



**Indiabulls**  
VENTURES

**dhan**

**Instant  
Personal  
Loans**

# Annual Report

I N D I A B U L L S   V E N T U R E S   L I M I T E D

# 2018

# Contents

Corporate Information .....	01
From the Chairman's desk .....	03
Directors' Report .....	06
Management Discussion and Analysis .....	36
Business Responsibility Report .....	41
Report on Corporate Governance .....	47
Consolidated Financials .....	63
Standalone Financials .....	114
Statement Pursuant to Section 129 of the Companies Act, 2013 .....	159

# Corporate Information

1

## Board of Directors:

Mr. Sameer Gehlaut  
Mr. Divyesh B. Shah  
Mr. Gagan Banga  
Mr. Pinank Jayant Shah  
Mrs. Vijayalakshmi Rajaram Iyer  
Mr. Shyam Lal Bansal  
Mr. Abhaya Prasad Hota  
Mr. Alok Kumar Misra  
Retd. Brig. Labh Singh Sitara

## Company Secretary:

Mr. Lalit Sharma

## Chief Financial Officer:

Mr. Rajeev Lochan Agrawal

## Statutory Auditors:

Walker Chandio & Co LLP  
(A member of Grant Thornton International)  
Chartered Accountants  
L 41, Connaught Circus,  
New Delhi 110 001

## Internal Auditors:

N.D. Kapur & Co.  
Chartered Accountants  
1st Floor, The Great Eastern Center  
70, Nehru Place, Behind IFCI Tower  
New Delhi – 110 014

## Secretarial Auditors:

A.K. Kuchhal & Co.  
Company Secretaries,  
C-154, Sector-51,  
Noida- 201301

## Registered Office:

M- 62 & 63, First Floor,  
Connaught Place, New Delhi – 110 001  
Email: [helpdesk@indiabulls.com](mailto:helpdesk@indiabulls.com)  
Tel: 0124-6681199, Fax: 0124-6681240  
Website: [www.indiabullsventures.com](http://www.indiabullsventures.com)

## Corporate Offices:

Indiabulls House,  
Indiabulls Finance Centre,  
Senapati Bapat Marg, Elphinstone Road,  
Mumbai – 400 013

Indiabulls House, 448-451,  
Udyog Vihar, Phase V,  
Gurugram – 122 016

## Registrars & Transfer Agents:

Karvy Computershare Pvt. Ltd.,  
Unit: Indiabulls Ventures Limited,  
Karvy Selenium, Tower B,  
Plot No. 31-32, Gachibowli Financial District,  
Nanakramguda,  
Hyderabad - 500 032

## Bankers:

Allahabad Bank  
Axis Bank Ltd.  
Bank of Baroda  
Bank of India  
Canara Bank  
HDFC Bank Ltd.  
ICICI Bank Ltd.  
IDBI Bank Ltd.  
IDFC Bank  
IndusInd Bank  
Kotak Mahindra Bank  
Oriental Bank of Commerce  
Punjab and Sind Bank  
Punjab National Bank  
RBL Bank Ltd.  
State Bank of India  
Syndicate Bank  
UCO Bank  
Union Bank of India  
Vijaya Bank  
Yes Bank Ltd.



**Sameer Gehlaut**  
Chairman and Founder

# From the Chairman's desk

## Dear Shareholders and Friends,

In the financial year 2017-18, your Company embarked in pursuit of new business opportunities. It is a matter of great pride and satisfaction to me, and a testament to Indiabulls' execution capabilities that within the span of a year we have made rapid strides in our new business of consumer finance. Further, in line with the group's strategy to be adequately capitalized, your Company raised ₹ 20 Bn through rights' issue in March 2018 and ₹ 20.6 Bn through preferential issue in May 2018. The Company has so far received ₹ 5 Bn from the rights issue and balance ₹ 15 Bn will be received in FY 2018-19.

## Credit Ratings

In the first year of its operation, IVL Finance has obtained high long-term and short-term credit ratings from leading credit rating agencies. The company has obtained Long Term Credit Rating of "AA" from CARE Ratings - this is the first time that a lending entity in India has been initiated at such a high credit rating. The company has also obtained the highest short term credit rating of 'A1+' from CRISIL, ICRA, CARE Ratings and Brickwork Ratings. This is the result of your company's strong management team, high corporate governance standards and its robust technology driven lending business model which represents many firsts in the Indian consumer lending space.

