. Your Company is also looking at acquiring other financial services businesses and suitable announcements will follow as and when key milestones are achieved. The Shareholders are requested to keep themselves updated by logging on to the Company's website: [www.indusindinternational.com](http://www.indusindinternational.com).

The initiatives undertaken and the management's and Board's commitment to grow requires further Capital and therefore the Company is launching the second Tranche of the Rights Issue. The documents may have already reached you.

Next year your organisation will be successfully completing 25 years and the Company proposes to have a Silver Jubilee celebration for our shareholders to acknowledge the journey of the Company and honor individuals responsible for making it a glorious one. I invite suggestions from our shareholders to commemorate this occasion. You could write to me at [celebrations@indusindinternational.com](mailto:celebrations@indusindinternational.com).

It is immensely satisfying to apprise you of the Company's growth each year. This would not have been possible without the unending faith and persistent endeavour of all Shareholders, my fellow Directors, Auditors, Management, Regulators, Bankers, JurisTax Ltd. and other service providers. I express my sincere appreciation to all.

With all best wishes,

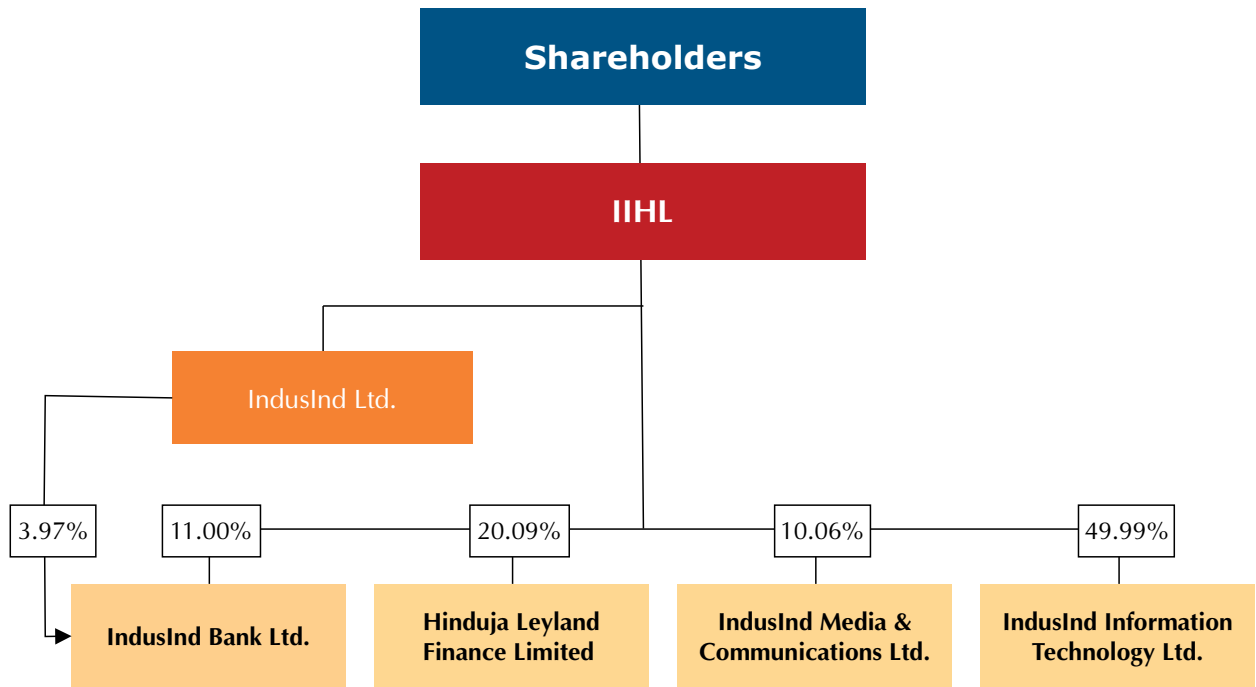


**Ashok P. Hinduja**  
Chairman

August 12, 2018

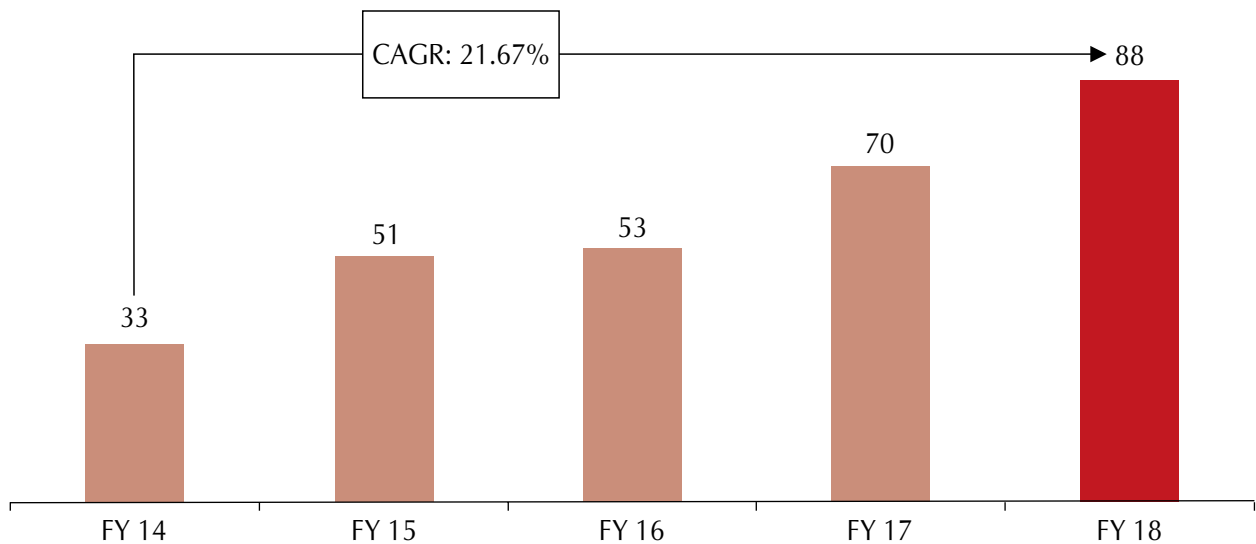
# IndusInd International Holdings Ltd and its subsidiaries

## IIHL – CURRENT INVESTMENT HOLDING STRUCTURE:



## IIHL – BOOK VALUE PER SHARE

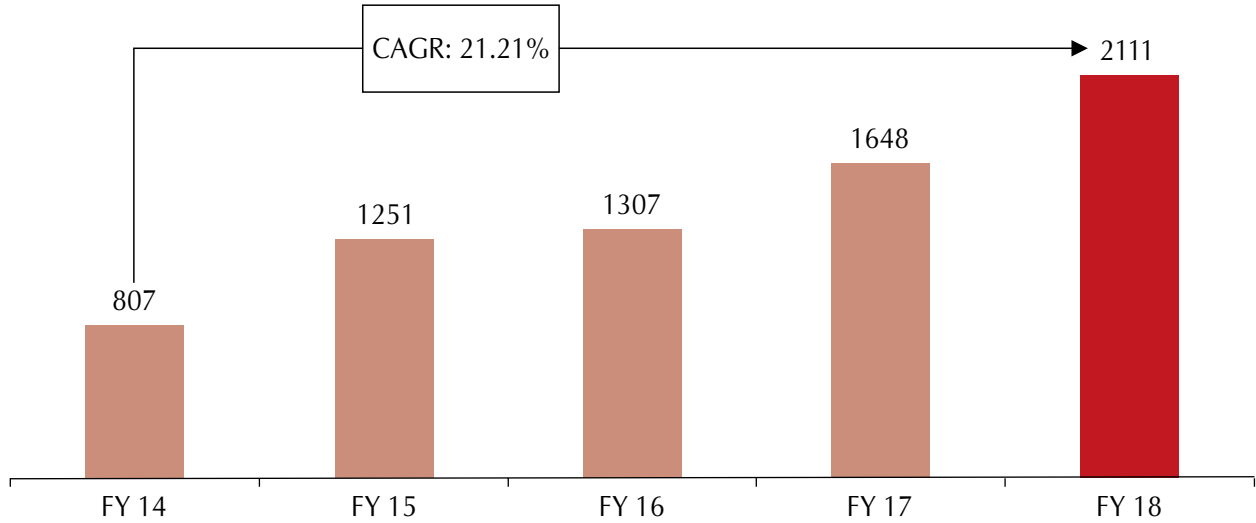
Book Value per share (USD)



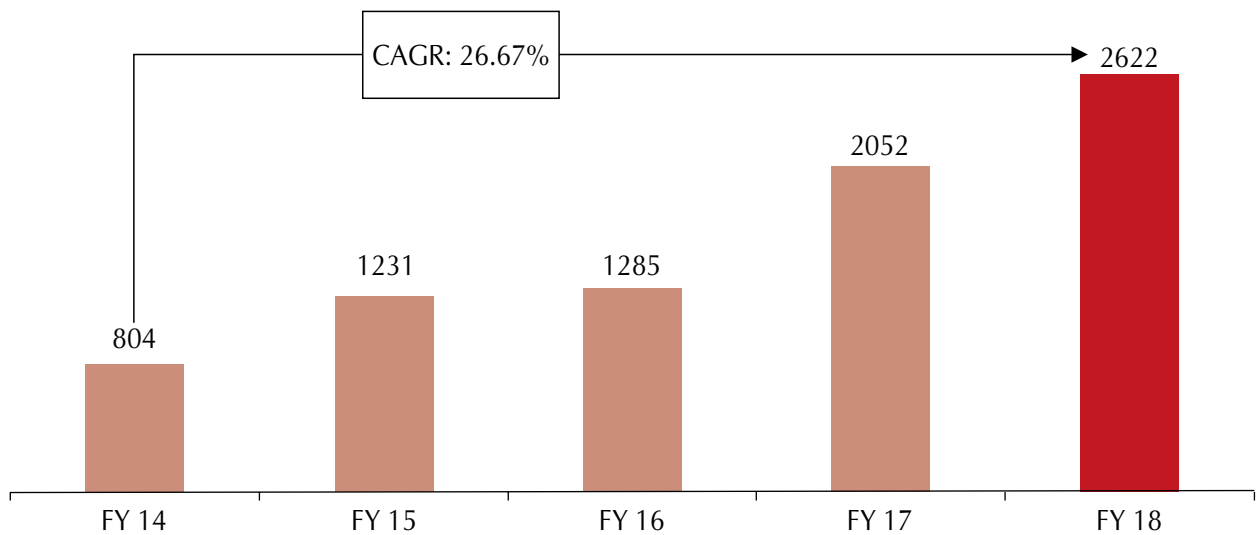


**IIHL - FINANCIAL PERFORMANCE:**

**Value of investments**  
USD Million



**Shareholders' equity<sup>1</sup>**  
USD Million



(1) Shareholders' equity = Stated capital + Revenue reserves + Translation reserves + Revaluation reserve + Other reserves – Treasury shares

