

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of IIFL Finance Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

OPINION

We have audited the accompanying consolidated Ind AS financial statements of IIFL Finance Limited (hereinafter referred to as the 'Holding Company') its subsidiary companies (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2023, the consolidated Statement of Profit and Loss, consolidated Statement of Changes in Equity (including Other Comprehensive Income) and the consolidated Cash Flows statement for the year then ended, and notes to the consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act and the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, of consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial

Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the 'Auditors' responsibilities for the audit of the Consolidated Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

INDEPENDENT AUDITOR'S REPORT (Contd.)

A. Key audit matters of the Holding Company

| Sr. no | Key Audit Matter | Response to Key Audit Matter |
|--------|--|---|
| 1 | <p>Information technology (IT) systems used in financial reporting process.</p> <p>The Company's operational and financial processes are dependent on IT systems due to large volume of transactions that are processed daily.</p> <p>We therefore identified IT systems and controls over financial reporting as a key audit matter for the Company.</p> | <p>We obtained an understanding of the Company's IT control environment relevant to the audit.</p> <p>We tested the design, implementation and operating effectiveness of the Company's General IT controls over the key IT systems which are critical to financial reporting.</p> <p>We also tested key automated and manual controls and logic for system generated reports relevant to the audit that would materially impact the financial statements.</p> <p>In addition to above, we have also relied on the work of the internal auditors and system auditors.</p> |
| 2 | <p>Impairment of Financial Assets held at amortised cost:</p> <p>Since the loans and advances form a major portion of the Company's assets, and due to the significance of the judgments used in classifying loans and advances into various stages as stipulated in Indian Accounting Standard (Ind AS) 109 and the management estimation of the related impairment provisions, this is considered to be a key audit matter.</p> <p>The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors.</p> <p>The most significant areas are:</p> <ul style="list-style-type: none"> - Segmentation of loan book - Determination of exposure at default - Loan staging criteria - Calculation of probability of default / Loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors <p>The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</p> <p>(Refer Note 37A.3 to the Standalone Financial Statements.).</p> | <p>We evaluated appropriateness of the impairment principles used by management based on the requirements of Ind AS 109 and our understanding of the business.</p> <p>We assessed the design and implementation of key Internal financial controls over loan impairment process used to calculate the impairment charge.</p> <p>We evaluated management's controls over collation of relevant information used for determining estimates for management overlays.</p> <p>We tested review controls over measurement of impairment allowances and disclosures in financial statements.</p> |

INDEPENDENT AUDITOR'S REPORT (Contd.)

B. Key audit matters of Subsidiary Company – IIFL Home Finance Ltd

| Sr. no | Key Audit Matter | Response to Key Audit Matter |
|--------|--|---|
| 1 | <p>Expected Credit Loss – Impairment of carrying value of loans and advances</p> <p>Under Ind AS 109, Expected Credit Loss (ECL) is required to be determined for recognising impairment loss on financial assets which are stated at amortised cost or carried at fair value through other comprehensive income. The Company exercises significant judgement using assumptions over both when and how much to record as impairment for loans and advances and estimation of the amount of the impairment provision for loans and advances.</p> <p>The calculation of impairment loss or ECL is based on significant management estimates and judgements, which are as under:</p> <ul style="list-style-type: none"> • Judgements about credit risk characteristics for collective evaluation of impairment under various stages of ECL • Loan staging criteria • Calculation of Probability of Default (PD) and Loss Given Default (LGD) • Consideration of probability scenarios and forward looking macro-economic factors • Considering time value of money for delays in receipt of funds • Inputs and Judgements used in determination of management overlay at various asset stages considering the current uncertain economic environment with the range of possible effects unknown to the country arising out of the COVID 19 pandemic, certain restructured cases, interest rate increase resulting in increased EMI which may cause stress, introduction of new product and specific identification of certain construction finance cases etc <p>ECL requires a large variety of data as an input to the model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model.</p> <p>In view of the criticality of the item to the Standalone Financial Statements, complex nature of assumptions & judgements exercised by the management and loans forming a major portion of the Company's assets and impairment charge for the year being material to the net profit for the year, in our opinion this is considered as a Key Audit Matter.</p> | <p>We performed audit procedures set out below:</p> <ul style="list-style-type: none"> • Read the Company's Board approved Ind-AS 109 based impairment provisioning policy • Understood and assessed the Company's process and controls on measurement and recognition of impairment in the loan portfolio • Test checked loans in stage 1, 2 and 3 to ascertain that they were allocated to the appropriate stage • Test checked PD and LGD calculation workings performed by management, including testing data used in assessment and evaluation of whether the results support appropriateness of the PDs at portfolio level • Test checked the calculations of determining Exposure at Default (EAD) • Test checked the manner of determining significant increase in credit risk and the resultant basis for classification of exposures into various stages • Performed an assessment of the ECL provision levels at each stage including management's assessment on COVID 19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment. • Relied on the management note and representation regarding determination of management overlay due to various additional factors. |

INDEPENDENT AUDITOR'S REPORT (Contd.)

| Sr. no | Key Audit Matter | Response to Key Audit Matter |
|--------|---|---|
| 2 | <p>IT Systems and controls</p> <p>The Company financial accounting and reporting systems are highly dependent on the effective working of the operating and accounting system.</p> <p>The Company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from / to this software are critical for accurate compilation of financial information.</p> <p>Due to extensive volumes, variety and complexity of transactions the operating system is functioning, consistently and accurately, specifically with respect to following:</p> <ul style="list-style-type: none"> Interest, Fee income and other charges collected on Loans Bifurcation of the Loan Portfolio based on maturity pattern and Assets Classification based on ageing of default <p>We have identified 'IT systems and controls' as key audit matter because of significant use of IT system and the scale and complexity of the IT architecture. Our audit outcome is dependent on the effective functioning of such operating and accounting system.</p> | <p>We performed audit procedures set out below:</p> <ul style="list-style-type: none"> We obtained an understanding of the Company's business IT environment and key changes, if any during the audit period that may be relevant to the audit. Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the key automated and manual business cycle controls and logic for system generated reports relevant to the audit by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis We have tested and reviewed the reconciliations between the loan origination/ servicing application and the accounting software to mitigate the risk of incorrect data flow to/from separate application software. We have also obtained management representations wherever considered necessary. |

C. Key audit matters of Subsidiary Company – IIFL Samasta Finance Ltd

| Sr.no | Key Audit Matter | Response to Key Audit Matter |
|-------|--|--|
| 1 | <p>Expected Credit Loss</p> <p>As at 31 March 2023, the Company has total gross loan assets of ₹ 7,998.53 crores (2022: ₹ 5,772.72 crores) against which an Expected Credit Loss ('ECL') of ₹ 257.22 crores (2022 ₹ 254.80 crores) has been accrued.</p> <p>The ECL approach as required under Ind AS 109, Financial instruments, involves high degree of complexity and requires significant judgement of the management.</p> <p>The Management is required to determine the ECL that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. The key areas of judgment include:</p> <ol style="list-style-type: none"> Categorization of loans in Stage 1, 2 and 3 based on identification of: <ol style="list-style-type: none"> exposures with Significant Increase in Credit Risk (SICR) since their origination and Individually impaired / default exposures. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate an ECL are based on past experience. The impact of different future macroeconomic conditions in the determination of ECL. | <p>Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following:</p> <ul style="list-style-type: none"> Evaluated the Company's accounting policies for estimation of expected credit loss on loan assets in accordance with the requirements of Ind AS 109, Financial Instruments. Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. Assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. |

INDEPENDENT AUDITOR'S REPORT (Contd.)

| Sr.no | Key Audit Matter | Response to Key Audit Matter |
|----------|---|--|
| | <p>These parameters are derived from the Company's internally developed statistical models, historical data and macro-economic factors and a change in such models or assumptions could have a material impact on the accompanying financial statements.</p> <p>These factors required the models to be reassessed based on the available information including the additional risk profiling due to the impact of COVID-19 Pandemic, geographical, political and economic risk to measure the ECL.</p> <p>Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standard. The accuracy of data flows and the implementation of related controls is critical for the integrity of the estimated impairment provisions.</p> <p>Considering the significance of the above matter to the financial statements and the significant auditor attention required to test such complex accounting estimates, we have identified this as a key audit matter for current year audit.</p> | <ul style="list-style-type: none"> • Evaluated the appropriateness of the Company's process of determination of significant increase in credit risk in accordance with the applicable accounting standard and the basis for classification of exposures into various stages. • Assessed the key judgments and assumptions relating to the macro-economic scenarios including the impact of COVID 19 Pandemic, RBI guidelines/ notification and the associated probability weights. • Obtained the approved policy of board of directors to understand the relief measures sanctioned to various class of borrowers in accordance with the directions given by the RBI and tested, on sample basis, the compliance with respect to asset classification and provisioning norms as per such directions. • Tested management's computation of ECL by performing following procedures: • Evaluated management's groupings of borrowers on the basis of different product lines and customer segments with different risk characteristics. • Tested classification of loans into various categories based on their past due status and other loss indicators. On a sample basis, inspected the repayment schedule from the underlying borrower agreements and collection made on due dates; • Performed test of details of the input information used in ECL computation on a sample basis. • Tested the arithmetical accuracy of the computation. • Performed analytical procedures by determining various ratios or percentage-based measures to review overall reasonableness of the estimate determined by the management. |
| 2 | <p>Identification and Measurement of NPA:</p> <p>As per RBI's circular dated November 12, 2021 read with earlier circular dated October 01, 2021 on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, Automation of NPA and provisioning is required to be implemented by all lending Institutions.</p> <p>The NPA provisioning as per ECL methodology followed by the Company are not fully automated in Software Applications used by the Company for Loans Management and are performed manually through excel spreadsheets. Further, marking of linked accounts at borrower level as NPAs are done manually. These may have impact on the accuracy and completeness of the provision accrued for NPAs.</p> <p>Considering the significance, we have identified this as a key audit matter for current year audit.</p> | <p>Performed other substantive procedures, included but not limited to the following:</p> <ul style="list-style-type: none"> • Assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per ECL policy of the Company on test check basis; • Selected samples of performing loan accounts to assess, independently, whether such loan accounts should be classified as NPA; • Recompilation of the amount of ECL provisioning on the total advances base considering the stage wise categories of advances, LGD (Loss given default) and PD (Probability of default) arrived by the Company. |

INDEPENDENT AUDITOR'S REPORT (Contd.)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated 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 on the other information obtained prior to the date of this auditor's report, 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 MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective company's to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the respective company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the respective company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, have adequate internal financial controls system in place and the operating effectiveness of such controls.

INDEPENDENT AUDITOR'S REPORT (Contd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

The financial statements of four subsidiary companies have been audited by other auditors. The financial statements of the said subsidiary companies reflect total assets of ₹ 30,850.31 crs as at March 31, 2023, Group's share of total revenue of ₹ 4,371.23 crs, Group's share of total net profit of ₹ 933.45 crs and Group's share of total comprehensive income of ₹ 944.81 crs and net cash inflows ₹ 16.55 crs for the year ended on the date as considered in the consolidated financial statements. The reports of auditors of the said subsidiary companies have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary companies and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary companies is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph, to the extent applicable, that:
 - a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements

INDEPENDENT AUDITOR'S REPORT (Contd.)

have been kept so far as it appears from our examination of those books and reports of other auditors.

- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated statement of changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Holding Company to its directors is in accordance with the provisions of section 197 of the Act. In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, the managerial remuneration for the year ended March 31, 2023 has been paid by the subsidiaries incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our

information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group in its consolidated financials statements— Refer Note 38 to the consolidated financial statements.
- ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
- iv. (a) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The respective managements of the Holding Company and its subsidiaries which are companies incorporated in India whose financial statements

INDEPENDENT AUDITOR'S REPORT (Contd.)