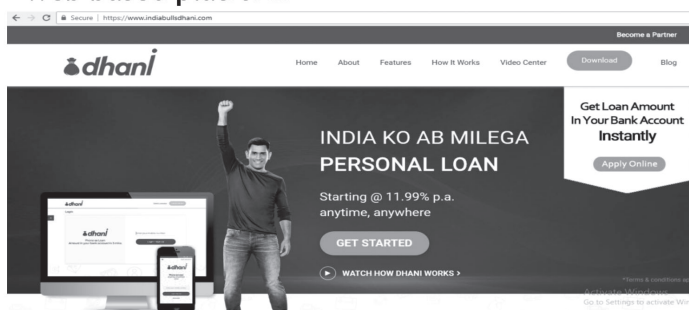
## Dhani

IVL Finance Limited launched the world's first end-to-end personal loan fulfilment app "Dhani" in November 2017, where a customer could avail an instant personal loan. We have built a robust infrastructure to facilitate a fully mobile app driven loan origination process for personal loans. The simplicity and the end-to-end online fulfilment model have helped us reduce turnaround time, thus increasing efficiency and reducing operational expenses. I believe that the enhanced customer experience, customized product offerings and access to increased database will help in swifter customer acquisition and faster on-boarding of customers.

In a short span, the Company has launched multiple App and web based product offerings for its customers.



## Web based platform

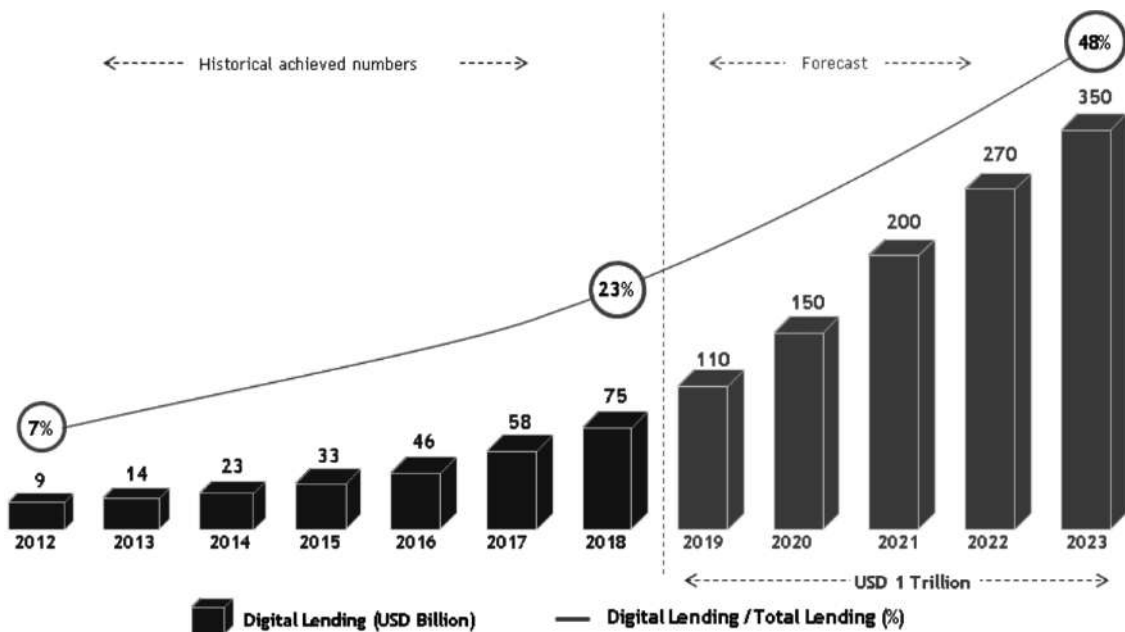


## Market Landscape

Aadhaar, world's largest biometric ID system has been the backbone of the Government's Digital India thrust. This has brought about phenomenal changes in the entire ecosystem of how lending is done in our country. This coupled with how under-penetrated India is currently for credit, is providing vast headroom for growth in the Indian lending market space, and is fuelling growth for lenders like IVL Finance.