# IndusInd International Holdings Ltd and its subsidiaries

## HINDUJA LEYLAND FINANCE:

### Growth

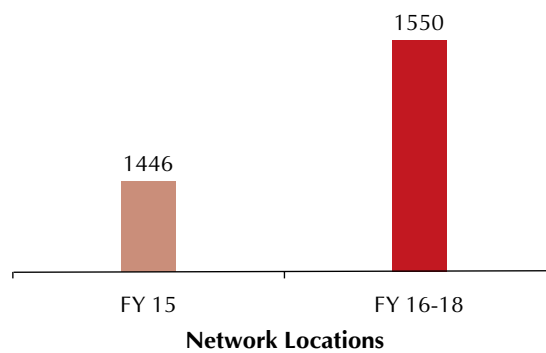
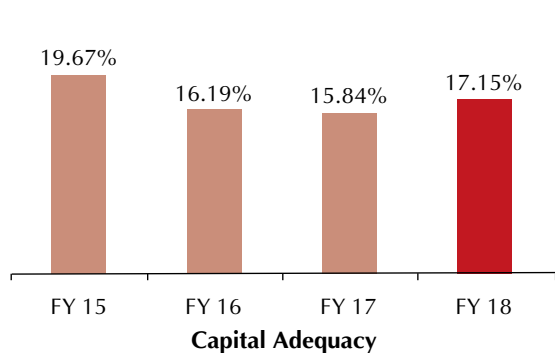
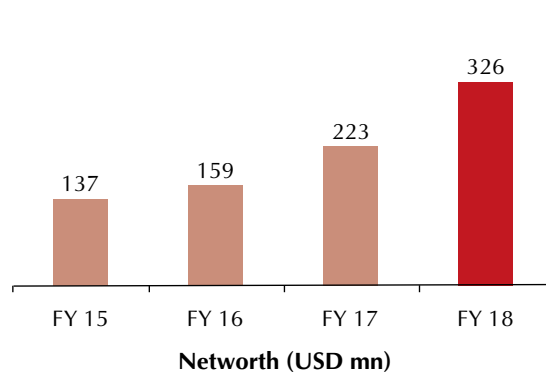
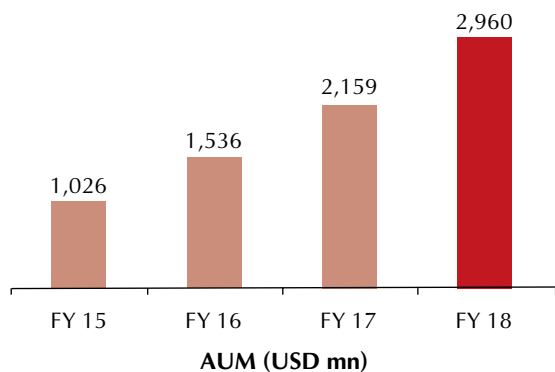
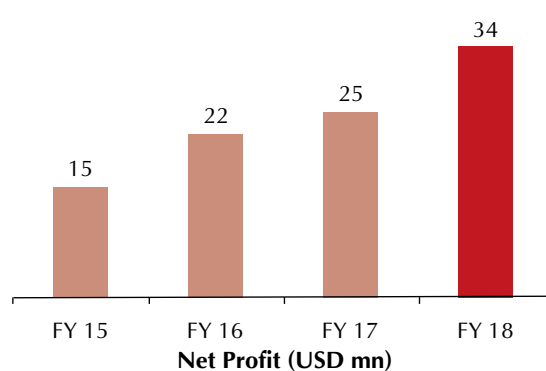
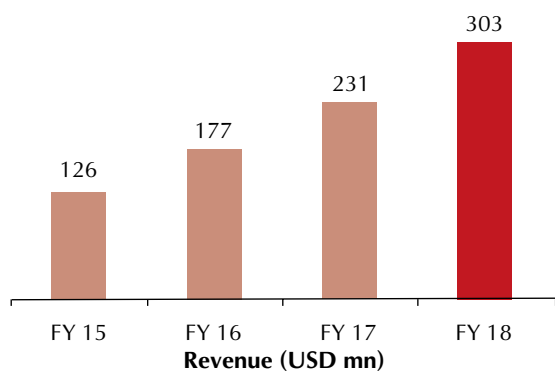
- AUM FY18 US\$ 2960 mn as against US\$ 2159 mn – 37% YOY growth
- Pan India Presence – 1550 business locations.
- Diversified product portfolio – Vehicle Finance (commercial vehicles, two wheelers, three wheelers, construction equipment, tractors, used vehicle) and Loans against Property, Home Loan
- Net NPA as of March 2018 – 3%

### Strength

	3 Year AVG	FY17
Net Interest Margin	8.2%	8.6%
Return on Average Assets*	2.0%	1.9%
Return of Equity#	13.4%	12.5%
NPA as % on AUM	3.6%	3.0%

\* Calculated as Return on weighted average on-book asset

# Calculated as return on average net worths



**INDUSIND MEDIA & COMMUNICATIONS LIMITED**

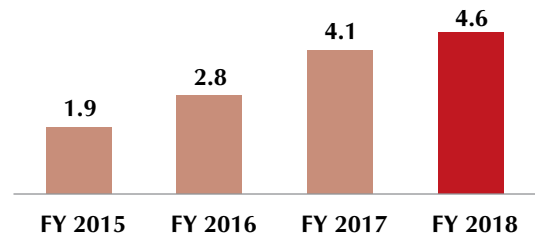
**Highlights:**

- Only Digital, Distribution Platform Group to offer both Digital Cable and HITS services in the country
- Reach in all States and Union territories of the country
- Distribution of digital TV unaffected in weather vagaries and difficult geographical terrains
- Presence in over 1200 centers across the country
- Over 4.5 million subscribers with aim to achieve 8 million subscribers
- Collection efficiency among the best in the country among cable service operators - over 95% on prepaid – aim to reach 100% in fiscal '19
- Capability to provide triple play services – Video, Broadband and Telephony over the Internet

**Financials:**

- Growth in subscription revenue 31% over FY 17
- Collection to billing ratio increased to 93% in FY 18
- Growth in subscriber base – 25% over FY 17

**Subscriber Growth (in Million)**



**Significant Investments made in Infrastructure to support high quality Services:**

Cable	HITS
<ul style="list-style-type: none"> <li>• 10,000 kms of trunk and access HFC networks</li> <li>• 2,000 kms of underground Fiber networks in key cities</li> <li>• Entire network 860 MHz enabled providing for scalability in channel delivery capacity (~1,000 channels)</li> </ul>	<ul style="list-style-type: none"> <li>• State of the art Earth Station in Noida, India</li> <li>• Over 1000 Cable Operators Premises Equipment installed across the country</li> <li>• “C” band satellite to ensure no rain attenuation disturbance to signals</li> <li>• Five satellite transponder capacity available</li> </ul>

**Well established brands:**



**State of the art Earth Station at Noida India:**



# IndusInd International Holdings Ltd and its subsidiaries

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## DIRECTORS' REPORT

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The Directors are pleased to present their twenty-fourth report on the business of IndusInd International Holdings Ltd. (the "Company") along with the consolidated and separate financial statements of the Company and its subsidiaries, IndusInd Ltd, IndusInd Capital Ltd, IndusInd Finance Ltd and IndusInd Ventures Ltd (together "the Group") for the year ended March 31, 2018.

### PRINCIPAL ACTIVITY

The principal activity of the Company and its subsidiaries is that of holding investments. The Company also constantly looks for opportunities to invest in operating businesses in financial services.

### RESULTS AND DIVIDENDS

For the year under review, the consolidated net profit stood at of USD 9,475,886 as against USD 3,202,164 for the year ended 31<sup>st</sup> March 2017. The revenue comprised dividend income from IndusInd Bank Ltd and capital gains on sale of shares held in Hinduja Leyland Finance Ltd. The Company has periodically kept booking profits in investments other than IndusInd Bank Ltd. thereby churning its portfolio.

The Directors have declared a dividend of 6% for financial year 2017-18 to the shareholders. The last instalment of bonus bond was paid to the existing ordinary equity shareholders of the Company in September 2017 along with the dividend of 6% for 2016-17 giving them USD based return of 18.5%.

### VALUE OF GROUP'S INVESTMENTS

As at 31<sup>st</sup> March 2018, the Group's investment in IndusInd Bank Ltd., Hinduja Leyland Finance Ltd., IndusInd Media & Communication Ltd. and IndusInd Information Technology Ltd. as summarized in the table below have grown over USD 2.7 Billion (USD 2.1 Billion on 31<sup>st</sup> March 2017).

Entity	Holding	No. of shares	Cost (US\$ mn)	Value (US\$ mn)
IndusInd Bank Ltd.	14.97% *	89,827,767	190.1	2,445.4
<b>Other Opportunistic Investment:</b>				
Hinduja Leyland Finance Ltd.	20.09%	91,699,720	111.3	211.3
IndusInd Media & Communication Ltd.	10.06%	13,463,435	76.8	72.2
IndusInd Information Technology Ltd.	49.99%	1,000,000	0.25	1.7
<b>TOTAL</b>			<b>378.45</b>	<b>2,730.6</b>

\* - IIHL together with its subsidiary IndusInd Ltd holds 14.97% in IndusInd Bank Ltd.

The book value of the share of the Company of USD 1 each is USD 88.07 as of 31<sup>st</sup> March 2018. (2017: USD 69.24)

### Performance of the Investee Companies

#### INDUSIND BANK LTD. (IBL)

Net profit of the Bank for 2017-18 was INR 36,060 Million (USD 554 Million) as against INR 28,678 Million (USD 442 Million) in 2016-17 showing a growth of 25.74%, one of the best in the banking industry.

Net Non Performing Assets was 0.51% of the Advances, one of the lowest in the industry.

### **DIRECTORS' REPORT** *(continued)*

The stake of IHL and its subsidiary IndusInd Ltd. in the equity of the Bank as Promoters is maintained at the level of around 15% permitted by Reserve Bank of India.

The market capitalization at the current price (July 2018) of INR 1,960 per share is USD 17 Billion. Value of the stake of Promoters is now about USD 2.6 Billion. (July 2018)

The process of merging with the micro-finance company, Bharat Financial Inclusion Ltd., by way of a share swap, is proceeding as planned and is expected to be completed on or before December 2018. This share swap will result in a dilution of around 2% stake held by the Company in the combined entity. In order to maintain the holding of 15%, the Bank will issue warrants at a price determined by the Securities and Exchange Board of India (SEBI) formula which is Rs. 1,709 per share, which will be applicable to the total warrants issuance. The Company will have to subscribe only to 25% value of the warrants upfront which will be approximately USD 100 Mn and the balance 75% or USD 300 Mn to be paid at the end of 18 months from the date of issue of the warrants, say by June 2020. The market capitalization of the combined entity is likely to cross USD 20 Bn. post-merger.

The year 2017-18 was marked by the Bank's desire of "Bringing India to Bharat (Rural India)" by extending the benefits and features of Digitization (India) to Bharat as they are integral part of a progressive economy. The decision to acquire Bharat Financial Inclusion Ltd. was prompted by the same endeavour.

The hardwork of the Bank was acknowledged and rewarded by numerous accolades. The Bank was honoured by "The Forrester Indian Mobile Banking Benchmark Report 2017" as the 3rd Best Bank amongst the participating banks for IndusMobile App. The Bank was mentioned amongst the winning category for the Best IT Risks and Cyber Security Initiatives and Best Payment Initiatives. The Bank bagged the runner-up category for the Best Financial Inclusions initiatives and for the Best Technology Bank.

The Bank is thus a forerunner in the market place in terms of profitability, productivity and efficiency as indicated in its Vision statement.

### **HINDUJA LEYLAND FINANCE LTD. (HLFL)**

The net profit of HLFL for 2017-18 was INR 2,066 Million (USD 31.76 Million) as on 31st March 2018 as against INR 1,695 Million (USD 26.12 Million) showing a growth of 21.9%. This includes the profit of HLFL's Housing Finance subsidiary at INR 170 Million (USD 2.61 Million).

HLFL, a Vehicle Finance Company, is diversifying into Housing Finance, Loan against Property and Portfolio buyouts. It is exploring inorganic opportunities in MFI space.

The Asset under Management at the end of March 2018 was INR 20.03 Billion (USD 3.10 Billion) with a growth of 38% over FY17. HLFL is planning a growth of 19% in Asset under Management and a growth of 29% in net profit in FY19.

HLFL's share is valued at INR 150 and plans are afoot to list the shares on or before December 2018. The Draft Red Herring Prospectus (DRHP) has already been filed with SEBI and is awaiting clearance.

### **INDUSIND MEDIA & COMMUNICATION LTD. (IMCL)**

IMCL is among India's top Multi System Operators (MSOs). Traditionally, it has offered its services through the terrestrial route by establishing Head ends across the country. It successfully digitalized its analogue

# IndusInd International Holdings Ltd and its subsidiaries

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## **DIRECTORS' REPORT** *(continued)*

customers in the Phase I and Phase II cities and towns under the digitalization programmer of the government of India.