- have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- v. The Interim dividend declared and paid during the year by the Holding Company and its subsidiaries is in compliance with section 123 of the Companies Act, 2013.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023 to the Company and its subsidiaries, which are companies incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. With respect to the matters specified in paragraphs 3 (xxi) and 4 of the Companies (Auditor's Report Order, 2020 (the "Order"/ "CARO") issued by Central Government in terms of Section 143(11) of the Act, to be included in the Auditors report, according to the information and explanation given to us, and based on the CARO report issued by us for the Holding Company and by the statutory auditors of the four subsidiary companies which are companies incorporated in India, included in the consolidated financial statement of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports except for those as stated below:

| Sr.no | Name | CIN | Holding Company/subsidiary/ Associate/ Joint Venture | Clause number of the CARO report which is qualified or adverse |
|-------|------------------------------|-----------------------|--|--|
| 1. | IIFL Finance Limited | L67100MH1995PLC093797 | Holding Company | 3(iii)(c) & (d) |
| 2. | IIFL Home Finance Limited | U65993MH2006PLC166475 | Subsidiary | 3(iii)(c) & (d) 3(vii)(a) |
| 3. | IIFL Samasta Finance Limited | U65191KA1995PLC057884 | Subsidiary | 3(iii)(c) & (d) |
| 4. | IIFL Sales Limited | U74999MH2021PLC368361 | Fellow Subsidiary | 3(vii)(a) |

For **V Sankar Aiyar & Co.**
Chartered Accountants
(FRN: 109208W)

G. Sankar
Partner
M. No.046050

Place: Mumbai
Date: April 26,2023
UDIN: 23046050BGTZVB1965

For **Chhajed & Doshi**
Chartered Accountants
(FRN: 101794W)

M. P. Chhajed
Partner
M. No. 049357

Place: Mumbai
Date: April 26,2023
UDIN: 23049357BGSKWL4844

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in our report of even date to the members of IIFL Finance Limited on the consolidated accounts for the year ended 31st March 2023

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of IIFL Finance Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies (hereinafter collectively referred to as "the Group") as of March 31, 2023, which are Companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies which are incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies which are incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other matters paragraph below, the Holding Company and subsidiary companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively

For **V Sankar Aiyar & Co.**
Chartered Accountants
(FRN: 109208W)

G. Sankar
Partner
M. No.046050

Place: Mumbai
Date: April 26,2023
UDIN: 23046050BGTZVB1965

as at March 31, 2023 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the subsidiary companies incorporated in India, is based solely on the corresponding report of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Chhajed & Doshi**
Chartered Accountants
(FRN: 101794W)

M. P. Chhajed
Partner
M. No. 049357

Place: Mumbai
Date: April 26,2023
UDIN: 23049357BGSKWL4844

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2023

| Particulars | Notes | (₹ in Crores) | |
|---|--------|-------------------------|-------------------------|
| | | As at March 31, 2023 | As at March 31, 2022 |
| Assets | | | |
| [1] Financial assets | | | |
| (a) Cash and cash equivalents | 4 | 3,630.67 | 6,211.64 |
| (b) Bank balance other than (a) above | 5 | 2,208.36 | 1,945.29 |
| (c) Derivative financial instruments | 6 | 223.58 | 74.28 |
| (d) Receivables | | | |
| (i) Trade receivables | 7 | 121.43 | 183.20 |
| (ii) Other receivables | 7 | 151.96 | 15.80 |
| (e) Loans | 8 | 40,001.11 | 33,692.89 |
| (f) Investments | 9 | 3,511.00 | 1,192.16 |
| (g) Other financial assets | 10 | 1,615.55 | 924.05 |
| | | 51,463.66 | 44,239.31 |
| [2] Non-financial assets | | | |
| (a) Current tax assets | | 239.59 | 234.17 |
| (b) Deferred tax assets | 11 | 122.67 | 285.82 |
| (c) Investment property | 12 | 296.04 | 295.19 |
| (d) Property, plant and equipment | 13 | 176.13 | 150.52 |
| (e) Capital work-in-progress | 13.1 | 27.40 | 5.64 |
| (f) Right to use assets | 14 | 386.60 | 327.53 |
| (g) Other intangible assets | 15 | 3.38 | 2.11 |
| (h) Other non-financial assets | 16 | 272.53 | 352.60 |
| (i) Assets held for sale | 17 | 13.32 | 17.55 |
| | | 1,537.66 | 1,671.13 |
| Total Assets | | 53,001.32 | 45,910.44 |
| Liabilities And Equity | | | |
| Liabilities | | | |
| [1] Financial liabilities | | | |
| (a) Derivative financial instruments | 6 | 42.37 | 164.39 |
| (b) Payables | | | |
| (I) Trade payables | 18 | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | 3.02 | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 194.28 | 142.43 |
| (II) Other payables | | | |
| (i) total outstanding dues of micro enterprises and small enterprises | | - | - |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | - | 9.91 |
| (c) Finance lease obligation | 14 | 413.43 | 360.68 |
| (d) Debt securities | 19 | 7,925.30 | 7,838.08 |
| (e) Borrowings (other than debt securities) | 20 | 28,476.27 | 25,319.37 |
| (f) Subordinated liabilities | 21 | 3,202.42 | 2,568.05 |
| (g) Other financial liabilities | 22 | 2,030.24 | 2,820.54 |
| | | 42,287.33 | 39,223.45 |
| [2] Non-financial liabilities | | | |
| (a) Current tax liabilities | | 45.82 | 50.21 |
| (b) Provisions | 23 | 84.77 | 64.11 |
| (c) Deferred tax liabilities | 11 | 0.61 | - |
| (d) Other non-financial liabilities | 24 | 380.65 | 102.94 |
| | | 511.85 | 217.26 |
| Total Liabilities | | 42,799.18 | 39,440.71 |
| [3] Equity | | | |
| (a) Equity share capital | 25 | 76.09 | 75.92 |
| (b) Other equity | 25.1 | 8,915.97 | 6,387.91 |
| (c) Non-controlling interest | 25.1 | 1,210.08 | 5.90 |
| | | 10,202.14 | 6,469.73 |
| Total Liabilities and Equity | | 53,001.32 | 45,910.44 |
| See accompanying notes forming part of the financial statements | 1 - 47 | | |

In terms of our report attached

For V Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W

For Chhajer & Doshi

Chartered Accountants

Firm Registration No. 101794W

For and on behalf of the Board of Directors

of IIFL FINANCE LIMITED

G. Sankar

Partner

Membership No. 046050

M.P. Chhajer

Partner

Membership No. 049357

Arun Kumar Purwar

Chairman & Independent Director

DIN : 00026383

Nirmal Jain

Managing Director

DIN : 00010535

Place : Mumbai

Dated: April 26, 2023

Kapish Jain

Chief Financial Officer

Sneha Patwardhan

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

| Sr. No | Particulars | Notes | ₹ in Crores | |
|---|---|-----------------|------------------------------|------------------------------|
| | | | Year ended March 31, 2023 | Year ended March 31, 2022 |
| Revenue from operations | | | | |
| (i) | Interest income | 26.1 | 7,369.27 | 6,134.53 |
| (ii) | Dividend income | 26.2 | 0.00 | 0.00 |
| (iii) | Fees and commission income | 27 | 228.52 | 153.20 |
| (iv) | Net gain on fair value changes | 28 | 147.25 | 155.77 |
| (v) | Net gain on derecognition of financial instruments under amortized cost category | 31 | 513.81 | 411.23 |
| (I) | Total revenue from operations | | 8,258.85 | 6,854.73 |
| (II) | Other income | 29 | 188.26 | 168.88 |
| (III) | Total Income (I+II) | | 8,447.11 | 7,023.61 |
| Expenses | | | | |
| (i) | Finance costs | 30 | 3,221.83 | 2,991.00 |
| (ii) | Net loss on derecognition of financial instruments under amortized cost category | 31 | 934.99 | 904.22 |
| (iii) | Impairment on financial instruments | 32 | (68.86) | 0.59 |
| (iv) | Employee benefits expenses | 33 | 1,329.50 | 930.74 |
| (v) | Depreciation, amortization and impairment | 12, 13, 14 & 15 | 152.59 | 121.70 |
| (vi) | Others expenses | 34 | 764.54 | 539.38 |
| (IV) | Total Expenses | | 6,334.59 | 5,487.63 |
| (V) | Profit before tax (III-IV) | | 2,112.52 | 1,535.98 |
| (VI) | Tax expense: | | | |
| | (1) Current tax | 35 | 362.70 | 327.78 |
| | (2) Deferred tax | 11 & 35 | 144.68 | 19.38 |
| | (3) Current tax expenses relating to previous years | 35 | (2.41) | 0.57 |
| | Total tax expense | | 504.97 | 347.73 |
| (VII) | Profit for the year (V-VI) | | 1,607.55 | 1,188.25 |
| | Attributable to: | | | |
| | Owners of the Company | | 1,500.30 | 1,187.89 |
| | Non-controlling interest | | 107.25 | 0.36 |
| (VIII) | Other Comprehensive Income | | | |
| (A) | (i) Items that will not be reclassified to profit or loss | | | |
| | (a) Remeasurement of defined benefit (liabilities)/assets | 35 | (2.69) | (0.04) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | 11 & 35 | 0.68 | 0.01 |
| | Subtotal (A) | | (2.01) | (0.03) |
| (B) | (i) Items that will be reclassified to profit or loss | | | |
| | (a) Cash flow hedge (net) | 35 | 46.45 | (1.30) |
| | (b) Fair value of loans carried at FVTOCI | 35 | (0.75) | 13.65 |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | 11 & 35 | (11.50) | (3.11) |
| | Subtotal (B) | | 34.20 | 9.24 |
| | Other Comprehensive Income (A+B) | | 32.19 | 9.21 |
| (IX) | Total Comprehensive Income for the year | | 1,639.74 | 1,197.46 |
| | Attributable to: | | | |
| | Owners of the Company | | 1,534.01 | 1,197.11 |
| | Non-controlling interest | | 105.73 | 0.35 |
| (X) | Earnings per equity share of face value ₹ 2 each | 36 | | |
| | Basic (₹) | | 39.49 | 31.33 |
| | Diluted (₹) | | 39.18 | 31.14 |
| See accompanying notes forming part of the financial statements | | 1 - 47 | | |

In terms of our report attached

For V Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W

For Chhajed & Doshi

Chartered Accountants

Firm Registration No. 101794W

**For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED**

G. Sankar

Partner

Membership No. 046050

M.P. Chhajed

Partner

Membership No. 049357

Arun Kumar Purwar

Chairman & Independent Director

DIN : 00026383

Nirmal Jain

Managing Director

DIN : 00010535

Place : Mumbai

Dated: April 26, 2023

Kapish Jain

Chief Financial Officer

Sneha Patwardhan

Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

| Particulars | Notes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|--------------------|------------------------------|------------------------------|
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 2,112.52 | 1,535.98 |
| Adjustments for: | | | |
| Depreciation, amortization and impairment | 12, 13, 14 & 15 | 152.59 | 121.70 |
| Impairment on loans | 32 | (79.54) | (8.16) |
| Impairment on other financial instruments | | 10.69 | (8.58) |
| (Profit)/ loss on sale of assets | | (2.13) | (0.33) |
| (Gain)/Loss on termination - Ind AS 116 | | (3.09) | - |
| Net (Gain)/ loss on fair value changes on investment - realized | | (82.68) | (77.20) |
| Net (Gain)/ loss on fair value changes on investment - unrealized | | (64.58) | 0.13 |
| Net (Gain)/ loss on derecognition of financial instruments under amortized cost | | (513.81) | (411.23) |
| Employee benefit expenses - share based | | (1.90) | 3.10 |
| Employee benefit expenses - others | | 22.30 | 12.30 |
| Interest on loans | | (6,978.79) | (5,971.71) |
| Interest on deposits with banks | 26.1 | (167.32) | (90.01) |
| Dividend Income | 26.2 | 0.00 | 0.00 |
| Finance cost | | 3,226.30 | 2,735.46 |
| Interest expenses - Ind AS 116 | 30 | 34.62 | 30.79 |
| Loss/(Gain) on buy back of debentures (net) | | (4.47) | (0.79) |
| Income received on loans | | 7,083.51 | 6,576.39 |
| Interest received on deposits with banks | | 143.04 | 87.91 |
| Income received on investments | | (7.20) | - |
| Finance cost paid | | (2,540.87) | (3,026.17) |
| Operating profit before working capital changes | | 2,339.19 | 1,509.58 |
| Decrease/ (increase) in financial and non financial assets | | (104.55) | (22.59) |
| Increase/ (decrease) in financial and non financial liabilities | | (565.08) | 621.46 |
| Cash (used in)/ generated from operations | | 1,669.56 | 2,108.45 |
| Taxes paid | | (276.71) | (294.33) |
| Net cash (used in)/ generated from operating activities | | 1,392.85 | 1,814.12 |
| Loans (disbursed)/ repaid (net) | | (6,333.41) | (30.39) |
| Net cash (used in)/ generated from operating activities (A) | | (4,940.56) | 1,783.73 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment and other intangible assets | | (260.99) | (100.77) |
| Sale of property, plant and equipment and other intangible assets | | 2.82 | 1.17 |
| Purchase of investment property | | (0.85) | (24.51) |

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Particulars | Notes | Year ended March 31, 2023 | Year ended March 31, 2022 |
|---|---------------|------------------------------|------------------------------|
| Proceeds/(Purchase) of Investments | | (2,165.13) | (1,075.23) |
| Dividend received | | 0.00 | |
| Proceeds/(Deposits) from maturity of deposits placed with Banks | | (306.3) | 203.55 |
| Net cash (used in)/ generated from investing activities (B) | | (2,730.45) | (995.79) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of equity share capital | | 2,285.95 | 8.60 |
| Payment of Stamp duty | | - | (8.34) |
| Premium on issue of debentures | | (271.32) | - |
| Dividend paid (including dividend distribution tax) | | (173.63) | (132.82) |
| Proceeds from debt securities | | 1,673.73 | 2,910.32 |
| Repayment of debt securities | | (1,877.83) | (3,274.14) |
| Proceeds from borrowings (other than debt securities) | | 19,435.10 | 12,198.21 |
| Repayment of borrowings (other than debt securities) | | (16,363.64) | (9,123.99) |
| Proceeds from subordinated liabilities | | 376.64 | 705.82 |
| Repayment of subordinated liabilities | | - | (410.97) |
| Payment of lease liability | | 21.22 | (91.89) |
| Change in Minority Interest | | (16.18) | - |
| Net cash (used in)/ generated from financing activities (C) | | 5,090.04 | 2,780.80 |
| Net increase in cash and cash equivalents (A + B + C) | | (2,580.97) | 3,568.74 |
| Add : Opening cash and cash equivalents as at the beginning of the year | | 6,211.64 | 2,642.90 |
| Cash and cash equivalents as at the end of the year | 4 | 3,630.67 | 6,211.64 |
| See accompanying notes forming part of the financial statements | 1 - 47 | | |

In terms of our report attached

For V Sankar Aiyar & Co.
Chartered Accountants

Firm Registration No. 109208W

For Chhajed & Doshi
Chartered Accountants

Firm Registration No.
101794W

For and on behalf of the Board of Directors
of IIFL FINANCE LIMITED

G. Sankar

Partner

Membership No. 046050

M.P. Chhajed

Partner

Membership No. 049357

Arun Kumar Purwar

Chairman & Independent Director

DIN : 00026383

Nirmal Jain

Managing Director

DIN : 00010535

Place : Mumbai

Dated: April 26, 2023

Kapish Jain

Chief Financial Officer

Sneha Patwardhan

Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A. Equity Share Capital

| Particulars | (₹ in Crores) | |
|--------------------------------------|--|--|
| | Balance at the beginning of the reporting year | Balance at the end of the reporting year |
| As at March 31, 2023 (refer note 25) | 75.92 | 76.09 |
| As at March 31, 2022 (refer note 25) | 75.77 | 75.92 |