Current Population	➔	1.32 Bn
Total Aadhaar issued in India	➔	1.21 Bn
Aadhaar Enrolment %	➔	92%
Credit Bureau Population	➔	250Mn
Total working Class	➔	646Mn
Population under the age of 30 years	➔	732Mn

The digital lending opportunity in India is vast and according to Boston Consulting Group's report [Digital Lending - A \$ 1 Trillion opportunity over the next 5 years, July 2018] disbursals in the next five years is slated to top USD 1 Trillion. The company is targeting this opportunity, and with its app based lending platform it is ideally positioned to cater to this demand.



**Key Highlights**

In our first year of operations, we have made a sizable disbursement of ₹ 13.4 Bn of Personal Loans. Moving forward, I strongly believe digitization and Indiabulls group's expertise in lending will prove to be a differentiating factor helping the firm leap ahead of its peers.

Your Company has also ventured into Micro, Small & Medium Enterprises (MSME) business lending during FY 2018, tapping into the immense opportunity offered by this segment. Credit penetration is quite low in this segment, with only 7% of the MSMEs (in numbers) having availed credit. With about 55 million MSMEs in the country, accounting for about 37.5% of the GDP, the scope for credit growth is quite immense. To SMEs, we offer both secured and unsecured loans. In FY 2018, we have made disbursements of ₹ 32.1 Bn in this space. As of 31st March 2018, total Assets Under Management stands at ₹ 40 Bn.

Your Company has made a sizable upfront investment in setting up the requisite systems, including the technology platform, credit score based lending models and data analytics. This has helped us undertake data driven underwriting and digitize the lending process, which further enabled us to transform customer experience and also drive cost efficiencies for the company. The niche positioning of your Company along with good market knowledge, and large unmet demand, is likely to drive strong portfolio growth from this segment, going forward.

**Corporate Social Responsibility: Indiabulls Foundation**

Indiabulls's CSR arm, Indiabulls Foundation has undertaken number of social initiatives in areas of Health, education, nutrition and sanitation. During the year, under a Nutrition Programme - "Paushtik Aahar" - Indiabulls Foundation provided Nutrition Supplement to 30,000 underprivileged individuals such as malnourished children, pregnant women and lactating mothers across Maharashtra state. All these individuals belong to socially and economically backward families. This includes tribal, slum, abandoned/street children and children from orphanages & rehabilitation centers. Apart from these institutions, Indiabulls Foundation also distributes Paushtik Aahar through its free mobile medical vans and charitable clinics.

**The Path Ahead**

Indiabulls Ventures is well positioned to capture upto 5% of the market share in the digital lending space over the next few years. We will continue to work on cutting edge technologies, innovate, learn, scale up and remain in a high growth phase for many years to come.

Thanking You

**Sameer Gehlaut**  
**Chairman and Founder**

# Directors' Report

## Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Third Annual Report and the audited statement of accounts of the Company for the financial year ended March 31, 2018.

## FINANCIAL HIGHLIGHTS

The highlights of the standalone financial results for the financial year ended March 31, 2018 are as under:

	Year ended 31-Mar-18 (Amount in Rs.)	Year ended 31-Mar-17 (Amount in Rs.)
<b>Profit before Depreciation &amp; Amortisation expenses and Tax</b>	719,564,875	609,004,115
Less: Depreciation & Amortisation expenses	16,502,768	16,226,995
Profit before Tax	703,062,107	592,777,120
Less: Tax Expense/(benefit)	181,865,404	121,847,591
Profit after Tax	521,196,703	470,929,529
Add: balance of profit brought forward	143,616,727	81,63,762
<b>Amount available for appropriation</b>	<b>664,813,430</b>	<b>479,093,291</b>
<b>Appropriations</b>		
Interim Dividend on Equity Shares	-	320,206,920
Corporate Dividend Tax on Interim Dividend on Equity Shares	-	15,269,644
<b>Balance of profit carried forward to Balance Sheet</b>	<b>664,813,430</b>	<b>143,616,727</b>

The Total Revenue of the Company during the financial year ended March 31, 2018 was Rs. 202.33 crores with a net profit of Rs. 52.12 crores. The Company proposes to retain the entire amount of Rs. 66.48 crores in the statement of profit & loss. The consolidated revenue of the Company was Rs. 1,053.66 crores and the consolidated net profit was Rs. 236.75 crores.

## DIVIDEND

No dividend was declared, for the financial year 2017-18.