In order to cater to the vast expanse of the rural and semi-urban areas of the country, IMCL launched in April 2016 a new mode of distribution of TV signals 'Headend In The Sky (HITS)'. Unlike the terrestrial route the HITS technology uses the satellite route to transmit TV signals.

At presents IMCL is the only company in India which distributes TV signals through both terrestrial and satellite route. IMCL has customers across all the States and Union Territories of the country and is present in over 1,000 locations.

Its services are provided under two brands 'Indigital' and 'NXT Digital'. It provides close to 500 channels and is the only integrated media delivery company with a pan India presence. It has subscriber base of close to 5 million.

Its revenue was INR 50,951 lakhs in FY18 and is projected to increase to INR 8060 Million (USD 124 Million). IMCL is presently incurring losses but its share is valued at INR 349 because of its potential to grow.

## **INDUSIND INFORMATION TECHNOLOGY LTD. (IITL)**

IHL is holding about 50% of the paid-up share capital of IITL and its networth as on 31st March 2018 is INR 227 Million (USD 3.5 Million). It earned a net profit of INR 15.3 Million in 2017-18 as against INR 14.2 Million in 2016-17.

The short-term loans and advances at the end of the year were INR 230.3 Million (USD 3.5 Million).

## **THREE NEW SUBSIDIARIES**

The Company had set up three new subsidiaries with a capital of US\$ 10,000 each in March 2017. The purpose was to attract strategic investments and acquire entities in different lines of business in financial sector in the future in Mauritius, Africa, India, Middle East, etc.

## **RIGHTS ISSUE**

The Company had announced a Rights Issue of around 12 Million. Shares in 2016. These were to be issued in tranches and the first tranche of 6,017,896 shares was offered in the year 2016 itself at a price of USD 20 per share (including a premium of USD 19 per share). Given the Cash Flow requirements of the Company in the current year, the second tranche of the Rights Issue will be announced in this year at a price that will be determined by the Board. The Directors once again thank the shareholders for oversubscribing to the first tranche and look forward to their support for the second tranche.

## **FUTURE OUTLOOK**

The organizational set-up of the Company in Mauritius under the leadership of Mr. Mayank Malik, an experienced Citi banker, as CEO is being strengthened to make the Company a vibrant operating company with acquisitions and partnerships. The CEO and his team will conceptualise and define the business strategy of the Company over the next 3-5 years. He will also assess various Mergers & Acquisition opportunities and under the guidance of the Board will take the Company to listing.

**DIRECTORS' REPORT** *(continued)*

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

The directors are responsible for the preparation of the financial statements for each financial year, which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- select suitable accounting policies and then apply them consistently; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with the International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

**CREATION OF SHAREHOLDER DATABASE**

Significant success has been achieved in completing KYC formalities of many of the shareholders and creating detailed database of the shareholders as regards address, email ID, banking account details, passport copies and other KYC requirements and the efforts of the Management Company will continue unrelented. The Company's website <http://www.indusindinternational.com/> is periodically updated that the Shareholders may refer to keep themselves up to date with the Company's affairs.

Significant developments since last Audit:

1. The Board appointed JurisTax Ltd. as the new Management Company & Secretary for the Company and its subsidiaries as from the 1st March 2018 in replacement of ENSafrica Fiduciary Ltd.
2. Mrs. Imalambaal Kichenin and Mr. Mayank Malik have been appointed as Directors of the Company as from 1st March 2018 and 31st January 2018 respectively. Mr. Thierry Vincent Marie Koenig and Mrs. Caroline Leclezio have resigned as Directors of the Company on 1st March 2018.

**AUDITORS**

The Auditors Deloitte Mauritius have indicated their willingness to continue in office until the next general meeting.

**By order of the Board**



**Mayank Malik**  
**Director**

August 12, 2018

# IndusInd International Holdings Ltd and its subsidiaries

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## SECRETARY'S CERTIFICATE

*for the year ended 31 March 2018*

### **Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001**

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of IndusInd International Holdings Limited (the "Company") under the Mauritius companies Act 2001 for the year ended 31 March 2018.



**Logadarshen Rungien**

For and on behalf of JurisTax Ltd

Secretary

August 12, 2018



**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INDUSIND INTERNATIONAL HOLDINGS LTD**

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**Report on audit of the consolidated and separate financial statements**

**Opinion**

We have audited the consolidated and separate financial statements of **IndusInd International Holdings Ltd** (the "Company") and its subsidiaries (the "Group") set out on pages 11 to 55, which comprise the consolidated and separate statements of financial position as at 31 March 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 March 2018, and of their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Matter**

The consolidated and separate financial statements of IndusInd International Holdings Ltd for the year ended 31 March 2017 were audited by another auditor who expressed an unmodified opinion on those financial statements on 7 August 2017.

**Report on other legal and regulatory requirements**

*The Mauritius Companies Act 2001*

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interest in, the Company and its subsidiaries other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

**Other information**

The directors are responsible for the other information. The other information comprises the directors' report and the statement for secretary, but does not include the financial statements and our auditor's report thereon.

# IndusInd International Holdings Ltd and its subsidiaries

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## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INDUSIND INTERNATIONAL HOLDINGS LTD *(continued)*

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies and they are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF INDUSIND INTERNATIONAL HOLDINGS LTD** *(continued)*

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

This report is made solely to the Company's shareholders, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

August 17, 2018

**Deloitte**  
Chartered Accountants

**Laura Yeung**  
Licensed by FRC

## IndusInd International Holdings Ltd and its subsidiaries

### CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *for the year ended 31 March 2018*

	Note	The Group		The Company	
		2018 USD	2017 USD	2018 USD	2017 USD
Revenue	4	<b>8,386,359</b>	5,912,090	<b>6,158,677</b>	5,813,844
Administration expenses		<b>(1,320,529)</b>	(830,055)	<b>(1,229,195)</b>	(781,665)
		<b>7,065,830</b>	5,082,035	<b>4,929,482</b>	5,032,179
Realised gain on disposal of available-for-sale investments		<b>5,334,911</b>	—	<b>5,334,911</b>	34,767,067
<b>Profit from operating activities</b>		<b>12,400,741</b>	5,082,035	<b>10,264,393</b>	39,799,246
Finance income	5	<b>3,781,910</b>	1,049,283	<b>3,773,620</b>	1,049,221
Finance costs	5	<b>(6,758,472)</b>	(2,996,678)	<b>(6,757,473)</b>	(2,995,590)
<b>Net finance costs</b>	5	<b>(2,976,562)</b>	(1,947,395)	<b>(2,983,853)</b>	(1,946,369)
<b>Operating profit</b>		<b>9,424,179</b>	3,134,640	<b>7,280,540</b>	37,852,877
Share of profit of associate	7a	<b>118,198</b>	109,587	—	—
<b>Profit before taxation</b>		<b>9,542,377</b>	3,244,227	<b>7,280,540</b>	37,852,877
Taxation	6	<b>(66,491)</b>	(42,063)	—	—
<b>Profit for the year</b>		<b>9,475,886</b>	3,202,164	<b>7,280,540</b>	37,852,877
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences		<b>(20,687)</b>	32,926	—	—
Net change in fair value of available for sale financial assets	8, 9	<b>566,794,210</b>	654,937,026	<b>561,240,321</b>	643,206,688
<b>Other comprehensive income for the year</b>		<b>566,773,523</b>	654,969,952	<b>561,240,321</b>	643,206,688
<b>Total comprehensive income for the year</b>		<b>576,249,409</b>	658,172,116	<b>568,520,861</b>	681,059,565

The notes on pages 30 to 64 form part of these consolidated and separate financial statements.

**CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** *for the year ended 31 March 2018 (Continued)*

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
<b>Profit attributable to:</b>				
Owners of the Company	<b>9,354,672</b>	3,125,455	<b>7,280,540</b>	37,852,877
Non-controlling interests	<b>121,214</b>	76,709	—	—
	<b>9,475,886</b>	3,202,164	<b>7,280,540</b>	37,852,877
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	<b>568,545,351</b>	648,585,128	<b>568,520,861</b>	681,059,565
Non-controlling interests	<b>7,704,058</b>	9,586,988	—	—
	<b>576,249,409</b>	658,172,116	<b>568,520,861</b>	681,059,565

The notes on pages 30 to 64 form part of these consolidated and separate financial statements.

# IndusInd International Holdings Ltd and its subsidiaries

## CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

as at 31 March 2018

	Note	The Group		The Company	
		2018 USD	2017 USD	2018 USD	2017 USD
<b>Assets</b>					
Investments in subsidiaries	9	—	—	595,771,731	466,878,045
Investments in associate	7	1,744,644	1,647,133	248,930	248,930
Available-for-sale investments	8	2,729,010,738	2,136,006,543	2,106,645,068	1,648,088,448
<b>Total non-current assets</b>		<b>2,730,755,382</b>	<b>2,137,653,676</b>	<b>2,702,665,729</b>	<b>2,115,215,423</b>
Other receivables and prepayments	10	11,466,156	2,961	37,134,686	27,871,119
Income tax receivable	6	—	1,042	—	—
Cash and cash equivalents		114,115,209	94,451,901	114,088,492	94,397,836
<b>Total current assets</b>		<b>125,581,365</b>	<b>94,455,904</b>	<b>151,223,178</b>	<b>122,268,955</b>
<b>Total assets</b>		<b>2,856,336,747</b>	<b>2,232,109,580</b>	<b>2,853,888,907</b>	<b>2,237,484,378</b>

These consolidated and separate financial statements have been approved and authorised for issue by the Board of directors on August 12, 2018 and signed on its behalf by



**Mayank Malik**  
Director



**Imalambaal Kichenin**  
Director

The notes on pages 30 to 64 form part of these consolidated and separate financial statements.

**CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
as at 31 March 2018 (Continued)

	Note	The Group		The Company	
		2018 USD	2017 USD	2018 USD	2017 USD
<b>Equity</b>					
Stated capital	11	35,948,227	35,948,227	35,948,227	35,948,227
Other reserve		138,244,014	138,244,014	113,896,656	113,896,656
Treasury shares	12	(5,858,746)	(5,858,746)	(5,858,746)	(5,858,746)
Translation reserve		(1,393,177)	(1,372,490)	—	—
Revaluation reserve		2,223,298,518	1,664,087,152	2,343,434,533	1,782,194,212
Revenue reserve		228,746,805	221,197,507	162,759,030	157,283,864
<b>Total equity attributable to owners of the Company</b>		<b>2,618,985,641</b>	<b>2,052,245,664</b>	<b>2,650,179,700</b>	<b>2,083,464,213</b>
<b>Non-controlling interests</b>	13	<b>33,450,104</b>	25,746,046	—	—
<b>Total equity</b>		<b>2,652,435,745</b>	<b>2,077,991,710</b>	<b>2,650,179,700</b>	<b>2,083,464,213</b>
<b>Non-current liabilities</b>					
Loan	15	200,000,000	150,000,000	200,000,000	150,000,000
<b>Current liabilities</b>					
Other payables	14	3,866,068	4,117,870	3,709,207	4,020,165
Tax payable	6	34,934	—	—	—
<b>Total current liabilities</b>		<b>3,901,002</b>	4,117,870	<b>3,709,207</b>	4,020,165
<b>Total liabilities</b>		<b>203,901,002</b>	154,117,870	<b>203,709,207</b>	154,020,165
<b>Total equity and liabilities</b>		<b>2,856,336,747</b>	2,232,109,580	<b>2,853,888,907</b>	2,237,484,378

These Consolidated and separate financial statements have been approved and authorised for issue by the Board of directors on August 12, 2018 and signed on its behalf by

  
Mayank Malik  
Director

  
Imalambaal Kichenin  
Director

The notes on pages 30 to 64 form part of these consolidated and separate financial statements.

**CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY**

for the year ended 31 March 2018

The Group	Attributable to owners of the Company								
	Stated capital	Other reserve	Treasury shares	Translation reserve	Revaluation Reserve	Revenue reserve	Total controlling interests	Total equity	
	USD	USD	USD	USD	USD	USD	USD	USD	
<b>Balance at 1 April 2016</b>	35,948,227	24,347,358	(11,856,642)	(1,405,416)	1,018,660,405	219,645,850	1,285,339,782	16,239,428	1,301,579,210
<b>Total comprehensive income</b>									
Profit for the year	—	—	—	—	—	3,125,455	3,125,455	76,709	3,202,164
Other comprehensive income	—	—	—	32,926	645,426,747	—	645,459,673	9,510,279	654,969,952
<b>Total comprehensive income for the year</b>	—	—	—	32,926	645,426,747	3,125,455	648,585,128	9,586,988	658,172,116
<b>Transactions with owners of the Company</b>									
<b>Contributions and distributions</b>									
Shares bought back	—	—	(20,000)	—	—	(60,000)	(80,000)	—	(80,000)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	(80,370)	(80,370)
Dividends paid (Note 16)	—	—	—	—	—	(1,444,595)	(1,444,595)	—	(1,444,595)
Dividend prior year	—	—	—	—	—	(4,370)	(4,370)	—	(4,370)
Bonds recalculation	—	—	—	—	—	3,750	3,750	—	3,750
Reclassification of dividend payable	—	—	—	—	—	(68,583)	(68,583)	—	(68,583)
Rights issue	—	114,340,024	6,017,896	—	—	—	120,357,920	—	120,357,920
Capitalisation of expenses	—	(443,368)	—	—	—	—	(443,368)	—	(443,368)
<b>Total contributions and distributions</b>	—	113,896,656	5,997,896	—	—	(1,573,798)	118,320,754	(80,370)	118,240,384
<b>Balance at 31 March 2017</b>	35,948,227	138,244,014	(5,858,746)	(1,372,490)	1,664,087,152	221,197,507	2,052,245,664	25,746,046	2,077,991,710

The notes on pages 30 to 64 form part of these consolidated and separate financial statements.



**CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY**  
for the year ended 31 March 2018 (Continued)

	Attributable to owners of the Company									
	Stated capital	Other reserve	Treasury shares	Translation reserve	Revaluation Reserves	Revenue reserve	Total	Non - controlling interests	Total equity	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
<b>The Group (continued)</b>										
Balance at 1 April 2017	35,948,227	138,244,014	(5,858,746)	(1,372,490)	1,664,087,152	221,197,507	2,052,245,664	25,746,046	2,077,991,710	
<b>Total comprehensive income</b>										
Profit for the year	—	—	—	—	—	9,354,672	9,354,672	121,214	9,475,886	
Other comprehensive income	—	—	—	(20,687)	559,211,366	—	559,190,679	7,582,844	566,773,523	
<b>Total comprehensive income for the year</b>	—	—	—	(20,687)	559,211,366	9,354,672	568,545,351	7,704,058	576,249,409	
<b>Transactions with owners of the Company</b>										
<b>Contributions and distributions</b>										
Current year dividend declared (Note 16)	—	—	—	—	—	(1,805,374)	(1,805,374)	—	(1,805,374)	
<b>Total contributions and distributions</b>	—	—	—	—	—	(1,805,374)	(1,805,374)	—	(1,805,374)	
<b>Balance at 31 March 2018</b>	<b>35,948,227</b>	<b>138,244,014</b>	<b>(5,858,746)</b>	<b>(1,393,177)</b>	<b>2,223,298,518</b>	<b>228,746,805</b>	<b>2,618,985,641</b>	<b>33,450,104</b>	<b>2,652,435,745</b>	

The notes on pages 30 to 64 form part of these consolidated and separate financial statements.

## IndusInd International Holdings Ltd and its subsidiaries

### CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2018

#### The Company

	Stated capital USD	Treasury shares USD	Revaluation reserve USD	Revenue reserve USD	Other reserve USD	Total Equity USD
Balance at 1 April 2016	35,948,227	(11,856,642)	1,138,987,524	121,004,785	—	1,284,083,894
Total omprehensive income for the year						
Profit for the year	—	—	—	37,852,877	—	37,852,877
Other omprehensive income						
Total omprehensive income for the year	—	—	643,206,688	—	—	643,206,688
Transactions with owners of the Company						
Contributions and distributions						
Shares bought-back	—	(20,000)	—	(60,000)	—	(80,000)
Current year dividend paid (Note 16)	—	—	—	(1,444,595)	—	(1,444,595)
Bonds recalled	—	—	—	3,750	—	3,750
Dividend prior year	—	—	—	(4,370)	—	(4,370)
Reclassification of dividend payable	—	—	—	(68,583)	—	(68,583)
Right issue	—	6,017,896	—	—	114,340,024	120,357,920
Capitalisation of expenses	—	—	—	—	(443,368)	(443,368)
Balance at 31 March 2017	<u>35,948,227</u>	<u>(5,858,746)</u>	<u>1,782,194,212</u>	<u>157,283,864</u>	<u>113,896,656</u>	<u>2,083,464,213</u>

The notes on pages 30 to 64 form part of these consolidated and separate financial statements.

**CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY**

for the year ended 31 March 2018

**The Company**

	<b>Stated capital USD</b>	<b>Treasury shares USD</b>	<b>Revaluation reserve USD</b>	<b>Revenue reserve USD</b>	<b>Other reserve USD</b>	<b>Total Equity USD</b>
Balance at 1 April 2017	35,948,227	(5,858,746)	1,782,194,212	157,283,864	113,896,656	2,083,464,213
Total comprehensive income for the year						
Profit for the year	—	—	—	7,280,540	—	7,280,540
Other comprehensive income	—	—	561,240,321	—	—	561,240,321
Total comprehensive income for the year	—	—	561,240,321	7,280,540	—	568,520,861
Transactions with owners of the Company						
Distributions						
Current year dividend declared (Note 16)	—	—	—	(1,805,374)	—	(1,805,374)
Balance at 31 March 2018	<u>35,948,227</u>	<u>(5,858,746)</u>	<u>2,343,434,533</u>	<u>162,759,030</u>	<u>113,896,656</u>	<u>2,650,179,700</u>

The notes on pages 30 to 64 form part of these consolidated and separate financial statements.

# IndusInd International Holdings Ltd and its subsidiaries

## CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

for the year ended 31 March 2018

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
<b>Cash flows from operating activities</b>				
Profit for the year	<b>9,475,886</b>	3,202,164	<b>7,280,540</b>	37,852,877
<i>Adjustments for:</i>				
Interest income	<b>(3,776,863)</b>	(1,049,277)	<b>(3,768,573)</b>	(1,049,215)
Interest expense	<b>6,721,929</b>	2,961,794	<b>6,721,929</b>	2,961,794
Dividend income	<b>(8,386,359)</b>	(5,912,090)	<b>(6,158,677)</b>	(5,813,844)
Realised gain on disposal of investment	<b>(5,334,911)</b>	—	<b>(5,334,911)</b>	(34,767,067)
Share of profit of associate (net of tax)	<b>(118,198)</b>	(109,587)	—	—
Taxation	<b>66,491</b>	42,063	—	—
	<b>(1,352,025)</b>	(864,933)	<b>(1,259,692)</b>	(815,455)
Change in other receivables and prepayments	<b>(463,195)</b>	208,885	<b>1,736,433</b>	195,137
Change in other payables	<b>479,422</b>	(5,533,516)	<b>420,266</b>	(5,537,362)
<b>Cash (used in)/generated from operating activities</b>	<b>(1,335,798)</b>	<b>(6,189,564)</b>	<b>897,007</b>	<b>(6,157,680)</b>
Income tax paid	<b>(31,557)</b>	(42,584)	—	—
Income tax refunded	<b>1,042</b>	—	—	—
Interest paid	<b>(6,545,579)</b>	(2,961,794)	<b>(6,545,579)</b>	(2,961,794)
<b>Net cash used in operating activities</b>	<b>(7,911,892)</b>	<b>(9,193,942)</b>	<b>(5,648,572)</b>	<b>(9,119,474)</b>
<b>Cash flows from investing activities</b>				
Interest received	<b>3,776,863</b>	1,049,277	<b>3,768,573</b>	1,049,215
Dividend received	<b>8,386,359</b>	5,912,090	<b>6,158,677</b>	5,813,844
Acquisition of investments	<b>(32,385,733)</b>	(175,785,517)	<b>(32,385,733)</b>	(175,815,517)
Disposal proceeds of investments	<b>11,510,659</b>	—	<b>11,510,659</b>	—
Loan to third party	<b>(11,000,000)</b>	—	<b>(11,000,000)</b>	—
<b>Net cash used in investing activities</b>	<b>(19,711,852)</b>	<b>(168,824,150)</b>	<b>(21,947,824)</b>	<b>(168,952,458)</b>

**CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS**

*for the year ended 31 March 2018*

**Cash flows from financing activities**

Dividend paid	<b>(889,726)</b>	(1,444,595)	<b>(889,726)</b>	(1,444,595)
Prior year dividends paid	—	(4,370)	—	(4,370)
Payment on buy-back of shares	—	(80,000)	—	(80,000)
Re-classification of dividend payable	—	(68,583)	—	(68,583)
Payment of Bonds	<b>(1,823,222)</b>	(2,641,725)	<b>(1,823,222)</b>	(2,641,725)
Loan proceeds	<b>50,000,000</b>	150,000,000	<b>50,000,000</b>	150,000,000
Right issue	—	120,357,920	—	120,357,920
Right issue expenses	—	(443,368)	—	(443,368)
<b>Net cash flow from financing activities</b>	<b>47,287,052</b>	265,675,279	<b>47,287,052</b>	265,675,279
<b>Net increase in cash and cash equivalents</b>	<b>19,663,308</b>	87,657,187	<b>19,690,656</b>	87,603,347
Cash and cash equivalent at 1 April	<b>94,451,901</b>	6,794,714	<b>94,397,836</b>	6,794,489
Cash and cash equivalent at 31 March	<b>114,115,209</b>	94,451,901	<b>114,088,492</b>	94,397,836

The notes on pages 30 to 64 form part of these consolidated and separate financial statements.

# IndusInd International Holdings Ltd and its subsidiaries

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018

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### 1. General information

The Company was incorporated as a public limited company in the Republic of Mauritius on 4 October 1993. The consolidated and separate financial statements for the year ended 31 March 2018 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associate. The principal activity of the Company and the Group is that of investment holding.

The Company as a holder of a Category 1 Global Business Licence under the Companies Act and the Financial Services Act 2007 is required to carry on its business in a currency other than the Mauritian rupee. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies the Company has chosen to retain the United States Dollar (USD) as its reporting currency.

### 2. Basis of preparation

#### (a) Statement of compliance

The consolidated and separate financial statements as at and for the year ended 31 March 2018 as issued by the International Accounting Standards Board (IASB) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the Mauritius Companies Act as applicable to GBL 1 companies.

#### (b) Basis of measurement

The consolidated and separate financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities which are fair valued.

#### (c) Functional and presentation currency

The consolidated and separate financial statements are presented in United States Dollar (USD) which is the Company’s and Group’s functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

#### d) Use of estimates and judgement

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

##### (i) Judgement

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements is included in the following note:

Functional and presentation currency:- Functional currency is the currency of the primary economic environment of the Group and the Company operates. If indicators of the primary economic environment are mixed, then management used its judgement to determine the functional currency

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

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that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Company transactions are denominated in USD. The expenses are denominated and paid in USD. Accordingly, management has determined that the functional currency of the Company and the Group is USD.

(ii) *Assumptions and estimation uncertainties*

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ended 31 March 2018 is included in the following note:

- Note 18 relates to the determination of the fair value of financial instruments with significant unobservable inputs

Measurement of fair values

A number of the Company's and Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

The Company and Group have established control framework with respect to the measurement of fair values. When measuring fair value of an asset or a liability, the Company and Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs on the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

### 3. Significant accounting policies

The Group and the Company have consistently applied the following accounting policies to all periods presented in these consolidated and separate financial statements.

(a) **Revenue recognition**

*Dividend income*

Dividend income is recognised in the consolidated and separate statement of profit or loss and other comprehensive income on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(b) **Basis of consolidation**

(i) *Subsidiaries*

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to

# IndusInd International Holdings Ltd and its subsidiaries

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

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affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investment in subsidiaries in the separate statement of financial position are measured at fair value through other comprehensive income (OCI).