B. Other Equity

| Particulars | Reserves & Surplus | | | | | | | | | | Other Comprehensive Income | | | Total | Non-Controlling Interest |
|-------------------------------------|----------------------------------|--------------------------|-------------------------------------|--------------------------|---|---|-------------------------------------|----------------------------------|----------------------------|--------------------------------------|---|---------------------------------------|---|------------|--------------------------|
| | Share Application Money (Note 1) | Capital Reserve (Note 2) | Securities Premium Reserve (Note 3) | General Reserve (Note 4) | Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 (Note 5) | Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987 (Note 6) | Capital Redemption Reserve (Note 7) | Debt Redemption Reserve (Note 8) | Retained Earnings (Note 9) | Stock Compensation Reserve (Note 10) | Effective portion of Cash Flow Hedges (Note 11) | Fair value of loans carried at FVTOCI | Remeasurements of defined benefit (Note 12) | | |
| Balance as at April 01, 2021 | - | 83.89 | 1,840.98 | 653.15 | 640.25 | 287.37 | 230.11 | 12.80 | 1,589.93 | 15.91 | (38.41) | (0.57) | (3.66) | 5,311.75 | 5.92 |
| Profit for the year | - | - | - | - | - | - | - | - | 1,187.89 | - | - | - | - | 1,187.89 | 0.36 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | (0.98) | 10.22 | (0.03) | 9.21 | (0.01) |
| Interim dividend | - | - | - | - | - | - | - | - | (132.82) | - | - | - | - | (132.82) | - |
| Change in minority | - | - | - | - | - | - | - | - | 0.37 | - | - | - | - | 0.37 | (0.37) |
| Share issue expenses | - | - | (8.34) | - | - | - | - | - | - | - | - | - | - | (8.34) | - |
| Transfer to/ from reserves | - | - | 4.76 | 0.07 | 205.35 | 115.60 | - | - | (312.66) | (4.82) | - | - | - | 8.30 | - |
| Addition during the year | - | - | 8.45 | - | - | - | - | - | - | 3.10 | - | - | - | 11.55 | - |
| Balance as at March 31, 2022 | - | 83.89 | 1,845.85 | 653.22 | 845.60 | 402.97 | 230.11 | 12.80 | 2,332.71 | 14.19 | (39.39) | 9.65 | (3.69) | 6,387.91 | 5.90 |
| Profit for the year | - | - | - | - | - | - | - | - | 1,500.30 | - | - | - | - | 1,500.30 | 107.25 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | - | 34.76 | (0.56) | (2.01) | 32.19 | (1.52) |
| Interim dividend | - | - | - | (29.36) | - | (92.39) | - | - | (173.63) | - | - | - | - | (173.63) | - |
| Change in minority | - | - | (689.64) | - | - | - | - | - | (287.07) | - | - | - | - | (1,098.46) | 1,098.46 |
| Share issue expenses | - | - | (24.13) | - | - | - | - | - | - | - | - | - | - | (24.13) | - |
| Transfer to/ from reserves | - | - | 6.07 | 1.09 | 186.51 | 158.10 | - | - | (344.61) | (7.16) | - | - | - | (0.00) | - |
| Addition during the year | - | - | 2,289.17 | - | - | - | - | - | - | 2.62 | - | - | - | 2,291.79 | - |
| Balance as at March 31, 2023 | - | 83.89 | 3,427.32 | 624.95 | 1,032.11 | 468.68 | 230.11 | 12.80 | 3,027.70 | 9.65 | (4.63) | 9.09 | (5.70) | 8,915.97 | 1,210.08 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

Notes:

1. **Share application money pending allotment:** Money received for share application for which allotment is pending.
2. **Capital Reserves:** Capital reserve is created on account of Composite Scheme of Arrangement.
3. **Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognized in Securities Premium Reserve (including debenture premium). Total additions to Securities Premium is after netting of share issue expenses.
4. **General Reserve:** The reserve can be distributed/utilized by the Group, in accordance with the Companies Act, 2013
5. **Special Reserve:** Pursuant to section 45-IC of the Reserve Bank of India Act 1934, being 20% of the profit after tax for the year of IIFL Finance Limited and IIFL Samasta Finance Limited has been transferred from Retained Earnings to Special Reserve.
6. **Special Reserve:** Pursuant to section 29C of the National Housing Bank Act, 1987 the Housing Finance Company ("HFC") is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared.
7. **Capital Redemption Reserve:** This reserve has been created on redemption of preference shares capital as per section 55 of the Companies Act, 2013.
8. **Debenture Redemption Reserve:** Pursuant to Section 71 of the Companies Act, 2013 read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, Non Banking Finance Company ("NBFC") and Housing Finance Company ("HFC") are required to create Debenture Redemption Reserve of a value equivalent to 25% of the debentures offered through public issue. Pursuant to Ministry of Corporate Affairs circular dated August 16, 2019, reserve is not required to be created for the Non Convertible Debentures going forward.
9. **Retained Earnings:** These are the profits that the Group has earned till date, less any transfers to Statutory Reserve, Debenture Redemption Reserve, General Reserve, Dividend distribution and capital redemption reserve.
10. **Stock Compensation Reserve:** The employee stock options reserve represents reserve in respect of equity settled share options granted to the employees of the Company and its Group in pursuance of employee stock options plan.
11. **Effective portion of Cash Flow Hedges:** This reserve refers to changes in the fair value of Derivative Financial Contracts which are designated as effective Cash Flow Hedge.
12. **Remeasurements of defined benefit:** This reserve refers to remeasurement of gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets of the defined benefit plan.

See accompanying notes forming part of the financial statements (1 - 47)

In terms of our report attached

For V Sankar Aiyar & Co.

Chartered Accountants

Firm Registration No. 109208W

G. Sankar

Partner

Membership No. 046050

For Chhajed & Doshi

Chartered Accountants

Firm Registration No. 101794W

M.P. Chhajed

Partner

Membership No. 049357

For and on behalf of the Board of Directors

of IIFL FINANCE LIMITED

Arun Kumar Purwar

Chairman & Independent Director

DIN : 00026383

Nirmal Jain

Managing Director

DIN : 00010535

Place : Mumbai

Dated: April 26, 2023

Sneha Patwardhan

Company Secretary

Kapish Jain

Chief Financial Officer

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 1. CORPORATE INFORMATION

Company overview

IIFL Finance Limited (the "Company/ Parent/ Holding Company") is a Systemically Important Non-Banking Financial Company not accepting public deposits ("NBFC-ND-SI") registered with the Reserve Bank of India ("the RBI") under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in financing and related activities. The Company had received the certificate of registration from RBI on March 06, 2020, enabling the Company to carry on business as a Non-Banking Financial Company. The Company offers a broad suite of financial products such as mortgage loan, gold loan, loan against securities loans to small & medium enterprise ("SME"), Micro finance loans ("MFI") and digital finance loans.

NOTE 2. BASIS OF CONSOLIDATION

i. Basis of preparation of financial statements

The consolidated financial statements relate to IIFL Finance Limited (the "Company") and its subsidiary/ group companies (together hereinafter referred to as "Group"). The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

Control is achieved when the Company has:

- Power over the investee,
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Holding Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Holding Company's voting rights and potential voting rights.
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies

(Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the Reserve Bank of India ("RBI") and National Housing Bank ("NHB") to the extent applicable.

ii. Principles of consolidation:

- a) The consolidated financial statements have been prepared in accordance with the Indian Accounting Standards ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the accounting policies below and the relevant provisions of The Companies Act, 2013 ("Act").

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36.

Fair value measurements under Ind AS are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date;
 - Level 2 inputs are inputs, other than quoted prices included within level 1, (that are not traded in active market) that are observable for the asset or liability, either directly or indirectly; and
 - Level 3 inputs are unobservable inputs for the valuation of assets or liabilities.
- b)** The effects of all inter-Group transactions and balances have been eliminated on consolidation. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year by the Group.
- c)** The consolidated financial statements of the subsidiary companies used in the consolidation are drawn up to the same reporting date as that of the Group, March 31, 2023.
- d)** The consolidated financial statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.
- e)** Business combinations: Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively. Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill.

Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired, and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies.

- f)** Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment.

Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date.

The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognized as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognized as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements. Goodwill/ Capital reserve has been netted off and disclosed in the consolidated financial statements. Goodwill arising on consolidation is not amortized but tested for impairment.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

g) Non-controlling Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit and loss/ other comprehensive income ("OCI") for the year of the subsidiaries attributable to non-controlling interest is identified and adjusted against the profit after tax/ other comprehensive income ("OCI") of the Group in order to arrive at the income attributable to shareholders of the Group.

h) Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the Holding Company and to the non-controlling interests, if any.

iii. List of subsidiaries consolidated

The individual Balance Sheet as at March 31, 2023, Statement of Profit and Loss and cash flow statement for the year ended March 31, 2023 of following subsidiaries are included in consolidation:

| Name of the entity | Relationship | Country of Incorporation | % of holding and voting power either directly or indirectly through subsidiary | | |
|--|----------------------|--------------------------|--|----------------------|----------------------|
| | | | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
| IIFL Home Finance Limited (HFC) | Direct Subsidiary | India | 100% | 100% | 100% |
| IIFL Samasta Finance Limited (Formerly Samasta Microfinance Limited) (Samasta) | Direct Subsidiary | India | 99.51% | 99.41% | 99.09% |
| IIFL Sales Limited | Step down Subsidiary | India | 100% | 100% | 100% |
| IIFL Open Fintech Private Limited | Direct Subsidiary | India | 51.02% | NA | NA |

iv. Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with Indian Accounting Standards ("Ind AS") requires the management to make estimates, judgments, and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

v. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the provisions of the Act and the Ind AS notified under the Companies (Indian

Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in exercise of the powers conferred by section 133 read with sub-section (1) of section 210A of the Companies Act, 2013 along with the applicable guidelines issued by Reserve Bank of India ("RBI") and National Housing Bank ("NHB"). In addition, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India ("ICAI") are also applied except where compliance with other statutory promulgations require a different treatment.

vi. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Division III to Schedule III to the Act applicable for Non-Banking Finance Companies ("NBFC"). The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the consolidated Financial Statements along with the other notes required to be disclosed under the notified Accounting Standards and regulations issued by the RBI and NHB.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

i. Interest income and dividend income

Interest income on financial instruments at amortized cost is recognized on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

Interest income on Direct assignment pool is recognized on time proportion basis net off amount payable to assignees.

Interest on financial instruments measured at fair value is included within the fair value movement during the period.

The EIR is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The future cash flows are estimated considering all the behavioural pattern and contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at fair value through profit and loss ("FVTPL"), transaction costs are recognized in the Statement of Profit and Loss at initial recognition.

Penal Interest are recognized as income only when revenue is virtually certain which generally coincides with receipts.

Dividend on equity shares, preference shares and on mutual fund units is recognized as income when the right to receive the dividend is established.

ii. Fees and charges

Fees and charges include fees other than those that are an integral part of EIR. The fees included in this part of the Group's Statement of Profit and

Loss include, among other things, fees charged for servicing a loan. Fees and charges are recognized as income only when revenue is virtually certain which generally coincides with receipts.

Cheque bounce charges, late payment charges and foreclosure charges are recognized on a point-in-time basis and are recorded when realized.

Fee and commission expenses with regards to services are accounted for as and when the services are delivered.

iii. Income from financial instruments at FVTPL

Income from financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL.

iv. Assignment transactions

In accordance with Ind AS 109, in case of assignment transactions with complete transfer of risks and rewards without any retention of residual interest, gain arising on such assignment transactions is recorded upfront in the Statement of Profit and Loss and the corresponding asset is derecognized from the Balance Sheet immediately upon execution of such transaction. Further, the transfer of financial assets qualifies for derecognition in its entirety, the whole of the interest spread at its present value (discounted over the life of the asset) is recognized on the date of derecognition itself as interest only strip receivable (interest strip on assignment) and correspondingly recognized as profit on derecognition of financial asset.

v. Securitization transactions

In accordance with Ind AS 109, in case of securitization transactions, the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

vi. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

(b) Property, plant and equipment ("PPE")

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at original cost net of tax, if any, less

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

accumulated depreciation. Cost includes professional fees related to the acquisition of PPE and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

Subsequent expenditure related to an item of PPE is added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Depreciation is charged using the straight-line method, based on the useful life of PPE as estimated by the Management, as specified below. Depreciation is charged from the month in which new assets are put to use. No depreciation is charged from the month in which assets are sold. In case of transfer of used PPE from group companies, depreciation is charged over the remaining useful life of the asset. Individual assets / group of similar assets costing up to ₹ 5,000 have been depreciated in full in the year of purchase. Leasehold land is depreciated on a straight-line basis over the leasehold period.

The estimated useful life of assets is as under.

| Class of assets | Useful life |
|------------------------|-------------|
| Buildings | 20 years |
| Computers | 3 years |
| Office equipment | 5 years |
| Plant and Equipment | 5 years |
| Furniture and fixtures | 5 years |
| Vehicles | 5 years |

For above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the Management believes that the useful lives as given above best represent the period over which Management expects to use these assets.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount net of accumulated depreciation of the asset and is recognized in the Statement of Profit and Loss.

Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest and are disclosed as "capital work-in-progress".

(c) Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset

can be measured reliably. Intangible assets are stated at original cost net of tax, less accumulated amortization and cumulative impairment.

Intangible assets i.e., Software are amortized on straight-line basis over the estimated useful life of 3 years. Amortization on impaired assets is provided by adjusting the amortization charge in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount net of accumulated depreciation of the asset are recognized in the Statement of Profit and Loss when the asset is derecognized.

(d) Investment property

Investment properties are properties held to earn rentals and/ or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment loss, if any.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount net of accumulated depreciation of the asset) is included in Statement of Profit and Loss in the period in which the Investment property is derecognized.