During the financial year 2017-18, the unclaimed dividend pertaining to the financial year ended March 31, 2010 and interim dividend for the financial year 2010-11, got transferred to Investor Education and Protection Fund, after giving due notice to the members. Those members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Company or Karvy Computershare Private Limited.

Further pursuant to the requirements of SEBI Circular no. SEBI/ LAD-NRO/GN/2016-17/008 dated July 8, 2016, the Dividend Distribution Policy of the Company is available on the website of the Company i.e. <http://www.indiabullsvventures.com/>.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Company has a broad based Board of Directors (Board), constituted in compliance with the Companies Act, 2013, Listing Agreement executed by the Company with the Stock Exchange and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations) and in accordance with highest standards of Corporate Governance in its management, which ensures an appropriate mix of Executive/Non Executive, Woman Director and Independent Directors with demonstrated skill sets and relevant experience. With effect from September 23, 2017, the Board of the Company comprises of the following directors:

- (i) Mr. Sameer Gehlaut (DIN: 00060783) as its Non - Executive Chairman.
- (ii) Mr. Divyesh B. Shah (DIN: 00010933) as its Whole-time Director & CEO.

## Directors' Report (contd.)

- (iii) Mr. Gagan Banga (DIN: 00010894) as its Non-Executive Director.
- (iv) Mr. Pinank Jayant Shah (DIN: 07859798) as its Executive Director.
- (v) Mrs. Vijayalakshmi Rajaram Iyer (DIN: 05242960), as its Independent Director.
- (vi) Mr. Shyam Lal Bansal (DIN: 02910086), as its Independent Director.
- (vii) Mr. Alok Kumar Misra (DIN: 00163959), as its Independent Director.
- (viii) Retd. Brig. Labh Singh Sitara (DIN: 01724648), as its Independent Director.

The Board members have excellent leadership and guidance abilities, wide and rich professional knowledge and experience in diverse fields viz. finance, banking, regulatory and public policy etc., thereby bringing an enabling environment for value creation through sustainable business growth of the Company.

During the year Mr. Aishwarya Katoch (DIN: 00557488) Independent Director, had resigned from the Board w.e.f. September 18, 2017 and Mr. Prem Prakash Mirdha (DIN: 01352748), Independent Director and Mr. Ajit Kumar Mittal (DIN: 02698115), Non-Executive Director, had resigned from the Board w.e.f. September 23, 2017. The Board has placed on record its appreciation for the contribution made by Mr. Katoch, Mr. Mirdha and Mr. Mittal, during their tenure of office.

All the Independent Directors of the Company have given declaration that they meet the criteria of independence laid down under Section 149 (6) of the Companies Act, 2013 (the Act).

In accordance with the provisions of Section 152 of the Act and in terms of the Memorandum and Articles of Association of the Company, Mr. Pinank Jayant Shah (DIN: 07859798), Executive Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment. The Board recommends his re-appointment.

Present composition of the Board is provided in the Report on Corporate Governance, presented in a separate section forming part of this Annual Report. The brief resume of the Director(s) proposed to be appointed/reappointed, nature of their expertise in specific functional areas, terms of appointment and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, are provided in the Notice convening the 23rd Annual General Meeting of the Company.

### SHARE CAPITAL

During the year under review, 82,948,313 partly paid up equity shares of the Company, of face value of Rs. 2 each, were allotted at a price of Rs. 240 per equity share (including a premium of Rs. 238 per equity share), on Rights basis, with Rs. 60/- (including a premium of Rs. 59.50) as paid up per equity share. The balance Rs. 180 (including a premium of Rs. 178.50) per equity share shall be payable in three tranches - First Call (Rs.36 including a premium of Rs. 35.70 per equity share), Second Call (Rs.36 including a premium of Rs. 35.70 per equity share) and Third & Final Call (Rs.108 including a premium of Rs. 107.10 per equity share). During the current financial year, the First Call of Rs. 36 (including a premium of Rs. 35.70) per equity share has been made, the last date for payment of which is August 21, 2018.

The paid up equity share capital of the Company as on March 31, 2018, was Rs. 926,256,160.50 comprising of 442,391,002 fully paid up Equity Shares of face value of Rs. 2 each and 82,948,313 partly paid up Equity Shares, of face value of Rs. 2 each with paid up value of Re. 0.50 each.