(ii) *Non-controlling interest*

Non-controlling interest in the equity and results of the entities that are controlled by the Group is shown as a separate item in the consolidated financial statements.

Non-controlling interest is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) *Investments in associate*

The Group's interests in equity-accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated and separate financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees, until the date on which significant influence or joint control ceases.

(v) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) ***Finance income and finance costs***

The Group's and Company's finance income and finance costs include:

- Interest income;
- Interest expense; and
- The foreign currency gain or loss on financial assets and financial liabilities.



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

*for the year ended 31 March 2018 (Continued)*

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(i) *Interest income*

Interest income relates to bank interest received and is recognised, using the effective interest method.

(ii) *Interest expense*

Interest expense is recognised on borrowings that are recognised in the consolidated and separate statement of profit or loss and other comprehensive income.

(iii) *Foreign currency gain or loss*

Transactions in foreign currencies are translated at the foreign exchange rate at the date of transaction. Foreign exchange differences arising on translation are recognised in the statement of profit or loss and other comprehensive income.

**(d) Taxation**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) *Current tax*

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

(ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

# IndusInd International Holdings Ltd and its subsidiaries

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

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Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### (e) *Foreign currency transactions*

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to United States Dollar (USD) at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Foreign exchange differences arising on translation are recognised in the consolidated and separate statement of profit or loss and other comprehensive Income. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

However, foreign currency differences arising from the translation of the following items are recognised in OCI.

- Available-for-sale equity investments (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

### (f) *Impairment*

#### (i) *Non derivative financial assets*

Financial assets not classified as at fair value through profit and loss are assessed at each reporting period date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indication that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for the security; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group and the Company consider a decline of 20% to be significant and a period of nine months to be prolonged.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

*for the year ended 31 March 2018 (Continued)*

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*Financial assets measured at amortised cost*

The Group and the Company consider evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group and the Company uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group and the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

*Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

*(ii) Equity-accounted investees*

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

**(g) Financial instruments**

The Group and Company classify non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

The Group and company classify non-derivative financial liabilities into the other financial liabilities category.

*Non-derivative financial assets and financial liabilities - Recognition and derecognition*

The Group and Company initially recognise loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

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The Group and Company derecognise a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group and the Company is recognised as a separate asset or liability.

The Group and Company derecognise a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and financial liabilities are offset and the net amount presented in the consolidated and separate statement of financial position when, and only when, the Group and the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### *Non-derivative financial assets - Measurement*

#### Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables comprises of other receivables and cash and cash equivalents.

#### Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

### *Cash and cash equivalents*

Cash comprises of cash balances. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdraft that is repayable on demand and forms an integral part of the Group's and the Company's cash management is included as a component of cash and cash equivalents for the purpose of the consolidated and separate statement of cash flows.

### *Non-derivative financial liabilities- Measurement*

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Non-derivative financial liabilities comprise of bonds and other payables.

### **(h) Provisions**

Provisions are recognised in the consolidated and separate statement of financial position when the Group and Company has a legal or constructive obligation as a result of past events, and it is probable

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**(i) Stated capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

**(j) Treasury shares**

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

**(k) Operating lease**

Payments made under operating leases are recognised in consolidated and separate statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease. Assets held under operating leases are not recognised in the Group's and Company's statement of financial position.

**(l) Application of new and revised International Financial Reporting Standards (IFRSs)**

In the current year, the Group has applied a number new and revised IFRSs issued by the International Accounting Standards Board (the "IASB") that are mandatorily effective for an accounting period that begins on or after 1 April 2017.

*Standards and Interpretations adopted with no effect on the financial statements*

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impacts on the amounts reported in these financial statements but may affect the accounting for future transaction or arrangement.

IAS 7	Statement of Cash Flows Amendments as result of the Disclosure initiative
IAS 12	Income Taxes Amendments regarding the recognition of deferred tax assets for unrealised losses
IFRS 12	Disclosure of Interests in Other Entities Amendments resulting from Annual Improvements 2014 - 2016 Cycle (clarifying scope)

# IndusInd International Holdings Ltd and its subsidiaries

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

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*New and revised IFRS in issue but not yet applied*

At the date of authorisation of these financial statements, the following relevant new and revised Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 12	Income Taxes Amendments resulting from Annual Improvements 2015-2017 Cycle (income tax consequences of dividends) (effective 1 January 2019)
IAS 28	Investments in Associates and Joint Ventures Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements) (effective 1 January 2018)
IAS 28	Investments in Associates and Joint Ventures Amendments regarding long-term interests in associates and joint ventures (effective 1 January 2019)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 9	Financial Instruments Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 9	Financial Instruments Amendments regarding the interaction of IFRS 4 and IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
IFRS 9	Financial Instruments Amendments regarding prepayment features with negative compensation and modifications of financial liabilities (effective 1 January 2019)
IFRS 10	Consolidated Financial Statements Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (deferred indefinitely)
IFRS 15	Revenue from Contracts with Customers Original issue (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers Amendments to defer the effective date to 1 January 2018 (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers Clarifications to IFRS 15 (effective 1 January 2018)
IFRS 16	Leases Original issue (effective 1 January 2019)
IFRIC 22	Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
IFRIC 23	Uncertainty over Income Tax Treatments (effective 1 January 2019)

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

**4. Revenue**

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Dividend income	<b>8,386,359</b>	5,912,090	<b>6,158,677</b>	5,813,844

**5. Net finance costs**

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
<b>Finance income</b>				
Interest received	<b>3,776,863</b>	1,049,277	<b>3,768,573</b>	1,049,215
Exchange gain	<b>5,047</b>	6	<b>5,047</b>	6
	<b>3,781,910</b>	1,049,283	<b>3,773,620</b>	1,049,221
<b>Finance cost</b>				
Bank charges	<b>(33,792)</b>	(34,884)	<b>(32,793)</b>	(33,796)
Interest paid	<b>(6,721,929)</b>	(2,961,794)	<b>(6,721,929)</b>	(2,961,794)
Exchange loss	<b>(2,751)</b>	—	<b>(2,751)</b>	—
	<b>(6,758,472)</b>	(2,996,678)	<b>(6,757,473)</b>	(2,995,590)
<b>Net finance costs</b>	<b>(2,976,562)</b>	(1,947,395)	<b>(2,983,853)</b>	(1,946,369)

**6. Taxation**

*The Group & the Company*

The Group and the Company is subject to income tax in Mauritius at the rate of 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign tax paid or 80% of the Mauritian tax on its foreign source income.

As a tax resident of Mauritius, the Company expects to obtain benefits under the double taxation treaty between India and Mauritius ("DTAA"). In 2016, the governments of India and Mauritius revised the existing DTAA where certain changes have been brought to the existing tax benefits. The revised DTAA provides for capital gains arising on disposal of shares acquired by a Mauritius company on or after 1 April 2017 to be taxed in India. However, investments in shares acquired up to 31 March 2017 are exempted from capital gains tax in India irrespective of the date of disposal. In addition, shares acquired as from 1 April 2017 and disposed of by 31 March 2019 will be taxed at a concessionary rate equivalent to 50% of the domestic tax rate prevailing in India provided the Mauritius company meets the prescribed limitation of benefits clause, which includes a minimum expenditure level in Mauritius.

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

Disposal of investments made by a Mauritian company in Indian financial instruments other than shares (such as limited partnerships, options, futures, warrants, debentures, and other debt instruments) are not impacted by the change and will continue to be exempted from capital gains tax in India.

As per the revised DTAA, interest arising in India to Mauritian residents are subject to withholding tax in India at the rate of 7.5% in respect of debt claims or loans made after 31 March 2017.

Recognised in consolidated and separate statement of profit or loss and other comprehensive income.

Current tax expense

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Current year income tax	(66,491)	(42,063)	—	—

Reconciliation of effective tax

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Profit before taxation	9,542,377	3,244,227	7,280,540	37,852,877
Income tax at 15%	1,431,356	486,634	1,092,081	5,677,932
Tax exempt revenues	(821,115)	(62)	(802,081)	(5,215,060)
Non-allowable expenses	1,189,044	390,437	1,186,916	475,654
Unutilised tax losses	10,085	—	—	—
Foreign Tax credit	(1,742,879)	(919,072)	(1,476,916)	(938,526)
Tax expense	66,491	42,063	—	—

The tax losses for the Group are available to carry forward against future profits by latest over the following years:

<u>Financial year</u>	<u>Expiry date</u>	<u>Tax losses</u>
		USD
	2018	2023

Consolidated and separate statement of financial position



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
At 01 April	(1,042)	(521)	—	—
Current year income tax	66,491	42,063	—	—
Tax refund	1,042	—	—	—
Tax paid	(31,557)	(42,584)	—	—
Income tax payable/(receivable)	<b>34,934</b>	(1,042)	—	—

**7. Investments in associate**

*The Group*

	2018 USD	2017 USD
Cost		
<b>At 31 March</b>	<b>248,930</b>	248,930
Unrealised appreciation		
At 01 April 2017 and 01 April 2016	<b>1,398,203</b>	1,225,690
Movement during the year	<b>97,511</b>	142,513
<b>At 31 March</b>	<b>1,495,714</b>	1,398,203
<b>Carrying value</b>		
<b>At 31 March</b>	<b>1,744,644</b>	1,647,133

**7a. Analysis of investments in associate**

*The Group*

Name of company	Country of incorporation	% held	Principal activity	Initial Cost USD 2018 and 2017	Carrying amount USD 2018	Carrying amount USD 2017
Associate IndusInd Information Technology Limited	India	49.99	Software development	248,930	1,744,644	1,647,133

Investments in IndusInd Information Technology Limited consist of unquoted shares:

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

	2018 USD	2017 USD
Cost	248,930	248,930
Share of profit for prior years	2,209,695	2,100,108
Company's share of profit of associate for the year	118,198	109,587
Exchange difference on re-translation	(832,179)	(811,492)
<b>At 31 March</b>	<b>1,744,644</b>	<b>1,647,133</b>

### 7b. Investment in IndusInd Information Technology Limited

Summarised financial information in respect of the associate is set out below:

	2018 USD	2017 USD
Total current assets	3,542,031	3,327,732
Total current liabilities	(52,045)	(32,807)
Net assets	3,489,986	3,294,925
Group's share of associate's net assets (49.99%)	1,744,644	1,647,133

	2018 USD	2017 USD
Revenue	331,749	280,680
Profit for the year	236,444	219,218
Group's share of profit of associate (49.99%)	118,198	109,587

### The Company

	2018 USD	2017 USD
<i>Cost / Carrying value</i>		
At 01 April 2017 and 31 March 2018	248,930	248,930

### 8. Available-for-sale investments

Available-for-sale investments consist of unquoted and quoted shares. Quoted shares are listed on the Bombay Stock Exchange. The market value has been obtained from the National Stock Exchange as at 31 March 2018.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

<b>The Group - 2018</b>	<b>Quoted USD</b>	<b>Unquoted USD</b>	<b>Total USD</b>
<i>Cost</i>			
At 01 April 2017	184,143,101	167,900,228	352,043,329
Additions	6,000,000	26,385,733	32,385,733
Disposals	-	(6,175,748)	(6,175,748)
<b>At 31 March 2018</b>	<b>190,143,101</b>	<b>188,110,213</b>	<b>378,253,314</b>
<i>Unrealised appreciation/(depreciation)</i>			
At 01 April 2017	1,748,796,702	35,166,512	1,783,963,214
Movement during the year	506,493,398	60,300,812	566,794,210
<b>At 31 March 2018</b>	<b>2,255,290,100</b>	<b>95,467,324</b>	<b>2,350,757,424</b>
<i>Market value</i>			
<b>At 31 March 2018</b>	<b>2,445,433,201</b>	<b>283,577,537</b>	<b>2,729,010,738</b>
<b>The Group - 2017</b>	<b>Quoted USD</b>	<b>Unquoted USD</b>	<b>Total USD</b>
<i>Cost</i>			
At 01 April 2016	169,393,101	6,864,711	176,257,812
Additions/ (Disposal)	14,750,000	161,035,517	175,785,517
At 31 March 2017	184,143,101	167,900,228	352,043,329
<i>Unrealised appreciation/(depreciation)</i>			
At 01 April 2016	1,124,592,572	4,433,617	1,129,026,189
Movement during the year	624,204,130	30,732,895	654,937,025
At 31 March 2017	1,748,796,702	35,166,512	1,783,963,214
<i>Market value</i>			
At 31 March 2017	1,932,939,803	203,066,740	2,136,006,543
<b>The Company- 2018</b>	<b>Quoted USD</b>	<b>Unquoted USD</b>	<b>Total USD</b>
<i>Cost</i>			
At 1 April 2017	119,803,261	167,900,228	287,703,489
Additions	6,000,000	26,385,733	32,385,733
Disposals	-	(6,175,748)	(6,175,748)
<b>At 31 March 2018</b>	<b>125,803,261</b>	<b>188,110,213</b>	<b>313,913,474</b>