Freehold land and properties under construction are not depreciated.

(e) Non-current Assets held for Sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

(f) Impairment of assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, intangible assets

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

and investment property assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the PPE, intangible assets and investment property are tested for impairment so as to determine the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognized immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss is subsequently reverse, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Profit and Loss.

(g) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Securities premium includes:

- The difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme.
- The fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme

(h) Employee benefits

Defined contribution plans

The Group's contribution towards Provident Fund and Family Pension Fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees and are accounted for on an accrual basis and recognized in the Statement of Profit and loss.

Defined benefit plans

Short term employee benefits: Employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits and are

expensed in the period in which the employee renders the related service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. These benefits include performance incentive and compensated absences.

Post employment benefits: The employees' gratuity fund scheme represents defined benefit plan. The present value of the obligation under defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability or asset) and any change in the effect of asset ceiling (if applicable) is recognized in other comprehensive income and is reflected in retained earnings and the same is not eligible to be reclassified to the Statement of Profit and Loss.

Defined benefit costs comprising current service cost, past service cost and gains or losses on settlements are recognized in the Statement of Profit and Loss as employee benefit expenses. Gains or losses on settlement of any defined benefit plan are recognized when the settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Group recognizes related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Long term employee benefits: The obligation recognized in respect of long-term benefits such as long term compensated absences, is measured at present value of estimated future cash flows expected to be made by the Group and is recognized in a similar manner as in the case of defined benefit plan above.

(i) Earnings per share

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e., average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

(j) Taxes on income

Current tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax is not recognized 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 recognized 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. Future taxable profits are determined based on business plans and the reversal of temporary differences.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Company has not rebutted this presumption.

For transactions and other events recognized in profit or loss, any related tax effects are also recognized in profit or loss. For transactions and other events recognized outside profit or loss (either in other comprehensive income or directly in equity), any related tax effects are also recognized outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off assets against liabilities, representing current tax and where the deferred tax assets and deferred tax liabilities relates to taxes on income levied by the same governing taxation laws.

Current and deferred tax for the year

Current and deferred tax are recognized in the Statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(k) Financial instruments

Financial assets and financial liabilities are recognized in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in the Statement of Profit and Loss.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Financial assets

Classification and measurement

The Group classifies its financial assets into the following measurement categories: amortized cost; fair value through other comprehensive income; and fair value through profit or loss.

All recognized financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial instruments measured at amortized cost

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. The principal amount may change over the life of the financial asset (e.g., if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed together to achieve a particular business

objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

Debt instruments that are subsequently measured at amortized cost are subject to impairment.

Financial instruments measured at fair value through other comprehensive income ("FVTOCI")

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognized in Statement of profit and loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the asset is disposed of, the cumulative gain or loss previously accumulated in reserve is transferred to Statement of Profit and Loss.

Financial instruments measured at fair value through Profit and Loss ("FVTPL")

All financial assets are recognized initially at fair value plus transaction cost attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the Statement of Profit and Loss. The gain or loss on disposal is recognized in the Statement of Profit and Loss.

Interest income is recognized in the Statement of Profit and Loss for FVTPL debt instruments.

Dividend on financial assets at FVTPL is recognized when the Group's right to receive dividend is established.

Investments in equity instruments at FVTOCI

On initial recognition, the Group makes an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends from these investments are recognized in the Statement of Profit and Loss when the Group's right to receive dividends is established.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Group's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Impairment of financial assets

Group recognizes loss allowances using the Expected Credit Loss ("ECL") model for the financial assets which are not fair valued through profit and loss. ECL is calculated using a model which captures portfolio performance over a period of time. ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original EIR. Vintage loss curve model is used for ECL computation of retail portfolio which involves assessment of performance of segmented portfolio over a time period. The model tracks month-wise losses during the loan tenor. Vintage loss rate models provide a simple, reasonable model for both one-year and lifetime expected credit loss forecasts. For wholesale portfolio, ECL computation is done for each loan account based on CRISIL default study and International Review Board ("IRB") guidelines.

ECL is measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e., ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date (referred to as Stage 1); or

- full lifetime ECL, i.e., lifetime ECL that result from all possible default events over the life of the financial instrument (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

Key elements of ECL computation are outlined below:

- Probability of default ("PD") is an estimate of the likelihood that customer will default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognized and is still in the portfolio.
- Loss given default ("LGD") estimates the normalized loss which Group incurs post customer default. It is usually expressed as a percentage of the Exposure at default ("EAD").
- Effective interest rate ("EIR") is the rate that discounts estimated future cash flows through the expected life of financial instrument. For calculating EIR any upfront fees need to be excluded from the loans and advance amount.

Credit impaired financial assets

A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer,
- a breach of contract such as a default or past due event,
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider,
- the disappearance of an active market for a security because of financial difficulties; or

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default ("PD") which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

Default considered for computation of ECL computation is as per the applicable prudential regulatory norms.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

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

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/ or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a

modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g., a change to the increase in the interest rate that arises when covenants are breached).

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

When a financial asset is modified, the Group considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

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

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

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

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

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in the Statement of Profit and Loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to the Statement of Profit and Loss.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Financial liabilities and equity instruments

Debt and equity instruments that are issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments (e.g., convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently re-measured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other component of equity. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained earnings. No gain/loss is recognized in Statement of Profit and Loss upon conversion or expiration of the conversion option.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the convertible notes using the effective interest rate method.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet only if there is an enforceable legal right to offset the recognized amounts with an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(l) Cash and bank balances

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks

and other bank balances which have restrictions on repatriation. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

(m) Goods and service tax input credit

Goods and service tax input credit is accounted for in the books in the period in which the supply of goods or service received is accounted and when there is no uncertainty in availing/ utilizing the credits.

(n) Borrowing costs

Borrowing costs include interest expense calculated using the EIR method.

(o) Foreign currencies

In preparing the consolidated financial statements of, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the Statement of Profit and Loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

(p) Segment reporting

The Group's primary business segments are reflected based on the principal business carried out i.e., financing. All other activities of the Group revolve around the main business. The risk and returns of the business of the Group is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments.

(q) Provisions, contingent liabilities and contingent assets

Provisions are recognized only when:

- an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

- a reliable estimate can be made of the amount of the obligation

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events when no reliable estimate is possible.

Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognized nor disclosed in the consolidated financial statements.

(r) Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- Estimated amount of contracts remaining to be executed on capital account and not provided for,
- Funding related commitment to associate and joint venture companies; and
- Other non-cancellable commitments, if any.

(s) Statement of cash flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- changes during the period in operating receivables and payables transactions of a non-cash nature,
- non-cash items such as depreciation, provisions, deferred taxes and unrealized foreign currency gains and losses.

- all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of balance sheet.

(t) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

(u) Derivative financial instruments and hedging

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives in respect of foreign currency risk, as cash flow hedge.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss and is included in the 'Other income' line item.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Amounts previously recognized in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

(v) Leases

The Group assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group considers whether (i) the contract involves the use of identified asset; (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of lease and (iii) the Group has right to direct the use of the asset.

As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located, less any lease incentives received.

Certain lease arrangements include the option to extend or terminate the lease before the end of the lease term. The right-of-use assets and lease liabilities include these options when it is reasonably certain that the option will be exercised.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement

date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprises of fixed payments, including in-substance fixed payments, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lease liability and the right of use asset have been separately presented in the balance sheet and lease payments have been classified as financing activities.

The Group has elected not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of less than or equal to 12 months with no purchase option and assets with low value leases. The Group recognizes the lease payments associated with these leases as an expense in statement of profit and loss over the lease term. The related cash flows are classified as operating activities.

As a lessor

Leases for which the Group is a lessor is classified as finance or operating leases. When the terms of the lease transfer substantially all the risks and rewards of

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease.

Critical accounting estimate and judgement

1. Determination of lease term

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

2. Discount rate

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

The Group as a lessee

As a lessee, the Group leases assets which includes gold loan branches/office premises and vehicles to employees. The Group previously classified leases as operating or finance leases based on its assessment of

whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognizes right-of-use assets and lease liabilities for these leases.

(w) Recent Accounting Pronouncements

On March 31, 2023, Ministry of Corporate Affairs ("MCA") has amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 – Presentation of Financial Statements:

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual period beginning on or after April 01, 2023. The Company has evaluated the amendment the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors:

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual period beginning on or after April 01, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements there is no impact on its standalone financial statements.

Ind AS 12 – Income Taxes:

This amendment has narrowed the scope of initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual period beginning on or after April 01, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 4. CASH AND CASH EQUIVALENTS

(₹ in Crores)

| Particulars | As at | |
|--|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Cash and Cash Equivalents | | |
| Cash on hand | 60.73 | 50.20 |
| Cheques on hand | 105.74 | - |
| Balance with Banks | | |
| - In current accounts | 1,209.17 | 3,920.92 |
| - In deposit accounts | 1,453.69 | 2,240.16 |
| - Interest accrued on fixed deposits | 1.37 | 0.36 |
| CCIL Lending/Money at call or short notice | 799.97 | - |
| Total | 3,630.67 | 6,211.64 |

NOTE 5. BANK BALANCE (OTHER THAN CASH AND CASH EQUIVALENTS)

(₹ in Crores)

| Particulars | As at | |
|---|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Balance with Banks in earmarked accounts towards unclaimed amount on NCD and dividend | 11.28 | 18.78 |
| In deposit accounts (refer note 5.1) | 2,160.84 | 1,914.54 |
| Interest accrued on fixed deposits (refer note 5.1) | 36.24 | 11.97 |
| Total | 2,208.36 | 1,945.29 |

Note 5.1 Out of the Fixed Deposits shown above

(₹ in Crores)

| Particulars | As at | |
|-------------------------------|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Lien marked | 1,795.94 | 1,294.89 |
| Margin for credit enhancement | 133.63 | 631.62 |
| Other deposits | 267.51 | - |
| Total | 2,197.08 | 1,926.51 |

NOTE 6: DERIVATIVE FINANCIAL INSTRUMENTS

(₹ in Crores)

| Part I | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|----------------------|---------------------|--------------------------|----------------------|---------------------|--------------------------|
| | Notional amounts | Fair Value - Assets | Fair Value - Liabilities | Notional amounts | Fair Value - Assets | Fair Value - Liabilities |
| (i) Currency derivatives: | | | | | | |
| Spot and forwards | 4,678.79 | 145.89 | 33.15 | 3,694.38 | 45.85 | 149.46 |
| Cross Currency Interest Rate Swaps | 363.08 | 44.02 | - | 363.08 | - | 5.06 |
| (ii) Interest rate derivatives | | | | | | |
| Forward Rate Agreements and Interest Rate Swaps | 695.50 | 26.48 | - | 695.50 | 18.56 | - |
| Options Purchased | 4.32 | 9.22 | 9.22 | 4.32 | 9.87 | 9.87 |
| (iii) Credit derivatives | - | - | - | - | - | - |
| (iv) Equity linked derivatives | - | - | - | - | - | - |
| (v) Other derivatives | | | | | | |
| Forward exchange contract | 968.75 | (2.03) | - | - | - | - |
| Total | 6,710.44 | 223.58 | 42.37 | 4,757.28 | 74.28 | 164.39 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

| Part II | As at March 31, 2023 | | | As at March 31, 2022 | | |
|--|----------------------|---------------------|--------------------------|----------------------|---------------------|--------------------------|
| | Notional amounts | Fair Value - Assets | Fair Value - Liabilities | Notional amounts | Fair Value - Assets | Fair Value - Liabilities |
| Included in above (Part I) are derivatives held for hedging and risk management purposes as follows: | | | | | | |
| (i) Fair value hedging | | | | | | |
| Options Purchased* | 4.32 | 9.22 | 9.22 | 4.32 | 9.87 | 9.87 |
| (ii) Cash flow hedging | | | | | | |
| Currency derivatives | 5,041.87 | 189.91 | 33.15 | 4,057.46 | 45.85 | 154.52 |
| Interest rate derivative | 695.50 | 26.48 | - | 695.50 | 18.56 | - |
| (iii) Net investment hedging | - | - | - | - | - | - |
| (iv) Undesignated derivatives | | | | | | |
| Currency derivative | - | - | - | - | - | - |
| Interest rate derivative | - | - | - | - | - | - |
| Forward exchange contract | 968.75 | (2.03) | - | - | - | - |
| Total | 6,710.44 | 223.58 | 42.37 | 4,757.28 | 74.28 | 164.39 |

Credit Risk and Currency Risk

(₹ in Crores)

| | Total | | Exchange Traded | | Over the Counter | |
|-----------------------------|----------|------------|-----------------|------------|------------------|------------|
| | Notional | Fair value | Notional | Fair value | Notional | Fair value |
| As at March 31, 2023 | | | | | | |
| Derivative Asset | 3,493.17 | 223.58 | 4.32 | 9.22 | 3,488.86 | 214.36 |
| Derivative Liabilities | 3,221.59 | 42.37 | 4.32 | 9.22 | 3,217.27 | 33.14 |
| As at March 31, 2022 | | | | | | |
| Derivative Asset | 1,386.82 | 74.28 | 4.32 | 9.87 | 1,382.50 | 64.41 |
| Derivative Liabilities | 3,374.78 | 164.39 | 4.32 | 9.87 | 3,370.46 | 154.52 |

* Unsecured Non Convertible Debentures of ₹ 9.22 Crores (P.Y. ₹ 9.87 Crores) made as per the terms of issue and on maturity will be transferred to the investors of the NCD.

6.1 Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate and currency risk.

6.1.1 Derivatives designated as hedging instruments

The foreign currency and interest rate risk on borrowings have been actively hedged through a combination of forward contracts and cross currency interest rate swaps.