Subsequently, during the current financial year till the date of this report, the Company has issued and allotted the following securities:

- (i) Pursuant to and in terms of shareholders' approval dated April 25, 2017, the Company, on June 11, 2018, had allotted 33,800,000 fully paid up equity shares of face value of Rs. 2/- each against conversion of 33,800,000 convertible warrants earlier issued by it on preferential basis to its certain promoter entities, in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, as amended (ICDR Regulations).
- (ii) Pursuant to and in terms of shareholders' approval dated May 31, 2018 and in terms of Chapter VII of ICDR Regulations, the Company, on June 11, 2018, has issued and allotted an aggregate of 45,839,888 fully paid up

## Directors' Report (contd.)

equity shares of face value of Rs. 2/- each of the Company, at an issue price of Rs. 450 (including a premium of Rs. 448) per equity share, to certain foreign companies/ foreign portfolio investors registered with the Securities and Exchange Board of India.

(As a result of the aforesaid allotments of fully paid up equity shares, the paid up share capital of the Company stands increased to Rs. 1,085,535,936.50 divided into 522,030,890 fully paid up Equity Shares of face value of Rs. 2 each and 82,948,313 partly paid up Equity Shares, of face value of Rs. 2 each, with paid up value of Re. 0.50 each.)

### **STATEMENT OF DEVIATION(S) OR VARIATION(S) PURSUANT TO REGULATION 32 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

Pursuant to Regulation 32 of the SEBI LODR Regulations and Regulation 16 of SEBI (Issue of Capital and Disclosure Requirements) (Second Amendment) Regulations, 2017, Monitoring Agency Report dated April 21, 2018, for the Rights Issue of the Company, for the quarter ended March 31, 2018 was placed before the Audit Committee, in its meeting held on April 23, 2018, wherein the Audit Committee noted that there was no deviation as regards the utilization of funds from the Objects stated in the Letter of Offer dated February 1, 2018 and post its approval the said report was submitted with the Stock Exchanges on April 25, 2018.

Further, Pursuant to Regulation 32 of the SEBI LODR Regulations, statement of deviation, for the quarter ended June 30, 2018, on the utilization of proceeds of Rights Issue and Preferential Issues of the Company was placed before the Audit Committee, in its meeting held on July 23, 2018, wherein the Audit Committee noted that there was no deviation as regards the utilization of funds from the Objects stated in the Letter of Offer and explanatory statement to the notices for the general meeting, for IVL's Rights Issue and Preferential Issue, respectively and post its approval the said report was submitted with the Stock Exchanges on July 23, 2018.

### **EMPLOYEE STOCK OPTIONS**

Presently, stock options granted to the employees operate under the schemes namely; "Indiabulls Ventures Limited Employees Stock Option Scheme – 2008 and "Indiabulls Ventures Limited Employees Stock Option Scheme - 2009. Under these schemes, during the year under review, an aggregate of 12,050,000 Stock Options (10,500,000 Stock Options at an exercise price of Rs. 219.65 per option and 1,550,000 Stock Options at an exercise price of Rs. 254.85 per option) had been granted to certain eligible employees. The exercise price was determined in accordance with the pricing formula approved by the members i.e. at the latest available closing price of the equity share on the NSE, prior to the date of the meetings of the Compensation Committee at which these options were granted. The options granted as aforesaid are exercisable over a period of five years from the date of their respective vesting and none of the options granted as aforesaid have vested during the year and consequently, no options have been exercised. There has been no material variation in the terms of the options granted under any of these schemes and both the schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The disclosures as required under these regulations have been placed on the website of the Company <http://www.indiabullsventures.com/>.

### **PUBLIC DEPOSITS**

During the year under review, the Company has not accepted any deposits from the public, falling within the ambit of Chapter V of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

### **LISTING WITH STOCK EXCHANGES**

The Equity Shares of the Company continue to remain listed at BSE Limited and National Stock Exchange of India Limited. The listing fees payable to both the exchanges for the financial year 2018-19 have been paid. The GDRs issued by the Company continue to remain listed on Luxembourg Stock Exchange.

### **AUDITORS**

#### **(a) Statutory Auditors**

M/s Walker Chandio & Co LLP (Firm Regn. No. 001076N/N500013) (a member of Grant Thornton International), the statutory auditors of the Company were appointed by the members in their twenty second Annual General