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

Unrealised appreciation/(depreciation)			
At 1 April 2017	1,325,218,447	35,166,512	1,360,384,959
Movement during the year	372,045,823	60,300,812	432,346,635
<b>At 31 March 2018</b>	<b>1,697,264,270</b>	<b>95,467,324</b>	<b>1,792,731,594</b>
Market value			
<b>At 31 March 2018</b>	<b>1,823,067,531</b>	<b>283,577,537</b>	<b>2,106,645,068</b>

<b>The Company - 2017</b>	<b>Quoted USD</b>	<b>Unquoted USD</b>	<b>Total USD</b>
<i>Cost</i>			
At 1 April 2016	108,545,568	6,864,711	115,410,279
Additions/ (Disposal)	11,257,693	161,035,517	172,293,210
At 31 March 2017	119,803,261	167,900,228	287,703,489
<i>Unrealised appreciation/(depreciation)</i>			
At 1 April 2016	869,636,278	4,433,617	874,069,895
Movement during the year	455,582,169	30,732,895	486,315,064
At 31 March 2017	1,325,218,447	35,166,512	1,360,384,959
<i>Market value</i>			
At 31 March 2017	1,445,021,708	203,066,740	1,648,088,448

### 8a. Net change in fair value of available for sale financial assets

	<b>The Group</b>		<b>The Company</b>	
	<b>2018 USD</b>	<b>2017 USD</b>	<b>2018 USD</b>	<b>2017 USD</b>
Reclassification to profit or loss on disposal	<b>1,944,488</b>	—	<b>1,944,488</b>	34,767,067
Fair value movement during the year(Notes 8 and 9)	<b>564,849,722</b>	654,937,026	<b>559,295,833</b>	608,439,621
	<b>566,794,210</b>	654,937,026	<b>561,240,321</b>	643,206,688

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

**8b. Portfolio of investments**

*The Group*

Name of company	Country of incorporation	% held	Principal activity	Cost USD 2018	Market value USD 2018	Cost USD 2017	Market value USD 2017
<b>Available-for-sale investments</b> IndusInd Media & Communication Ltd (unquoted)	India	10.06%	Telecom Communications	76,775,870	72,205,420	76,775,870	72,407,565
Hinduja Leyland Finance* (Unquoted)	India	20.09%	Non-Banking Finance Company	111,334,343	211,372,117	91,124,358	130,659,175
IndusInd Bank Limited** (Quoted)	India	14.97%	Banking services	190,143,101	2,445,433,201	184,143,101	1,932,939,803
Total				378,253,314	2,729,010,738	352,043,329	2,136,006,543

*The Company*

Name of company	Country of incorporation	% held	Principal activity	Cost USD 2018	Market value USD 2018	Cost USD 2017	Market value USD 2017
<b>Available-for-sale investments</b> IndusInd Media & Communication Ltd (unquoted)	India	10.06%	Telecom Communications	76,775,870	72,205,420	76,775,870	72,407,565
Hinduja Leyland Finance* (Unquoted)	India	20.09%	Non-Banking Finance Company	111,334,343	211,372,117	91,124,358	130,659,175
IndusInd Bank Limited** (Quoted)	India	11.00%	Banking services	125,803,261	1,823,067,531	119,803,261	1,445,021,708
Total				313,913,474	2,106,645,068	287,703,489	1,648,088,448

\* The Company does not have significant influence over Hinduja Leyland Finance, therefore equity accounting as per IAS 28 - Investments in Associates is not applicable.

\*\* IndusInd International Holdings Ltd (the "Donor") holds 67,038,208 ordinary shares of par value INR 10 in IndusInd Bank Ltd (IBL). During the year ended 31 March 2017, the Donor donated 4,300,000 shares of IBL to IndusInd Ltd by way of gift. IndusInd Ltd had in turn transferred the lock in shares of IBL to the extent of 2,143,136. Both the transactions were made by way of gift. The donation was made without consideration.

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

Available-for-sale investments	Restriction on disposal of shares
Indusind Media & Communication Ltd (Unquoted)	The disposal of shares shall be subject to the extant FDI policy, applicable FEMA regulations and RBI guidelines as may be prescribed from time to time.
IndusInd Bank Limited (Quoted)	The 8,781,360 shares allotted under preferential basis are locked-in up to 14 August 2018.

### 9. Investment in subsidiaries

#### The Company

	2018 USD	2017 USD
<i>Cost</i>		
At 31 March 2017 and 01 April 2016	45,068,792	6,779,417
<i>Additions</i>	—	38,289,375
	<u>45,068,792</u>	<u>45,068,792</u>
<i>Unrealised Appreciation</i>		
At 31 March 2017 and 01 April 2016	<b>421,809,253</b>	264,917,630
Movement during the year	<b>128,893,686</b>	156,891,623
At 31 March	<b>550,702,939</b>	421,809,253
<i>Market value</i>		
At 31 March	<b>595,771,731</b>	466,878,045

#### 9a. Portfolio of Investments

Name of company	Country of incorporation	% held	Principal activity	Cost USD 2018	Market value USD 2018	Cost USD 2017	Market value USD 2017
Subsidiaries IndusInd Ltd	Mauritius	94.36%	Investment holding	<b>45,038,792</b>	<b>595,741,731</b>	45,038,792	466,848,045
IndusInd Capital Ltd	Mauritius	100%	Investment holding	<b>10,000</b>	<b>10,000</b>	10,000	10,000
IndusInd Finance Ltd	Mauritius	100%	Investment holding	<b>10,000</b>	<b>10,000</b>	10,000	10,000
IndusInd Venture Ltd	Mauritius	100%	Investment holding	<b>10,000</b>	<b>10,000</b>	10,000	10,000

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

**10. Other receivables and prepayments**

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Prepayments	7,070	1,580	4,268	861
Loan to subsidiary*	—	—	25,671,332	27,868,877
Loan to third party**	11,000,000	—	11,000,000	—
Other receivables	459,086	1,381	459,086	1,381
	<u>11,466,156</u>	<u>2,961</u>	<u>37,134,686</u>	<u>27,871,119</u>

\* The loan to subsidiary is interest free and is repayable on demand.

\*\* The loan to third party bears interest that has not been accrued in the financial statements since the loan was granted close to year end and the effect would be immaterial. The loan bears a fixed interest rate of 4% per annum and is unsecured. The loan was repaid in June 2018.

**11. Stated capital**

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
<i>Issued and fully paid</i>				
Ordinary shares of USD 1 each	<u>35,948,227</u>	<u>35,948,227</u>	<u>35,948,227</u>	<u>35,948,227</u>

All shares in issue are fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company but this provision shall be subject to the provisions with respect to voting power attached to any shares which may be subject to special conditions.

**Nature and purpose of the reserves**

**Other reserve**

Other reserve includes share premium raised on rights issue. In October 2016, the board approved the issue of 6,017,896 ordinary equity shares with a put option at par value of USD 1. Issue price for each ordinary equity share issued in 2016 is USD 20 which includes share premium of USD 19 each.

**Revaluation reserve**

The revaluation reserve relates to any surplus arising on changes in fair value of available for sale financial assets.

**Revenue reserve**

The revenue reserve includes accumulated retained earnings.

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

### 12. Treasury shares

The Company bought-back its issued shares as follows:

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Balance at 01 April	5,858,746	11,856,642	5,858,746	11,856,642
Bought-back during the year	—	20,000	—	20,000
Right issue	—	(6,017,896)	—	(6,017,896)
<b>Balance at 31 March</b>	<b>5,858,746</b>	<b>5,858,746</b>	<b>5,858,746</b>	<b>5,858,746</b>

The treasury shares are being held by the Company and have not been cancelled. In October 2016, the Company offered 6,017,896 New Ordinary Equity Shares by way of Rights to the existing shareholders at the issue price of USD 20 for each New Ordinary Equity Shares which includes face value of US\$ 1 and premium of USD 19. The premium has been recorded in the 'Other reserve' as part of equity.

### 13. Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material NCI, before any intra-group eliminations.

2018	USD
Country of incorporation	<b>Mauritius</b>
Percentage of NCI	<b>5.64%</b>
<i>As at 31 March 2018</i>	
Non-current assets	<b>657,132,737</b>
Current assets	<b>4,482</b>
Current liabilities	<b>(25,787,356)</b>
Net assets*	<b>631,349,863</b>
Net assets attributable to owners of the Company	<b>597,899,759</b>
Net assets attributable to NCI	<b>33,450,104</b>
Revenue	<b>2,227,682</b>
Profit	<b>2,149,187</b>
Other comprehensive income	<b>134,447,573</b>
Total comprehensive income	<b>136,596,760</b>
Profit attributable to NCI	<b>121,214</b>
OCI allocated to NCI	<b>7,582,844</b>



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

NCI share of cash flow from operating activities	(2,218)
NCI share of cash flow from financing activities	(125,434)
NCI share of cash flow from investing activities	126,109
NCI share of net increase / (decrease) in cash and cash equivalents	(1,543)

\* Net assets exclude gift of shares.

<b>2017</b>	<b>USD</b>
Country of incorporation	<b>Mauritius</b>
Percentage of NCI	5.64%
As at 31 March 2017	
Non-current assets	522,685,164
Current assets	32,946
Current liabilities	(27,965,007)
Net assets*	494,753,103
Net assets attributable to owners of the Company	469,007,057
Net assets attributable to NCI	25,746,046
Revenue	1,442,938
Profit	1,360,092
Other comprehensive income	168,621,961
Total comprehensive income	169,982,053
Profit attributable to NCI	76,709
OCI allocated to NCI	9,510,279
NCI share of cash flow from operating activities	(41)
NCI share of cash flow from financing activities	(79,595)
NCI share of cash flow from investing activities	81,382
NCI share of net increase / (decrease) in cash and cash equivalents	1,746

**14. Other payables**

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Dividends payable	1,229,590	313,942	1,149,220	233,572
Other creditors and accruals	587,608	108,186	511,117	90,851
Interest payable	435,956	259,606	435,956	259,606
Bonds payable	1,612,914	3,436,136	1,612,914	3,436,136
	<u>3,866,068</u>	<u>4,117,870</u>	<u>3,709,207</u>	<u>4,020,165</u>

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

### 15. Loan

#### The Company

	2018 USD	2017 USD
Balance at 01 April 2017	150,000,000	—
Received during the year	50,000,000	150,000,000
Balance at 31 March 2018	<u>200,000,000</u>	<u>150,000,000</u>

Loan payable amounting to USD 200,000,000 is due to Citibank. From 1 April 2017 to 22 March 2018, the rate of interest on loan is the percentage rate per annum which is aggregate of the applicable margin of 2.25% and LIBOR which is calculated on a daily basis. From 23 March 2018, the loan would bear a fixed rate of interest of 4.85 % p.a. The loan is secured and repayable on 19 December 2019. The loan is secured by a pledge on the shares of IndusInd Ltd held by the Company. IndusInd Ltd has in turn given a Non-Disposal undertaking for the 23,800,000 shares it holds in IndusInd Bank Limited.