The Group is exposed to interest rate risk arising from its foreign currency borrowings. Interest on the borrowing is payable at a floating rate linked to the Benchmark Plus Margin. The Group economically hedged the interest rate risk arising from the debt with a 'receive floating pay fixed' cross currency interest rate swap.

The Group uses Cross Currency Interest Rate Swaps (IRS) Contracts (Floating to Fixed) and Forward Exchange Contracts to hedge its risks associated with interest rate and currency fluctuations relating interest rate and currency risk arising from foreign currency loans / external commercial borrowings. The Group designates such contracts in a cash flow hedging relationship by applying the hedge accounting principles as per Ind AS standards. These contracts are stated at fair value of the Spot element of the forward exchange contracts at each reporting date. Changes in the fair value of

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

these contracts that are designated and effective as hedges of future cash flows are recognized directly in "Cash Flow Hedge Reserve" under Other Equity and the ineffective portion is recognized immediately in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

There is an economic relationship between the hedged item and the hedging instrument as the terms of the Forward contracts/Cross Currency Interest Rate Swaps match that of the foreign currency borrowings (notional amount, interest payment dates, principal repayment date, etc.). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the Forward contracts/Cross currency interest rate swaps are identical to the hedged risk components.

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|---------------------------------|---------------------------------|
| Notional amount | 6,706.12 | 4,752.95 |
| Carrying amount | 181.22 | (90.11) |
| Line item in the statement of financial position | Derivative financial instrument | Derivative financial instrument |
| Change in fair value used for measuring ineffectiveness for the year | - | - |

(₹ in Crores)

| Impact of hedging item | As at March 31, 2023 | As at March 31, 2022 |
|---------------------------------------|-------------------------|-------------------------|
| Change in fair value Profit/(Loss) | - | - |
| Cash flow hedge reserve Profit/(Loss) | 12.45 | 9.60 |
| Cost of hedging | (2.56) | - |

(₹ in Crores)

| Effect of Cash flow hedge | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Total hedging gain / (loss) recognized in OCI | 34.76 | (0.97) |
| Ineffectiveness recognized in profit or (loss) | (2.66) | - |

NOTE 7. RECEIVABLES

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (i) Trade Receivables | | |
| Receivables considered good - Secured | 60.89 | 134.50 |
| Receivables considered good - Unsecured* | 59.63 | 48.39 |
| Receivables considered good - significant increase in credit risk | 0.10 | 0.39 |
| Receivables - credit impaired | 8.11 | 0.00 |
| Total (i) - Gross | 128.73 | 183.28 |
| Less: Impairment loss allowance | (7.30) | (0.08) |
| Total (i) - Net | 121.43 | 183.20 |
| (ii) Other Receivables | | |
| Receivables considered good - Unsecured | 151.96 | 15.80 |

* including receivable from Group Companies (refer note 41.2)

Notes:

- No trade or other receivables are due from directors or other officer of the Group either severally or jointly, with any other person. Nor trade or other receivables are due from firms including limited liability partnerships, private companies in which any director is a partner or a director or a member.
- The Group had adopted simplified approach for impairment allowance on trade receivables. Expected credit loss ("ECL") has been recognized on credit impaired receivables.
- Trade receivables are non-interest bearing.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Note 7.1 Trade Receivables Ageing Schedule

(₹ in Crores)

| Particulars (As at March 31, 2023) | Outstanding for following periods from due date of payment | | | | | | |
|--|--|--------------------|-------------------|-------------|-----------|-------------------|---------------|
| | Unbilled | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 3.99 | 116.40 | 0.03 | 0.10 | - | - | 120.52 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | 0.10 | - | - | - | - | 0.10 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | 6.45 | 1.66 | - | - | 8.11 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| Total | 3.99 | 116.50 | 6.48 | 1.76 | - | - | 128.73 |

(₹ in Crores)

| Particulars (As at March 31, 2022) | Outstanding for following periods from due date of payment | | | | | | |
|--|--|--------------------|-------------------|-------------|-------------|-------------------|---------------|
| | Unbilled | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 4.64 | 178.12 | 0.11 | 0.02 | - | - | 182.89 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | - | 0.39 | - | - | - | - | 0.39 |
| (iii) Undisputed Trade Receivables – credit impaired | - | - | - | - | 0.00 | - | 0.00 |
| (iv) Disputed Trade Receivables – considered good | - | - | - | - | - | - | - |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | - | - | - | - | - | - | - |
| (vi) Disputed Trade Receivables – credit impaired | - | - | - | - | - | - | - |
| Total | 4.64 | 178.51 | 0.11 | 0.02 | 0.00 | - | 183.28 |

NOTE 8. LOANS

(₹ in Crores)

| Particulars | As at March 31, 2023 | | |
|--|----------------------|--|------------------|
| | Amortized cost | At Fair Value Through Other Comprehensive Income * | Total |
| (A) | | | |
| (i) Term Loans | 31,914.84 | 6,984.42 | 38,899.26 |
| (ii) Non Convertible Debentures - for financing real estate projects | 1,202.46 | - | 1,202.46 |
| (iii) Related Parties | 0.14 | - | 0.14 |
| (iv) Others (Dues from Customers etc) | 1,216.48 | - | 1,216.48 |
| Total (A) - Gross | 34,333.92 | 6,984.42 | 41,318.34 |
| Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 300.62 Crores and Stage 3 Interest ₹ 85.95 Crores) | (1,256.78) | (60.45) | (1,317.23) |
| Total (A) - Net | 33,077.14 | 6,923.97 | 40,001.11 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Particulars | As at March 31, 2023 | | |
|---|----------------------|--|------------------|
| | Amortized cost | At Fair Value Through Other Comprehensive Income * | Total |
| (B) | | | |
| (i) Secured by tangible assets (refer note 8.1 and 8.2) | 23,746.11 | 6,736.40 | 30,482.51 |
| (ii) Covered by Bank/ Government guarantees | 192.45 | 0.73 | 193.18 |
| (iii) Unsecured | 10,395.36 | 247.29 | 10,642.65 |
| Total (B) - Gross | 34,333.92 | 6,984.42 | 41,318.34 |
| Less: Impairment loss allowance | (1,256.78) | (60.45) | (1,317.23) |
| Total (B) - Net | 33,077.14 | 6,923.97 | 40,001.11 |
| (C) | | | |
| (I) Loans in India | | | |
| (i) Public Sector | - | - | - |
| (ii) Others | 34,333.92 | 6,984.42 | 41,318.34 |
| Total(C) (I) - Gross | 34,333.92 | 6,984.42 | 41,318.34 |
| Less: Impairment loss allowance | (1,256.78) | (60.45) | (1,317.23) |
| Total(C) (I) - Net | 33,077.14 | 6,923.97 | 40,001.11 |
| (II) Loans outside India (C) (II) | | | |
| | - | - | - |
| Total C (I) and C (II) | 33,077.14 | 6,923.97 | 40,001.11 |

(₹ in Crores)

| Particulars | As at March 31, 2022 | | |
|---|----------------------|--|------------------|
| | Amortized cost | At Fair Value Through Other Comprehensive Income * | Total |
| (A) | | | |
| (i) Term Loans | 26,637.08 | 5,712.46 | 32,349.54 |
| (ii) Non Convertible Debentures - for financing real estate projects | 1,716.84 | - | 1,716.84 |
| (iii) Related parties | 0.20 | - | 0.20 |
| (iv) Others (Dues from Customers etc) | 1,049.17 | - | 1,049.17 |
| Total (A) - Gross | 29,403.29 | 5,712.46 | 35,115.75 |
| Less: Impairment loss allowance (including Stage 3 ECL on Principal ₹ 409.22 Crores and Stage 3 Interest ₹ 112.49 Crores) | (1,372.86) | (50.00) | (1,422.86) |
| Total (A) - Net | 28,030.43 | 5,662.46 | 33,692.89 |
| (B) | | | |
| (i) Secured by tangible assets (refer note 8.1 and 8.2) | 21,343.64 | 5,712.46 | 27,056.10 |
| (ii) Covered by Bank/ Government guarantees | 344.92 | - | 344.92 |
| (iii) Unsecured | 7,714.73 | - | 7,714.73 |
| Total (B) - Gross | 29,403.29 | 5,712.46 | 35,115.75 |
| Less: Impairment loss allowance | (1,372.86) | (50.00) | (1,422.86) |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

| Particulars | As at March 31, 2022 | | |
|--|----------------------|--|------------------|
| | Amortized cost | At Fair Value Through Other Comprehensive Income * | Total |
| Total (B) - Net | 28,030.43 | 5,662.46 | 33,692.89 |
| (C) | | | |
| (I) Loans in India | | | |
| (i) Public Sector | - | - | - |
| (ii) Others | 29,403.29 | 5,712.46 | 35,115.75 |
| Total (C) (I)-Gross | 29,403.29 | 5,712.46 | 35,115.75 |
| Less: Impairment loss allowance | (1,372.86) | (50.00) | (1,422.86) |
| Total (C) (I)-Net | 28,030.43 | 5,662.46 | 33,692.89 |
| (II) Loans outside India (C) (II) | - | - | - |
| Total C (I) and C (II) | 28,030.43 | 5,662.46 | 33,692.89 |

* Loans classified under Fair Value Through Other Comprehensive Income relate to those available for sale in their present condition.

Notes:

8.1 Secured loans are secured by way of equitable mortgage of property, pledge of shares, hypothecation of assets, company personal guarantees, physical gold, undertaking to create security. Loans secured by Government Guarantee are credit facilities provided under the Emergency Credit Line Guarantee Scheme backed by an unconditional and irrevocable guarantee provided by Government of India.

8.2 Secured loans include loans aggregating to ₹ 218.77 Crores (P.Y ₹ 200.95 Crores) in respect of which the creation of security is under process.

NOTE 9. INVESTMENTS

(₹ in Crores)

| Particulars | As at March 31, 2023 | | |
|---------------------------------|---------------------------------------|-------------------|-----------------|
| | At Fair Value through profit and loss | At Amortized cost | Total |
| (A) | | | |
| Mutual funds | 57.49 | - | 57.49 |
| Alternate investment funds | 1,132.68 | - | 1,132.68 |
| Security receipts | 1,209.60 | - | 1,209.60 |
| Government Securities | 5.04 | - | 5.04 |
| Bonds | 346.52 | - | 346.52 |
| Preference Shares | 38.17 | - | 38.17 |
| Certificate of Deposits | - | 646.40 | 646.40 |
| Commercial Papers | - | 397.34 | 397.34 |
| Debt securities | - | 7.61 | 7.61 |
| Equity instruments in others | - | 0.05 | 0.05 |
| Total – Gross (A) | 2,789.50 | 1,051.40 | 3,840.90 |
| Less: Impairment loss allowance | (329.90) | - | (329.90) |
| Total – Net (A) | 2,459.60 | 1,051.40 | 3,511.00 |
| (B) | | | |
| (i) Investments outside India | - | - | - |
| (ii) Investments in India | 2,789.50 | 1,051.40 | 3,840.90 |
| Total – (B) | 2,789.50 | 1,051.40 | 3,840.90 |
| Less: Impairment loss allowance | (329.90) | - | (329.90) |
| Total Net (B) | 2,459.60 | 1,051.40 | 3,511.00 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Particulars | As at March 31, 2022 | | |
|---------------------------------|---------------------------------------|-------------------|-----------------|
| | At Fair Value through profit and loss | At Amortized cost | Total |
| (A) | | | |
| Mutual funds | 0.00 | - | 0.00 |
| Alternate investment funds | 1,099.22 | - | 1,099.22 |
| Security receipts | 445.39 | - | 445.39 |
| Debt securities | - | 9.59 | 9.59 |
| Equity instruments in others | - | 0.05 | 0.05 |
| Total – Gross (A) | 1,544.61 | 9.64 | 1,554.25 |
| Less: Impairment loss allowance | (362.09) | - | (362.09) |
| Total – Net (A) | 1,182.52 | 9.64 | 1,192.16 |
| (B) | | | |
| (i) Investments outside India | - | - | - |
| (ii) Investments in India | 1,544.61 | 9.64 | 1,554.25 |
| Total – (B) | 1,544.61 | 9.64 | 1,554.25 |
| Less: Impairment loss allowance | (362.09) | - | (362.09) |
| Total Net (B) | 1,182.52 | 9.64 | 1,192.16 |