### 16. Dividend declared

#### The Group and the Company

	2018 USD	2017 USD
Dividend declared of USD0.06 cents per share (2017: USD0.048 cents per share)	<u>1,805,374</u>	<u>1,444,595</u>

### 17. Operating lease

#### Leasing arrangements

Operating leases relate to lease of offices pace with lease terms of between 1 to 3 years, with an option to renew. All operating lease contracts contain market review clauses in the event that the lessees exercise their option to renew. The lessees do not have an option to purchase the leased office space at the expiry of the lease period.

#### Payments recognised as an expense

	2018 USD	2017 USD
Minimum lease payments	<u>16,620</u>	<u>—</u>
Non-cancellable operating lease rentals are payable as follows:		

	2018 USD	2017 USD
Less than one year	108,752	—
Between one and three years	312,120	—
	<u>420,872</u>	<u>—</u>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

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### 18. Financial instruments and capital management

#### **Overview**

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group and the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management frame work. The Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group and the Company's activities.

#### **Credit risk**

Credit risk represents the potential loss that the Group and the Company would incur if counter parties fail to perform pursuant to the terms of their obligations to the Group and the Company. The Group and the Company limits its credit risk by carrying out transactions only with its related parties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated and separate statement of financial position.

#### **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they become due without incurring unacceptable losses or risking damage to the Group and the Company's reputation.

#### **Market risk**

Market risk represents the potential loss that can be caused by a change in the market value of financial instruments. The Group's and the Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility. The Group and the Company conduct their investment operations in a manner that seeks to exploit the potential gains in the market, while limiting its exposure to market declines.

#### **Interest rate risk**

The Group and the Company finances its operation through retained profits at market interest rates. This strategy allows it to capitalise on cheaper funding and to manage the risk on an ongoing basis.

#### **Currency risk**

The Group and the company invest in financial assets and financial liabilities denominated in Indian Rupee (INR). Consequently, the Group and the Company is exposed to the risk that the exchange rate of the USD relative to the INR may change in a manner which has a material effect on the reported values of the Group and the Company's financial assets and financial liabilities which are denominated in INR.

#### **Equity price risk**

The Group and the Company is exposed to equity price risk, which arises from available-for-sale equity securities held for investments measured at fair value. The management of the Group and Company monitors the proportion of equity securities in its investment portfolio based on market indices.

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

### Capital management

The Group and the Company primary objectives when managing capital are to safeguard the Group and Company's ability to continue as a going concern. As the Company is part of a larger group, the Group and the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the Group's and the Company's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Group. The results of the directors' review of the Company's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared.

### Categories of financial assets and financial liabilities

#### The Group

The fair values for financial assets and liabilities together with the carrying amounts shown in the consolidated and separate statement of financial position are as follows:

	Available for sale financial assets USD	Loans and receivables USD	Other financial liabilities USD	Total Carrying amount USD
<b>31 March 2018</b>				
<b>Financial assets measured at fair value</b>				
Available for sale investment	<b>2,729,010,738</b>	—	—	<b>2,729,010,738</b>
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	—	<b>114,115,209</b>	—	<b>114,115,209</b>
Other receivables	—	<b>11,175,449</b>	—	<b>11,175,449</b>
	—	<b>125,290,658</b>	—	<b>125,290,658</b>
<b>Financial liabilities not measured at fair value</b>				
Loan from Citibank	—	—	<b>(200,000,000)</b>	<b>(200,000,000)</b>
Bonds payable	—	—	<b>(1,612,914)</b>	<b>(1,612,914)</b>
Other payables	—	—	<b>(2,241,819)</b>	<b>(2,241,819)</b>
	—	—	<b>(203,854,733)</b>	<b>(203,854,733)</b>

Prepayments amounting to **USD 7,070** (2017: USD 1,580) and non-financial assets amounting to **USD 283,637** (2017: nil) have been excluded in financial assets.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

*The Group*

The fair values for financial assets and liabilities together with the carrying amounts shown in the consolidated and separate statement of financial position are as follows:

	Available for sale financial assets USD	Loans and receivables USD	Other financial liabilities USD	Total Carrying amount USD
<b>31 March 2017</b>				
<b>Financial assets measured at fair value</b>				
Available for sale investment	2,136,006,543	—	—	2,136,006,543
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	—	94,451,901	—	94,451,901
<b>Other receivables</b>	—	1,381	—	1,381
	—	94,453,282	—	94,453,282
<b>Financial liabilities not measured at fair value</b>				
Loan from Citibank	—	—	(150,000,000)	(150,000,000)
Bonds payable	—	—	(3,436,136)	(3,436,136)
Other payables	—	—	(681,734)	(681,734)
	—	—	(154,117,870)	(154,117,870)

Prepayments amounting to **USD 7,070** (2017: USD 1,580) and non-financial assets amounting to **USD 283,637** (2017: nil) have been excluded in financial assets.

*The Company*

The fair values for financial assets and liabilities together with the carrying amounts shown in the consolidated and separate statement of financial position are as follows:

	Available for sale financial assets USD	Loans and receivables USD	Other financial liabilities USD	Total Carrying amount USD
<b>31 March 2018</b>				
<b>Financial assets measured at fair value</b>				
Available for sale investment	2,106,645,068	—	—	2,106,645,068
	2,106,645,068	—	—	2,106,645,068
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	—	114,088,492	—	114,088,492
Other receivables	—	36,846,781	—	36,846,781
	—	150,935,273	—	150,935,273

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

### *Financial liabilities not measured at fair value*

Loan from Citibank	—	—	(200,000,000)	(200,000,000)
Bonds payable	—	—	(1,612,914)	(1,612,914)
Other payables	—	—	(2,096,293)	(2,096,293)
	—	—	(203,709,207)	(203,709,207)

Prepayments amounting to **USD 4,268** (2017: USD 861) and non-financial assets amounting to **USD 283,637** (2017: nil) have been excluded in financial assets.

Except for the available for sale investments, which are measured at fair value, the carrying amounts of all the other financial assets and financial liabilities approximate their fair values.

### *The Company*

The fair values for financial assets and liabilities together with the carrying amounts shown in the consolidated and separate statement of financial position are as follows:

	Available for sale financial assets USD	Loans and receivables USD	Other financial liabilities USD	Total Carrying amount USD
<b>31 March 2017</b>				
<i>Financial assets measured at fair value</i>				
Available for sale investment	1,648,088,448	—	—	1,648,088,448
<i>Financial assets not measured at fair value</i>				
Cash and cash equivalents	—	94,397,836	—	94,397,836
Other receivables	—	27,870,258	—	27,870,258
	—	122,268,094	—	122,268,094
<i>Financial liabilities not measured at fair value</i>				
Loan from Citibank	—	—	(150,000,000)	(150,000,000)
Bonds payable	—	—	(3,436,136)	(3,436,136)
Other payables	—	—	(584,029)	(584,029)
	—	—	(154,020,165)	(154,020,165)

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

Currency profile

The currency profile of the Group and the Company's financial assets and liabilities are summarised as follows:

The Group

	<b>Financial assets 2018</b>	<b>Financial liabilities</b>	Financial assets 2017	Financial liabilities
	USD	USD	USD	USD
<b>USD</b>	<b>125,290,658</b>	<b>203,854,733</b>	94,453,282	154,117,870
<b>INR</b>	<b>2,729,010,738</b>	<b>—</b>	2,136,006,543	<b>—</b>
	<b>2,854,301,396</b>	<b>203,854,733</b>	2,230,459,825	154,117,870

The Company

	<b>Financial assets 2018</b>	<b>Financial liabilities</b>	Financial assets 2017	Financial liabilities
	USD	USD	USD	USD
<b>USD</b>	<b>150,935,273</b>	<b>203,697,873</b>	122,268,094	154,020,165
<b>INR</b>	<b>2,106,645,068</b>	<b>—</b>	1,648,088,448	<b>—</b>
	<b>2,257,580,341</b>	<b>203,697,873</b>	1,770,356,542	154,020,165

**Credit risk**

All receivables balance is monitored on an ongoing basis by management. Necessary provisions are made in the financials for credit losses for amounts past due for more than one year. The Group and the Company are affiliated with reputable financial institution which are a 'Symbol of Excellence' in the Banking category of the Indian economy.

**Exposure to credit risk**

At the end of the financial year, there are no significant concentration of credit risk for receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	<b>The Group</b>		<b>The Company</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>USD</b>	USD	<b>USD</b>	<b>USD</b>
Other receivables	<b>11,175,449</b>	1,381	<b>36,846,781</b>	27,870,258
Cash and cash equivalents	<b>114,115,209</b>	94,451,901	<b>114,088,492</b>	94,397,836
	<b>125,290,658</b>	94,453,282	<b>150,935,273</b>	122,268,094

# IndusInd International Holdings Ltd and its subsidiaries

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

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### Fair value estimation

The Group and the Company adopted the amendment to IFRS 7, effective on 01 January 2009. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The Company has classified its available-for-sale financial assets using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset that are not based on observable market data (unobservable inputs).

### Fair value estimation

The fair value hierarchy at 31 March 2018 is as disclosed below.

#### *The Group - 2018*

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Available-for-sale investments	<u>2,445,433,201</u>	<u>—</u>	<u>283,577,537</u>	<u>2,729,010,738</u>

#### *The Company - 2018*

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Available-for-sale investments	<u>1,823,067,531</u>	<u>—</u>	<u>283,577,537</u>	<u>2,106,645,068</u>

#### *The Group - 2017*

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Available-for-sale investments	<u>1,932,939,803</u>	<u>—</u>	<u>203,066,740</u>	<u>2,136,006,543</u>

#### *The Company - 2017*

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Available-for-sale investments	<u>1,445,021,708</u>	<u>—</u>	<u>203,066,740</u>	<u>1,648,088,448</u>

The changes in available-for-sale financial assets measured at fair value using significant level 3 inputs are shown in note 8.



**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

*Level 3 Fair Value reconciliation*

	<b>The Group and the Company</b>	
	<b>2018</b>	2017
	<b>USD</b>	USD
Balance at 1 April	<b>203,066,740</b>	11,298,328
Additions	<b>26,385,733</b>	161,035,517
Disposals	<b>(6,175,748)</b>	—
Net change in fair value of available-for-sale investments	<b>60,300,812</b>	30,732,895
	<b>283,577,537</b>	203,066,740

*Significant unobservable inputs used in measuring fair value*

The table below sets out information about significant unobservable inputs used at 31 March 2018 and 2017 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Description	Valuation techniques	Unobservable inputs	Range of inputs	Sensitivity to changes in significant unobservable inputs
Unlisted private equity investments	Income approach / Discounted cash flows method	Projected cash flow discount rate Terminal growth rate	10% – 14% 4% - 5%	An increase in discounted rate will result in a decrease in fair values whereas an increase in terminal growth rate will result in an increase in fair values.

Some of the investee companies have reported contingencies, legal and tax disputes in their underlying financial statements which are currently ongoing.

The effects of these contingencies, legal and tax disputes have not been taken into account when ascertaining the fair value of the relevant investee companies as the outcomes were uncertain at the date of these financial statements. The Board of Directors is of the opinion that the impact of the same is not expected to be significant.

The full details of the contingencies, legal and tax disputes have been disclosed in the financial statements of the investee companies.

**Sensitivity Analysis**

*The Group and the Company*

The following shows the Group and the Company's sensitivity to the significant unobservable inputs, namely discount rate and terminal value growth rate.

# IndusInd International Holdings Ltd and its subsidiaries

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

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### Indusind Media & Communications Limited

<b>Before sensitivity analysis</b>	<b>2018 USD</b>
Fair value of quoted investments	72,205,420
<b>After sensitivity analysis based on discount rate</b>	
<i>0.5 decrease in discount rate</i>	
Increase in fair value of unquoted investments	<u>3,724,062</u>
<i>0.5 increase in discount rate</i>	
Decrease in fair value of unquoted investments	<u>(3,310,277)</u>
<b>After sensitivity analysis based on terminal value growth rate</b>	<b>2018 USD</b>
<i>0.5 decrease in terminal value growth rate</i>	
Decrease in fair value of unquoted investments	<u>(3,310,277)</u>
<i>0.5 increase in terminal value growth rate</i>	
Increase in fair value of unquoted investments	<u>3,724,062</u>

### Hinduja Leyland Finance

<b>Before sensitivity analysis</b>	<b>2018 USD</b>
Fair value of quoted investments	211,372,117
<b>After sensitivity analysis based on discount rate</b>	
<i>0.5 decrease in discount rate</i>	
Increase in fair value of unquoted investments	<u>15,500,624</u>
<i>0.5 increase in discount rate</i>	
Decrease in fair value of unquoted investments	<u>(18,318,920)</u>
<b>After sensitivity analysis based on terminal value growth rate</b>	<b>2018 USD</b>
<i>0.5 decrease in terminal value growth rate</i>	
Decrease in fair value of unquoted investments	<u>(14,091,477)</u>
<i>0.5 increase in terminal value growth rate</i>	
Increase in fair value of unquoted investments	<u>12,682,329</u>

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

The following shows the Group and the Company's sensitivity to an increase and decrease in the equity share price by 10%. 10% is the sensitivity rate used internally by management.

*The Group*

	<b>Quoted Investments</b>	Quoted Investments
	<b>2018</b>	2017
	<b>USD</b>	USD
<b>Before sensitivity analysis</b>		
Fair value of quoted investments	<u>2,445,433,201</u>	<u>1,932,939,803</u>
<b>After sensitivity analysis</b>		
<i>10% increase in equity share price</i>		
Fair value of quoted investments	<u>2,689,976,521</u>	<u>2,126,233,783</u>
Increase in quoted investments	<u>244,543,320</u>	<u>193,293,980</u>
<i>10% decrease in equity share price</i>		
Fair value of quoted investments	<u>2,200,889,881</u>	<u>1,739,645,823</u>
Decrease in quoted investments	<u>(244,543,320)</u>	<u>(193,293,980)</u>

*The Company*

	<b>Quoted Investments</b>	Quoted Investments
	<b>2018</b>	2017
	<b>USD</b>	USD
<b>Before sensitivity analysis</b>		
Fair value of quoted investments	<u>1,823,067,531</u>	<u>1,445,021,707</u>
<b>After sensitivity analysis</b>		
<i>10% increase in equity share price</i>		
Fair value of quoted investments	<u>2,005,374,284</u>	<u>1,589,523,878</u>
Increase in quoted investments	<u>182,306,753</u>	<u>144,502,171</u>
<i>10% decrease in equity share price</i>		
Fair value of quoted investments	<u>1,640,760,778</u>	<u>1,300,519,536</u>
Decrease in quoted investments	<u>(182,306,753)</u>	<u>(144,502,171)</u>

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

### Liquidity risk

#### i) The Group

	Due for less than 1 year 2018 USD	Due between 1 and 5 years 2018 USD	Total 2018 USD	Due for less than 1 year 2017 USD	Due between 1 and 5 years 2017 USD	Total 2017 USD
<b>Financial liabilities</b>						
Other payables	2,241,819	—	2,241,819	681,734	—	681,734
Bonds payable	1,612,914	—	1,612,914	3,436,136	—	3,436,136
Loan from Citibank	—	200,000,000	200,000,000	—	150,000,000	150,000,000
<b>Total financialliabilities</b>	<b>3,854,733</b>	<b>200,000,000</b>	<b>203,854,733</b>	<b>4,117,870</b>	<b>150,000,000</b>	<b>154,117,870</b>

#### ii) The Company

	Due for less than 1 year 2018 USD	Due between 1 and 5 years 2018 USD	Total 2018 USD	Due for less than 1 year 2017 USD	Due between 1 and 5 years 2017 USD	Total 2017 USD
<b>Financialliabilities</b>						
Other payables	2,084,959	—	2,084,959	584,029	—	584,029
Bonds payable	1,612,914	—	1,612,914	3,436,136	—	3,436,136
Loan from Citibank	—	200,000,000	200,000,000	—	150,000,000	150,000,000
Total financial liabilities	<b>3,709,207</b>	<b>200,000,000</b>	<b>203,709,207</b>	<b>4,020,165</b>	<b>150,000,000</b>	<b>154,020,165</b>

### Foreign currency sensitivity analysis

The Group and the Company are mainly exposed to the Indian rupee (INR).

The following table details the Group's and the Company's sensitivity to a 10% increase and decrease in the USD against the relevant foreign currencies. 10 % is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10 % change in the foreign currency rates. A negative number below indicates a decrease in profit where the USD strengthens 10 % against the relevant currency. For a 10 % weakening of the USD against the relevant currency, there would be an equal and opposite impact on total equity, and the balances below would be positive. We also assume in the statement that all other variable remains constant.

Impact of a 10 % increase of the USD against the INR.

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

The Group

<b>Currency</b>	<b>2018 USD</b>	2017 USD
INR	<b>(272,901,074)</b>	(213,600,654)

The Company

<b>Currency</b>	<b>2018 USD</b>	2017 USD
INR	<b>210,664,506</b>	164,808,845

**Interest Rate Sensitivity Analysis**

*The Group and the Company*

Variable rate of interest is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates

If interest rates had been higher/lower by 50 basis points and all other variables were held constant, the profit and total equity for the Group for the year ended 31 March 2018 would increase/decrease by **USD 458,083** (2017: increase/ decrease by USD 472,260) and for the Company increase/decrease by **USD458,083** respectively.(2017: increase/ decrease by USD471,989). This is mainly attributable to the Group’s and the Company’s exposure to interest rates on variable rate of interest.

The Group

	<b>Impact on profit &amp; equity</b>		Impact on profit & equity	
	<b>2018 USD</b>	<b>2018 USD</b>	2017 USD	2017 USD
Interest received	<b>3,756,283</b>	<b>458,083</b>	1,049,277	472,260

The Company

	<b>Impact on profit &amp; equity</b>		Impact on profit & equity	
	<b>2018 USD</b>	<b>2018 USD</b>	2017 USD	2017 USD
Interest received	<b>3,756,283</b>	<b>458,083</b>	1,049,215	471,989

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

### 19. Related party transactions

During the year under review, the Group and the Company have entered into the following related party transaction:

#### The Group

Transaction during the year

Name of related party	Relationship	Nature	2018 USD	2017 USD
Shareholders	Shareholders	Dividend paid	(889,726)	(1,524,965)
		Dividend declared	(1,805,374)	—
Shareholders	Shareholders	Bond repaid	(1,823,222)	—
Shareholders	Shareholders	Reclassification of dividend payable	—	68,583
Shareholders	Shareholders	Right issue	—	120,357,920
Shareholders	Shareholders	Capitalisation of expenses	—	443,368
Shareholders	Shareholders	Prior years dividend payment	—	(4,370)
IndusInd Bank Ltd	Investee companies	Dividend received	8,386,359	5,912,090
Juristax Ltd	Administrator	Administration fees	73,663	—
<b>Balances outstanding at 31 March:</b>				
Shareholders	Shareholders	Dividend payable	1,229,590	394,312
Shareholders	Shareholders	Bonds payable	1,612,914	3,436,136
JurisTax Ltd	Administrator	Administration fees payable	37,044	—

#### The Company

Transaction during the year

Name of related party	Relationship	Nature	2018 USD	2017 USD
IndusInd Ltd	Subsidiary	Loan to subsidiary	(11,000)	(13,749)
IndusInd Ltd	Subsidiary	Payment of expenses on behalf	2,830	—
IndusInd Ltd	Subsidiary	Repayment of loan	2,235,000	—
IndusInd Ltd	Subsidiary	Gift of shares	—	38,259,375
IndusInd Ventures Limited	Subsidiary	Advance to subsidiary	(7,875)	—
IndusInd Capital Limited	Subsidiary	Advance to subsidiary	(7,875)	—
IndusInd Finance Limited	Subsidiary	Advance to subsidiary	(7,875)	—

**NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

for the year ended 31 March 2018 (Continued)

Name of related party	Relationship	Nature	2018 USD	2017 USD
Shareholders	Shareholders	Dividend paid	(889,726)	(1,444,595)
		Dividend declared	(1,805,374)	—
Shareholders	Shareholders	Bonds repaid	(1,823,222)	—
		Reclassification of dividend payable	—	68,583
		Right issue	—	120,357,920
		Capitalisation of expenses	—	443,368
Shareholders	Shareholders	Prior years dividend payment	—	(4,370)
IndusInd Bank Ltd	Investee company	Dividend received	6,158,677	4,469,214
IndusInd Ltd	Subsidiary	Dividend received	—	1,344,630
JurisTax Ltd	Administrator	Professional fees paid	53,259	—

*The Company*

Balances outstanding at 31 March

Name of related party	Relationship	Nature	2018 USD	2017 USD
IndusInd Ltd	Subsidiary	Amount receivable	25,671,332	27,868,877
IndusInd Ventures Limited	Subsidiary	Amount receivable	7,875	—
IndusInd Capital Limited	Subsidiary	Amount receivable	7,875	—
IndusInd Finance Limited	Subsidiary	Amount receivable	7,875	—
Shareholders	Shareholders	Dividend payable	1,149,220	233,572
		Bonds payable	1,612,914	3,436,136
JurisTax Ltd	Administrator	Administration fees payable	21,084	—

**20. Key management personnel**

The Group and the Company have employees and have paid salaries amounting to USD 157,368 to key management personnel during the year ended 31 March 2018 (2017: USD Nil, as there was no employee).

**21. Events after reporting date**

On 31st May 2018, the Company sold 10 million shares held in Hinduja Leyland Finance to Hinduja Power Limited; an unrelated party, for a cash consideration of USD 22,205,773.

# IndusInd International Holdings Ltd and its subsidiaries

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 March 2018 (Continued)

The supplementary information presented does not form part of the financial statements and is unaudited.

	The Group		The Company	
	2018 USD	2017 USD	2018 USD	2017 USD
Revenue				
Dividends	<b>8,386,359</b>	5,912,090	<b>6,158,677</b>	5,813,844
	<b>8,386,359</b>	5,912,090	<b>6,158,677</b>	5,813,844
Realised gain on disposal of available-for-sale investments	<b>5,334,911</b>	—	<b>5,334,911</b>	34,767,067
	<b>13,721,270</b>	5,912,090	<b>11,493,588</b>	40,580,911
Administration expenses				
Professional and legal fees	<b>643,282</b>	418,372	<b>603,910</b>	403,994
Set up costs	<b>13,500</b>	—	—	—
Board meeting expenses	<b>214,784</b>	217,741	<b>214,784</b>	217,741
Audit and accounting fees	<b>49,155</b>	31,575	<b>26,565</b>	24,550
Rent	<b>16,620</b>	—	<b>16,620</b>	—
Salary	<b>170,520</b>	—	<b>170,520</b>	—
Sundries	<b>4,993</b>	3,465	<b>4,993</b>	2,591
Telephone, fax and courier charges	<b>40,303</b>	26,060	<b>40,303</b>	22,830
Licence fee	<b>12,242</b>	4,850	<b>2,173</b>	2,525
Donation	<b>100,000</b>	100,000	<b>100,000</b>	100,000
Other expenses	<b>55,130</b>	27,992	<b>49,327</b>	7,434
	<b>1,320,529</b>	830,055	<b>1,229,195</b>	781,665
Profit from operating activities	<b>12,400,741</b>	5,082,035	<b>10,264,393</b>	39,799,246
Finance income	<b>3,781,910</b>	1,049,283	<b>3,773,620</b>	1,049,221
Finance costs	<b>(6,758,472)</b>	(2,996,678)	<b>(6,757,473)</b>	(2,995,590)
Net finance costs	<b>(2,976,562)</b>	(1,947,395)	<b>(2,983,853)</b>	(1,946,369)
<b>Operating profit</b>	<b>9,424,179</b>	3,134,640	<b>7,280,540</b>	37,852,877
Share of profit of associate	<b>118,198</b>	109,587	—	—
<b>Profit before taxation</b>	<b>9,542,377</b>	3,244,227	<b>7,280,540</b>	37,852,877