Note 9.1 Investment details scrip wise

(₹ in Crores)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|-----------------------|----------------------------|------------------------------|-----------------------|----------------------------|------------------------------|
| | Quantity (in actuals) | Face value per unit (in ₹) | Carrying Value (₹ in Crores) | Quantity (in actuals) | Face value per unit (in ₹) | Carrying Value (₹ in Crores) |
| Mutual funds | | | 57.49 | | | 0.00 |
| Nippon India Mutual Fund ETF Liquid BeES | 36.71 | 1,000.00 | 0.00 | 35.20 | 1,000.00 | 0.00 |
| Aditya Birla Sunlife Liquid Fund- Growth-Direct Plan(formerly known as Aditya Birla Sun Life Cash Plus) | 15,83,308.60 | 10.00 | 57.49 | - | - | - |
| Alternate investment fund | | | 1132.68 | | | 1099.22 |
| Phi Capital Growth Fund-I | 339.12 | 1,00,000.00 | 8.59 | 306.78 | 1,00,000.00 | 10.06 |
| Indiareit Apartment Fund - Class B | 11.29 | 1,00,000.00 | 0.08 | 20.01 | 1,00,000.00 | 0.24 |
| IIFL One Value Fund Series B - Class B | 60,88,37,542.29 | 10.00 | 666.21 | 60,88,37,542.29 | 10.00 | 633.50 |
| IIFL One Value Fund Series B - Class C | 36,34,64,973.29 | 10.00 | 436.88 | 41,59,40,426.88 | 10.00 | 445.94 |
| Faering Capital Growth Fund III | 15,500.00 | 1,000.00 | 1.40 | 15,500.00 | 1,000.00 | 1.50 |
| IIFL Securities Capital Enhancer Fund Class S | 1,34,18,161.87 | 10.00 | 15.45 | 39,99,800.01 | 10.00 | 4.03 |
| IIFL Securities Capital Enhancer Fund Class E | 1,999.90 | 10.00 | 0.00 | 1,999.90 | 10.00 | 0.00 |
| IIFL One Opportunities FOF - Series 1 | 30,95,601.13 | 10.00 | 4.07 | 30,65,261.70 | 10.00 | 3.95 |
| Preference Shares | | | 38.17 | | | - |
| Open Financial Technologies Private Limited | 201.00 | 100.00 | 38.17 | - | - | - |
| Debt instruments | | | 7.61 | | | 9.59 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|--------------------------|-------------------------------|---------------------------------|--------------------------|-------------------------------|---------------------------------|
| | Quantity (in actuals) | Face value per unit (in ₹) | Carrying Value (₹ in Crores) | Quantity (in actuals) | Face value per unit (in ₹) | Carrying Value (₹ in Crores) |
| Elite Mortgage HL Trust June 2019 Series A PTC | 5.00 | 3,58,54,404.00 | 7.61 | 5.00 | 3,58,54,404.00 | 9.59 |
| Equity instruments | | | 0.05 | | | 0.05 |
| Alpha Microfinance Consultants Private Limited | 50,000.00 | 10.00 | 0.05 | 50,000.00 | 10.00 | 0.05 |
| Bonds | | | 346.52 | | | - |
| Andhra Pradesh State Beverages Corporation Limited | 450.00 | 2,50,000.00 | 11.26 | - | - | - |
| Andhra Pradesh State Beverages Corporation Limited | 3,353.00 | 10,00,000.00 | 335.26 | - | - | - |
| Government Securities | | | 5.04 | | | - |
| 07.38 % Govt. 50,000,000.00 Stock 2027 | 5,00,000.00 | 100.00 | 5.04 | - | - | - |
| Certificate of Deposits | | | 646.40 | | | - |
| Axis Bank Limited CD 15MAY23 | 500.00 | 5,00,000.00 | 24.78 | - | - | - |
| Bank of Maharashtra CD 05APR23 | 2,000.00 | 10,00,000.00 | 98.49 | - | - | - |
| Bank of Maharashtra CD 12MAY23 | 1,000.00 | 2,50,000.00 | 49.59 | - | - | - |
| Canara Bank CD 17APR23 | 2,000.00 | 5,00,000.00 | 98.40 | - | - | - |
| HDFC Bank Limited CD 13APR23 | 2,000.00 | 6,25,000.00 | 98.37 | - | - | - |
| HDFC Bank Limited CD 15MAY23 | 1,600.00 | 4,00,000.00 | 79.31 | - | - | - |
| Punjab National Bank CD 18MAY23 | 2,000.00 | 5,00,000.00 | 99.07 | - | - | - |
| Punjab National Bank CD 23JUN23 | 2,000.00 | 5,00,000.00 | 98.39 | - | - | - |
| Commercial Papers | | | 397.34 | | | - |
| National Bank For Agriculture And Rural Development 90D CP 20APR23 | 6,000.00 | 5,00,000.00 | 298.81 | - | - | - |
| Small Industries Development Bank Of India 91D CP 16JUN23 | 2,000.00 | 5,00,000.00 | 98.53 | - | - | - |
| Security Receipts | | | 1,209.60 | | | 445.39 |
| ACRE-110-Trust (Tranche I) | 38,25,000.00 | 895.48 | 325.40 | 38,25,000.00 | 951.75 | 362.09 |
| ACRE-110-Trust (Tranche II) | 53,97,500.00 | 952.52 | 488.42 | - | - | - |
| Arcil-SBPS-049-I-Trust | 8,33,000.00 | 275.20 | 22.92 | 8,33,000.00 | 1,000.00 | 83.30 |
| Phoenix Trust-FY23-20 | 21,25,000.00 | 1,000.00 | 212.50 | - | - | - |
| Invent/2223/IIFL Samasta/P18 Trust | 8,04,678.00 | 1,000.00 | 80.46 | - | - | - |
| Invent/2223/IIFL Samasta/P19 Trust | 7,99,000.00 | 1,000.00 | 79.90 | - | - | - |
| Total Gross | | | 3,840.90 | | | 1,554.25 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 10. OTHER FINANCIAL ASSETS

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| (Unsecured, considered good) | | |
| Security deposits | 49.27 | 40.91 |
| Deposit with Exchange | 0.25 | 0.25 |
| Interest strip asset on assignment | 1,309.34 | 795.53 |
| Staff advances | 0.26 | 0.21 |
| Insurance receivable | 65.28 | 50.58 |
| Less: Provisions on insurance receivables (refer note 10.1) | (36.77) | (26.63) |
| Other receivables | 215.17 | 57.62 |
| Accrued interest on investments | 7.20 | - |
| Other advance | 5.55 | 5.57 |
| (Unsecured, considered doubtful) | | |
| Security deposit for rented premises | 0.98 | 1.12 |
| Less: Impairment loss allowance on security deposit (refer note 10.2) | (0.98) | (1.12) |
| Total | 1,615.55 | 924.05 |

Note 10.1 Provision on Insurance Receivable:

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|----------------|-------------------------|-------------------------|
| Opening | 26.63 | 18.17 |
| Addition | 11.74 | 16.22 |
| Reduction | (1.60) | (7.76) |
| Closing | 36.77 | 26.63 |

Note 10.2 Provision on Security Deposits:

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|----------------|-------------------------|-------------------------|
| Opening | 1.12 | 1.13 |
| Addition | 0.41 | 0.74 |
| Reduction | (0.55) | (0.75) |
| Closing | 0.98 | 1.12 |

NOTE 11. DEFERRED TAX ASSETS AND LIABILITIES

Significant components of deferred tax assets and liabilities for the year ended March 31, 2023 are as follows:

(₹ in Crores)

| (A) Deferred tax asset | Opening balance (as on April 01, 2022) | Recognized in profit or loss | Recognized in/ reclassified from OCI * | Closing balance (as on March 31, 2023) |
|---|---|------------------------------------|---|---|
| Deferred tax assets | | | | |
| Property, plant and equipment | 27.74 | 4.57 | - | 32.31 |
| Provisions, allowances for doubtful receivables / loans | 331.13 | (7.30) | - | 232.83 |
| Compensated absences and retirement benefits | 6.60 | 2.73 | 0.68 | 10.01 |
| MTM on derivative financial instruments | 0.74 | (9.41) | (12.48) | (21.15) |
| Expenses deductible in future years | 13.73 | (4.45) | - | 9.28 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| (A) Deferred tax asset | Opening balance (as on April 01, 2022) | Recognized in profit or loss | Recognized in/ reclassified from OCI * | Closing balance (as on March 31, 2023) |
|---------------------------------------|---|------------------------------|---|---|
| C/f losses on investments | (15.17) | (14.53) | - | (29.70) |
| Cash flow hedge reserve | 101.77 | - | (7.45) | 94.32 |
| Fair value of loans carried at FVTOCI | (3.24) | (3.45) | 0.19 | (6.50) |
| Leases - Ind AS 116 | 8.50 | (1.45) | - | 7.05 |
| Income amortization (net) | (185.98) | (110.80) | - | (296.78) |
| Deferred tax assets (net) | 285.82 | (144.09) | (19.06) | 122.67 |

(₹ in Crores)

| (B) Deferred tax liability | Opening balance (as on April 01, 2022) | Recognized in profit or loss | Recognized in/ reclassified from OCI * | Closing balance (as on March 31, 2023) |
|-------------------------------------|---|------------------------------|---|---|
| Deferred tax liability | | | | |
| Property, plant and equipment | - | (0.00) | - | (0.00) |
| Expenses deductible in future years | - | 0.02 | - | 0.02 |
| C/f losses on investments | - | (0.63) | - | (0.63) |
| Deferred tax liability (net) | - | (0.61) | - | (0.61) |

Significant components of deferred tax assets and liabilities for the year ended March 31, 2022 are as follows:

(₹ in Crores)

| (A) Deferred tax asset | Opening balance (as on April 01, 2021) | Recognized in profit or loss | Recognized in/ reclassified from OCI * | Closing balance (as on March 31, 2022) |
|---|---|------------------------------|---|---|
| Deferred tax assets | | | | |
| Property, plant and equipment | 24.63 | 3.11 | - | 27.74 |
| Provisions, allowances for doubtful receivables / loans | 331.53 | (0.40) | - | 331.13 |
| Compensated absences and retirement benefits | 5.86 | 0.73 | 0.01 | 6.60 |
| MTM on derivative financial instruments | 6.82 | - | (6.08) | 0.74 |
| Expenses deductible in future years | 13.10 | 0.63 | - | 13.73 |
| C/f losses on investments | - | (15.17) | - | (15.17) |
| Cash flow hedge reserve | 7.32 | 90.89 | 3.56 | 101.77 |
| Fair value of loans carried at FVTOCI | 0.19 | - | (3.43) | (3.24) |
| Leases - Ind AS 116 | 7.14 | 1.36 | - | 8.50 |
| Income amortization (net) | (85.45) | (100.53) | - | (185.98) |
| Deferred tax assets (net) | 311.14 | (19.38) | (5.94) | 285.82 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 12. INVESTMENT PROPERTY (AT COST)

| (₹ in Crores) | | | | |
|--|--------------------------------------|-------------|------------------------|---------------|
| Particulars | Property (Flats) (refer note 12.1) * | Building | Land (refer note 12.1) | Total |
| Gross carrying value | | | | |
| As at April 01, 2022 | 155.60 | 7.48 | 138.16 | 301.24 |
| Additions during the year | - | - | - | - |
| Deductions/adjustments during the year | - | (4.73) | - | (4.73) |
| As at March 31, 2023 | 155.60 | 2.75 | 138.16 | 296.51 |
| Less : Impairment loss allowance/Adjustment | (0.01) | (0.46) | - | (0.47) |
| Net carrying value as at March 31, 2023 | 155.59 | 2.29 | 138.16 | 296.04 |
| Fair value as on March 31, 2023 (Fair value hierarchy : Level 3) | 192.18 | 3.68 | 150.66 | 346.53 |

*Distress value of above flats is ₹ 158.23 Crores.

| (₹ in Crores) | | | | |
|--|--------------------------------------|-------------|------------------------|---------------|
| Particulars | Property (Flats) (refer note 12.1) * | Building | Land (refer note 12.1) | Total |
| Gross carrying value | | | | |
| As at April 01, 2021 | 155.60 | 7.48 | 112.19 | 275.27 |
| Additions during the year | - | - | 25.97 | 25.97 |
| Deductions/adjustments during the year | - | - | - | - |
| As at March 31, 2022 | 155.60 | 7.48 | 138.16 | 301.24 |
| Less : Impairment loss allowance | (0.01) | (0.85) | (5.19) | (6.05) |
| Net carrying value As at March 31, 2022 | 155.59 | 6.63 | 132.97 | 295.19 |
| Fair value as on March 31, 2022 (Fair value hierarchy : Level 3) | 175.98 | 8.78 | 132.97 | 317.74 |

*Distress value of above flats is ₹ 157.90 Crores.

Note 12.1: Management has acquired possession of these properties in satisfaction of the debts and intends to dispose them in due course, subject to conducive market conditions. These properties have been valued taking into consideration various factors such as location, facilities & amenities, quality of construction, percentage of completion of construction (as for some properties the construction is currently on hold), residual life of building, business potential, supply & demand, local nearby enquiry, market feedback of investigation and ready recknor published by government. These valuations has been performed by an independent registered valuer registered under rule 2 of Companies (Registered Valuers and Valuation) Rules,2017. The fair values are based on market values, being the estimated amount for which a property could be exchanged in an arm's length transaction. These properties are not depreciated as they have not been put to use.

NOTE 13. PROPERTY, PLANT AND EQUIPMENT

| (₹ in Crores) | | | | | | | | | |
|---------------------------------------|-----------------|----------------------|------------------------|-------------|------------------|--------------|-------------------|--------------|---------------|
| Particulars | Freehold Land * | Electrical Equipment | Furniture And Fixtures | Vehicles | Office Equipment | Buildings | Plant & Equipment | Computer | Total |
| Cost as at April 01, 2022 | 0.09 | 2.26 | 135.96 | 1.57 | 28.98 | 24.55 | 40.19 | 69.89 | 303.49 |
| Additions during the year | - | 1.82 | 40.91 | 0.69 | 16.25 | - | 12.60 | 22.35 | 94.62 |
| Deductions/adjustments | - | (0.08) | (2.45) | - | (0.12) | - | (1.15) | (4.30) | (8.10) |
| As at March 31, 2023 | 0.09 | 4.00 | 174.42 | 2.26 | 45.11 | 24.55 | 51.64 | 87.94 | 390.01 |
| Depreciation | | | | | | | | | |
| As at April 01, 2022 | - | 1.43 | 65.08 | 1.53 | 10.92 | 7.05 | 21.18 | 45.78 | 152.97 |
| Depreciation for the year | - | 0.60 | 32.09 | 0.07 | 6.69 | 1.47 | 9.66 | 15.31 | 65.89 |
| Deductions/adjustments | - | (0.06) | (2.08) | - | (0.14) | (0.05) | (0.92) | (1.73) | (4.98) |
| Up to March 31, 2023 | - | 1.97 | 95.09 | 1.60 | 17.47 | 8.47 | 29.92 | 59.36 | 213.88 |
| Net block As at March 31, 2023 | 0.09 | 2.03 | 79.33 | 0.66 | 27.64 | 16.08 | 21.72 | 28.58 | 176.13 |

* The above freehold Land is hypothecated with Debenture Trustee(s) for issue of secured non-convertible debentures.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

| Particulars | (₹ in Crores) | | | | | | | | |
|---------------------------------------|-----------------|----------------------|------------------------|-------------|------------------|--------------|-------------------|--------------|---------------|
| | Freehold Land * | Electrical Equipment | Furniture And Fixtures | Vehicles | Office Equipment | Buildings | Plant & Equipment | Computer | Total |
| Cost as at April 01, 2021 | 0.09 | 1.74 | 87.98 | 1.71 | 11.34 | 35.93 | 27.76 | 48.06 | 214.61 |
| Additions during the year | - | 0.67 | 49.76 | 0.02 | 17.81 | - | 13.36 | 26.90 | 108.52 |
| Deductions/adjustments | - | (0.15) | (1.78) | (0.16) | (0.17) | (11.38) | (0.93) | (5.07) | (19.64) |
| As at March 31, 2022 | 0.09 | 2.26 | 135.96 | 1.57 | 28.98 | 24.55 | 40.19 | 69.89 | 303.49 |
| Depreciation | | | | | | | | | |
| As at April 01, 2021 | - | 1.10 | 42.47 | 1.47 | 6.94 | 8.46 | 13.68 | 36.20 | 110.32 |
| Depreciation for the year | - | 0.46 | 24.00 | 0.22 | 4.12 | 2.11 | 8.22 | 13.27 | 52.40 |
| Deductions/adjustments | - | (0.13) | (1.39) | (0.16) | (0.14) | (3.52) | (0.72) | (3.69) | (9.75) |
| Up to March 31, 2022 | - | 1.43 | 65.08 | 1.53 | 10.92 | 7.05 | 21.18 | 45.78 | 152.97 |
| Net block As at March 31, 2022 | 0.09 | 0.83 | 70.88 | 0.04 | 18.06 | 17.50 | 19.01 | 24.11 | 150.52 |

* The above freehold Land is hypothecated with Debenture Trustee(s) for issue of secured non-convertible debentures.

NOTE 13.1. CAPITAL-WORK-IN PROGRESS (CWIP)

Ageing schedule

| Particulars | (₹ in Crores) | | | | Total |
|--------------------------------|----------------------|-----------|-----------|-------------------|-------|
| | As at March 31, 2023 | | | | |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 27.30 | 0.04 | 0.06 | - | 27.40 |
| Projects temporarily suspended | - | - | - | - | - |

| Particulars | (₹ in Crores) | | | | Total |
|--------------------------------|----------------------|-----------|-----------|-------------------|-------|
| | As at March 31, 2022 | | | | |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | 5.14 | 0.50 | - | - | 5.64 |
| Projects temporarily suspended | - | - | - | - | - |

No projects were delayed for completion or had exceeded its cost compared to its original plan.

NOTE 14. LEASES

As a Lessee

a) Changes in the carrying value of right to use assets:

| Particulars | (₹ in Crores) | | |
|---|---------------|-------------|---------------|
| | Premises | Vehicle | Total |
| Opening Balance as at April 01, 2022 | 326.33 | 1.20 | 327.53 |
| Addition during the year | 162.53 | 3.28 | 165.81 |
| Deduction/Adjustment | (22.18) | (0.06) | (22.23) |
| Depreciation during the year | (83.59) | (0.92) | (84.51) |
| Closing Balance As at March 31, 2023 | 383.10 | 3.50 | 386.60 |

| Particulars | (₹ in Crores) | | |
|---|---------------|-------------|---------------|
| | Premises | Vehicle | Total |
| Opening Balance as at April 01, 2021 | 297.76 | 0.84 | 298.60 |
| Addition during the year | 101.75 | 1.13 | 102.88 |
| Deduction/Adjustment | (6.04) | - | (6.04) |
| Depreciation during the year | (67.14) | (0.77) | (67.91) |
| Closing Balance As at March 31, 2022 | 326.33 | 1.20 | 327.53 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

b) Break up value of the Current and Non - Current Lease Liabilities:

| Particulars | (₹ in Crores) | |
|-------------------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Current lease liabilities | 96.43 | 74.93 |
| Non-current lease liabilities | 317.00 | 285.75 |
| Total | 413.43 | 360.68 |

c) Movement in lease liabilities:

| Particulars | (₹ in Crores) | | |
|---|---------------|-------------|---------------|
| | Premises | Vehicle | Total |
| Balance as at April 01, 2022 | 359.40 | 1.28 | 360.68 |
| Addition during the year | 159.61 | 3.29 | 162.90 |
| Deduction/Adjustment | (25.27) | (0.06) | (25.33) |
| Finance cost accrued during the period | 34.42 | 0.20 | 34.62 |
| Payment of lease liabilities | (118.39) | (1.05) | (119.44) |
| Closing Balance As at March 31, 2023 | 409.77 | 3.66 | 413.43 |

| Particulars | (₹ in Crores) | | |
|---|---------------|-------------|---------------|
| | Premises | Vehicle | Total |
| Balance as at April 01, 2021 | 325.57 | 0.93 | 326.50 |
| Addition during the year | 101.34 | 1.12 | 102.46 |
| Deduction/Adjustment | (6.31) | - | (6.31) |
| Finance cost accrued during the period | 30.66 | 0.13 | 30.79 |
| Payment of lease liabilities | (91.87) | (0.90) | (92.76) |
| Closing Balance As at March 31, 2022 | 359.40 | 1.28 | 360.68 |

d) Details regarding the contractual maturities of lease liabilities on an undiscounted basis:

| Particulars | (₹ in Crores) | |
|----------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Less than one year | 122.51 | 99.29 |
| One to two years | 102.23 | 89.31 |
| Two to five years | 189.74 | 174.49 |
| More than five years | 110.63 | 95.77 |
| Total | 525.11 | 458.87 |

e) Rental expense recorded for short-term leases was ₹ 32.32 Crores (P.Y ₹ 19.76 Crores)

f) Amounts recognized in profit or loss

| Particulars | (₹ in Crores) | |
|--|---------------|--------------|
| | FY 2022-23 | FY 2021-22 |
| Interest on lease liabilities | 34.62 | 30.79 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low value assets | 0.42 | 0.46 |
| Depreciation relating to leases | 84.51 | 67.91 |
| Total | 119.55 | 99.16 |

g) Amounts recognized in the statement of cash flows

| Particulars | (₹ in Crores) | |
|-------------------------------|---------------|------------|
| | FY 2022-23 | FY 2021-22 |
| Total cash outflow for leases | 119.44 | 92.76 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 15. OTHER INTANGIBLE ASSETS

| Particulars | (₹ in Crores) | |
|---|---------------|--------------|
| | | Software |
| Cost or valuation as at April 01, 2022 | | 9.96 |
| Additions during the year | | 3.31 |
| Deductions /Adjustments | | - |
| As at March 31, 2023 | | 13.27 |
| Amortizations | | |
| As at April 01, 2022 | | 7.85 |
| Additions during the year | | 2.04 |
| Deductions /Adjustments | | - |
| Up to March 31, 2023 | | 9.89 |
| Net block As at March 31, 2023 | | 3.38 |

| Particulars | (₹ in Crores) | |
|---|---------------|-------------|
| | | Software |
| Cost or valuation as at April 01, 2021 | | 7.97 |
| Additions during the year | | 1.99 |
| Deductions /Adjustments | | - |
| As at March 31, 2022 | | 9.96 |
| Amortizations | | |
| As at April 01, 2021 | | 6.82 |
| Additions during the year | | 1.03 |
| Deductions /Adjustments | | - |
| Up to March 31, 2022 | | 7.85 |
| Net block As at March 31, 2022 | | 2.11 |

NOTE 16. OTHER NON-FINANCIAL ASSETS

| Particulars | (₹ in Crores) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Unsecured, considered good | | |
| Prepaid expenses | 134.31 | 54.05 |
| Receivable from securitization trust | 80.00 | 236.50 |
| Advances for operational expenses* | 42.77 | 43.03 |
| Deposit with government | 1.98 | 1.97 |
| GST / Service tax input | 11.06 | 5.20 |
| Advance towards gratuity (refer note 33.2) | - | 1.19 |
| Capital Advance | 0.31 | 0.07 |
| Other assets | 2.08 | 10.59 |
| Total | 272.53 | 352.60 |

* Includes foreign currency payments amounting to ₹ 9.32 Crores (P.Y ₹ 9.07 Crores)

NOTE 17. ASSETS HELD FOR SALE

| Particulars | (₹ in Crores) | |
|----------------------|-------------------------|-------------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Assets held for sale | 13.32 | 17.55 |
| Total | 13.32 | 17.55 |

- (i) Assets held for sale includes Group owned property which it intends to sell in the near future. One of the Property (Building) is pending sale beyond one year due to approvals pending from the relevant government authorities.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 18. PAYABLES

| Particulars | (₹ in Crores) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| (I) Trade payables | | |
| (i) Total outstanding dues of micro enterprises and small enterprises (Refer note 18.1) | 3.02 | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | | |
| Outstanding dues of creditors | 51.50 | 26.94 |
| Accrued salaries and benefits | 1.50 | 2.85 |
| Provision for expenses | 137.59 | 109.13 |
| Other trade payables * | 3.69 | 3.52 |
| Sub-Total (ii) | 194.28 | 142.43 |
| Total (i+ii) | 197.30 | 142.43 |
| (II) Other Payables | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | - | - |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | - | 9.91 |
| Total (II) | - | 9.91 |

* including payable to Group Companies (refer note 41.2)

Note 18.1 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under The Micro, Small and Medium Enterprises Development Act, 2016 ("MSMED Act") on the basis of confirmations sought from suppliers on registration with the specified authorities under MSMED:

| Particulars | (₹ in Crores) | |
|--|---------------|------------|
| | FY 2022-23 | FY 2021-22 |
| (a) Principal amount remaining unpaid to any supplier at the year end | 3.02 | - |
| (b) Interest due thereon remaining unpaid to any supplier at the year end | - | - |
| (c) Amount of interest paid and payments made to the supplier beyond the appointed day during the year | 0.00 | - |
| (d) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act | - | - |
| (e) Amount of interest accrued and remaining unpaid at the year end | - | - |
| (f) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Act | - | - |

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

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

NOTE 18.2 TRADE PAYABLES AGEING SCHEDULE

| Particulars | (₹ in Crores) | | | | | Total |
|-----------------------------|--|---------------------|-----------|-----------|----------------------|--------|
| | Outstanding for following periods from due date of payment | | | | | |
| | Unbilled | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| As at March 31, 2023 | | | | | | |
| (i) MSME | 3.00 | 0.02 | - | - | - | 3.02 |
| (ii) Others | 150.25 | 43.47 | 0.55 | 0.00 | 0.01 | 194.28 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

| Particulars | Outstanding for following periods from due date of payment | | | | | (₹ in Crores) |
|-----------------------------|--|------------------|-----------|-----------|-------------------|---------------|
| | Unbilled | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at March 31, 2022 | | | | | | |
| (i) MSME | - | - | - | - | - | - |
| (ii) Others | 113.17 | 29.21 | 0.03 | 0.02 | - | 142.43 |
| (iii) Disputed dues – MSME | - | - | - | - | - | - |
| (iv) Disputed dues - Others | - | - | - | - | - | - |

NOTE 19. DEBT SECURITIES

| Particulars | At Amortized Cost | |
|--|----------------------|----------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| (i) Non Convertible Debentures (Refer Note (a), (b), (c), 19.1 and 19.2) - Secured | 7,659.78 | 7,463.66 |
| Less : Unamortized debenture issue expenses | (25.73) | (43.19) |
| Less : Unexpired discount on NCD | (0.07) | (1.57) |
| (ii) Commercial Papers - Unsecured | - | 100.90 |
| Less : Unexpired discount on Commercial Paper | - | (1.74) |
| (iii) Interest accrued but not due | 291.32 | 320.02 |
| Total (A) | 7,925.30 | 7,838.08 |
| Debt Securities in India | 5,614.20 | 5,317.35 |
| Debt Securities outside India | 2,311.10 | 2,520.73 |
| Total (B) | 7,925.30 | 7,838.08 |

Notes:

- These Non Convertible Debentures are secured by way of first pari-passu charge on immovable property, current assets, book debts, loans and advances including receivables other than those specifically charged.
- Non Convertible Debentures – Secured includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ 15.00 Crores (from December 20, 2023) and ₹ 15.00 Crores (from March 20, 2024) { As at March 31, 2022 ₹ 28.13 Crores (May 15, 2022), ₹ 15.00 Crores (from December 20, 2023) and ₹ 15.00 Crores (from March 20, 2024)}
- Non Convertible Debentures – Includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ Nil { As at March 31, 2022 ₹ 762.88 Crores (from September 07, 2022)}

NOTE 19.1 - TERMS OF REPAYMENT

| Residual Maturity | As at March 31, 2023 | | As at March 31, 2022 | |
|---|--------------------------|----------------------|--------------------------|----------------------|
| | Rate of Interest / Yield | Amount (₹ in Crores) | Rate of Interest / Yield | Amount (₹ in Crores) |
| Non Convertible Debenture (Secured): | | 7,659.78 | | 7,463.66 |
| Fixed: | | 7,181.21 | | 6,884.04 |
| More than 5 years | 5.00% - 9.45% | 2,458.92 | 5.00 % - 9.18% | 1,935.90 |
| 3- 5 years | 8.20% - 9.00% | 812.24 | 8.20 % - 10.33% | 491.58 |
| 1-3 years | 8.25% - 10.33% | 946.45 | 8.25% - 11.50% | 3,796.76 |
| Less than 1 years | 8.25% - 11.50% | 2,963.60 | 7.75% -15.25% | 659.80 |
| Floating:[^] | | 115.00 | | 28.13 |
| 1-3 years | 8.25% | 115.00 | | |
| Less than 1 years | | | 7.51% | 28.13 |
| Zero Coupon: | | 363.57 | | 551.49 |
| More than 5 years | 8.75% | 5.53 | 8.75% | 5.53 |
| 3- 5 years | 8.50% - 8.75% | 31.44 | 8.50% - 8.75% | 33.56 |
| 1-3 years | 8.00% - 10.30% | 255.30 | 8.00 % - 10.30% | 325.66 |
| Less than 1 years | 8.25% | 71.30 | 9.35% - 9.85% | 186.74 |
| Commercial Papers (Unsecured): | | - | | 100.90 |
| Less than 1 years | - | - | 6.30%-7.50% | 100.90 |
| Total | | 7,659.78 | | 7,564.56 |

[^] The floating rate non convertible debentures are linked with Government securities / Treasury Bills interest rates plus applicable spread.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 19.2 - NON CONVERTIBLE DEBENTURES - INSTRUMENT WISE DETAILS

| Description of security | Coupon/ Yield | ₹ in Crores | |
|---|------------------|-------------------------|-------------------------|
| | | As at March 31, 2023 | As at March 31, 2022 |
| 5.875% Secured Medium Term Note. Date of Maturity- April 20, 2023 * | 11.03% | 2,251.39 | 2,453.40 |
| 11.50% Secured Listed, Rated Senior Taxable Redeemable Non-Convertible Debentures. Smfl Ncd Series 3. Date Of Maturity April 21, 2023 | 11.50% | 15.00 | 15.00 |
| 11.50% Secured Listed, Rated Senior Taxable Redeemable Non-Convertible Debentures. Smfl Ncd Series 3. Date Of Maturity April 21, 2023 | 11.50% | 100.00 | 100.00 |
| 9.00% Secured Rated Listed Redeemable Non Convertible Debenture Series D5. Date of maturity May 08, 2023 | 9.00% | 100.00 | - |
| 11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Redeemable Non Convertible Debentures. Series 1. Date Of Maturity June 05, 2023 | 11.50% | 25.00 | 25.00 |
| 11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Redeemable Non Convertible Debentures. Series 1. Date Of Maturity June 05, 2023 | 11.50% | 15.00 | 15.00 |
| 11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Redeemable Non Convertible Debentures. Series 1. Date Of Maturity June 05, 2023 | 11.50% | 20.00 | 20.00 |
| 11.50% Rated, Listed, Senior, Secured, Redeemable, Taxable, Inr Denominated Non-Convertible Debentures. Smfl Ncd Series 4. Date Of Maturity July 10, 2023 | 11.50% | 25.00 | 25.00 |
| Gsec Linked Secured Rated Listed Redeemable Non Convertible Debenture. Series Mld1 22-23. Date Of Maturity September 01, 2023. | 11.01% | 25.00 | - |
| Gsec Linked Secured Rated Listed Redeemable Non Convertible Debenture. Series Mld1 22-23. Date Of Maturity September 01, 2023. | 11.01% | 80.00 | - |
| 8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity October 14, 2023 | 8.25% | 307.21 | - |
| Zero Coupon Secured Rated Cumulative Listed Redeemable Non Convertible Debentures. Series II Date Of Maturity October 14, 2023 | 8.25% | 71.30 | 71.43 |
| G- Sec Linked Secured Rated Listed Principal Protected Redeemable Non Convertible Debentures. Series C 12. Date Of Maturity April 25, 2024 | 9.12% | 51.30 | 50.19 |
| Gsec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures. Date Of Maturity April 30, 2024 | 9.00% | 59.00 | 59.00 |
| Gsec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures. Date Of Maturity April 30, 2024 | 9.00% | 74.80 | 74.80 |
| G- Sec Linked Secured Rated Unlisted Principal Protected Redeemable Non Convertible Debentures. Series C 14. Date Of Maturity June 27, 2024 | 10.30% | 20.00 | 20.00 |
| G-Sec Linked Secured Rated Listed Principal Protected Market Linked Redeemable Non Convertible Debentures Series D21 Date Of Maturity July 25, 2024 | 8.50% | 26.00 | - |
| Gsec Linked Secured Rated Listed Principal Protected Market Linked Redeemable Non Convertible Debenture. Series D19. Date Of Maturity September 02, 2024 | 8.25% | 115.00 | - |
| Gsec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series D14. Date Of Maturity September 07, 2024 | 8.00% | 100.00 | 100.00 |
| 8.50% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series III. Date Of Maturity October 14, 2024 | 8.50% | 93.88 | 94.08 |
| Zero Coupon Secured Rated Cumulative Listed Redeemable Non Convertible Debentures. Series IV. Date Of Maturity October 14, 2024 | 8.50% | 57.27 | 57.31 |
| 8.25% Secured Rated Listed Redeemable Non Convertible Debenture. Series I Tranche Ii. Date Of Maturity January 01, 2025 | 8.25% | 225.72 | 225.72 |
| Secured Rated Listed Redeemable Non Convertible Debenture. Series Ii Tranche Ii. Date Of Maturity January 03, 2025 | 8.25% | 26.73 | 26.73 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

| Description of security | Coupon/ Yield | (₹ in Crores) | |
|--|------------------|-------------------------|-------------------------|
| | | As at March 31, 2023 | As at March 31, 2022 |
| 8.5% Secured Rated Listed Non Convertible Debentures Redeemable Series I Date Of Maturity January 24, 2025 | 8.50% | 45.63 | - |
| Secured Rated Listed Redeemable Non Convertible Debentures Series II Date Of Maturity January 24, 2025 | 8.50% | 30.07 | - |
| 10.33% Secured Rated Listed Redeemable Non Convertible Debenture. Series C11. Maturity Date - December 19, 2025 | 10.33% | 15.00 | 15.00 |
| Secured Rated Listed Redeemable Non Convertible Debentures Series IV. Date Of Maturity January 24, 2026 | 8.75% | 24.13 | - |
| 8.75% Secured Rated Listed Redeemable Non Convertible Debentures Series III Date Of Maturity January 24, 2026 | 8.75% | 57.21 | - |
| 10.05% Secured Rated Listed Redeemable Non Convertible Debenture. Series C13. Maturity Date : March 20, 2026 | 10.05% | 15.00 | 15.00 |
| 8.5% Secured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Series D8 Maturity March 31, 2026 | 8.50% | 280.00 | - |
| 8.20% Secured Rated Listed Redeemable Non Convertible Debentures. Series D7. Date Of Maturity September 28, 2026 | 8.20% | 112.00 | 112.00 |
| 8.42% Secured Rated Monthly Listed Redeemable Senior Non Convertible Debentures. Series V. Date Of Maturity October 14, 2026 | 8.42% | 146.22 | 147.25 |
| 8.75% Secured Rated Annually Listed Redeemable Senior Non Convertible Debentures. Series VI. Date Of Maturity October 14, 2026 | 8.75% | 135.72 | 136.08 |
| Zero Coupon Secured Rated Cumulative Listed Redeemable Non Convertible Debentures. Series VII. Date Of Maturity October 14, 2026 | 8.75% | 27.19 | 29.31 |
| 8.20% Secured Rated Listed Redeemable Non Convertible Debenture. Series Iii Tranche Ii. Date Of Maturity January 03, 2027 | 8.20% | 52.65 | 52.65 |
| 8.50% Secured Rated Listed Redeemable Non Convertible Debenture. Series Iv Tranche Ii. Date Of Maturity January 03, 2027 | 8.50% | 13.60 | 13.60 |
| Secured Rated Listed Redeemable Non Convertible Debenture. Series V Tranche Ii. Date Of Maturity January 03, 2027 | 8.50% | 4.25 | 4.25 |
| 9% Secured Rated Listed Redeemable Non Convertible Debentures Series VI. Date Of Maturity January 24, 2028 | 9.00% | 118.93 | - |
| Secured Rated Listed Redeemable Non Convertible Debentures Series VII. Date Of Maturity January 24, 2028 | 9.00% | 37.86 | - |
| 8.65% Secured Rated Listed Redeemable Non Convertible Debentures Series V Date Of Maturity January 24, 2028 | 8.65% | 158.27 | - |
| 8.60% Secured Redeemable Non Convertible Debentures. Series. Seris D3. Maturity Date: February 11, 2028 | 8.60% | 18.00 | 18.00 |
| 8.62% Secured Rated Listed Redeemable Non Convertible Debentures. Series D4. Date Of Maturity March 12, 2028 | 8.62% | 19.00 | 19.00 |
| 8.43% Secured Rated Listed Redeemable Non Convertible Debenture. Series Vi Tranche Ii. Date Of Maturity January 03, 2029. | 8.43% | 53.74 | 53.74 |
| 8.75% Secured Rated Listed Redeemable Non Convertible Debenture. Series Vii Tranche Ii. Date Of Maturity January 03, 2029 | 8.75% | 22.18 | 22.18 |
| Secured Rated Listed Redeemable Non Convertible Debenture. Series Viii Tranche Ii. Date Of Maturity January 03, 2029 | 8.75% | 5.53 | 5.53 |
| 8.70% Secured Rated Listed Redeemable Non Convertible Debentures. Series D5. Date Of Maturity April 16, 2029 | 8.70% | 36.00 | 36.00 |
| 9.18% Secured Redeemable Non Convertible Debentures. Series C15. Maturity Date - October 03, 2029 | 9.18% | 300.00 | 300.00 |
| 8.585% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad I. Date Of Maturity February 25, 2030 | 8.59% | 433.30 | 433.30 |
| 8.70% Secured Rated Listed Redeemable Non Convertible Debentures. Series D6. Date Of Maturity May 14, 2030 | 8.70% | 109.00 | 109.00 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

| Description of security | Coupon/ Yield | As at March 31, 2023 | As at March 31, 2022 |
|--|------------------|-------------------------|-------------------------|
| 8.69% Secured Redeemable Non Convertible Debentures. Series. Series D2. Maturity Date: November 12, 2030. | 8.69% | 300.00 | 300.00 |
| 5% Secured Rated Unlisted Redeemable Non Convertible Debenture. Series Ad ii. Date Of Maturity February 28, 2031 | 5.00% | 74.70 | 74.70 |
| 8.33% Secured Rated Listed Redeemable Non Convertible Debentures. Series D13. Date Of Maturity June 30, 2031 | 8.33% | 500.00 | 500.00 |
| 8.50% Secured Rated Listed Non Convertible Debentures. Series D15. Date Of Maturity January 21, 2032 | 8.50% | 10.00 | 10.00 |
| 8.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series D16 Option A. Date Of Maturity March 24, 2032 | 8.60% | 60.00 | 60.00 |
| 9% Secured Rated Listed Non Convertible Debenture. Series D17. Date Of Maturity July 15, 2032 | 9.00% | 10.00 | - |
| 9.45% Secured Rated Listed Redeemable Non Convertible Debentures Series D20 Date Of Maturity November 01, 2032 | 9.45% | 550.00 | - |
| Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C7. Date Of Maturity April 04, 2022 | 9.45% | - | 24.00 |
| G-Sec Linked Secured Rated Listed Redeemable Non Convertible Debentures. Series C6. Date Of Maturity April 21, 2022 | 9.35% | - | 29.80 |
| 9.50% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - May 07, 2022 | 9.50% | - | 260.50 |
| 9.60% Secured Rated Listed Redeemable Non Convertible Debentures. Series I. Maturity Date - May 07, 2022 | 9.60% | - | 36.69 |
| Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series II - Category II,III & IV. Maturity Date - May 07, 2022 | 9.60% | - | 42.24 |
| Secured Rated Listed Redeemable Non Convertible Debentures. Series B10 Option A. Date Of Maturity May 13, 2022 | 8.56% | - | 28.13 |
| 8.00% Secured Rated Listed Redeemable Senior Non Convertible Debentures. Series D10. Date Of Maturity May 17, 2022 | 8.00% | - | 100.00 |
| 8.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D11. Date Of Maturity May 26, 2022 | 8.00% | - | 25.00 |
| Gsec Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. Series 1. Date Of Maturity June 02, 2022 | 9.55% | - | 15.00 |
| 15.25% Secured Redeemable Non Convertible Debentures. F Group Debt Instruments Series 1-50. Date Of Maturity June 30, 2022 | 15.25% | - | 5.00 |
| Market Linked Secured Rated Listed Redeemable Non-Convertible Debentures. Series D3 Option II. Date Of Maturity September 27, 2022 | 9.50% | - | 21.93 |
| Zero Coupon Secured Rated Listed Redeemable Non Convertible Debentures. Series C8. Date Of Maturity September 29, 2022 | 9.55% | - | 58.00 |
| 9.50% Secured Rated Listed Redeemable Non-Convertible Debentures. Series II. Date Of Maturity December 06, 2022 | 9.50% | - | 33.17 |
| Zero coupon Secured Rated Listed Redeemable Non-Convertible Debentures. Series III. Date Of Maturity December 06, 2022 | 9.85% | - | 10.77 |
| 9.85% Secured Rated Listed Redeemable Non-Convertible Debentures. Series IV. Date Of Maturity December 06, 2022 | 9.85% | - | 64.44 |
| Gsec Linked Secured Rated Listed Redeemable Market Linked Principal Protected Non Convertible Debentures. Date Of Maturity December 26, 2022 | 7.75% | - | 50.00 |
| Gsec Linked Secured Rated Listed Senior Redeemable Principal Protected Market Linked Non Convertible Debentures. Series 2. Date Of Maturity January 02, 2023 | 9.65% | - | 15.00 |
| 9.85% Secured Rated Listed Redeemable Non Convertible Debenture Series D4. Date Of Maturity January 17, 2023 | 9.85% | - | 5.00 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Description of security | Coupon/ Yield | As at | |
|--|------------------|-----------------|-----------------|
| | | March 31, 2023 | March 31, 2022 |
| 10.50% Secured Rated Unlisted Redeemable Non Convertible Debentures. Date Of Maturity March 18, 2023 | 10.50% | - | 50.00 |
| 9.00% Secured Rated Listed Redeemable Non Convertible Debentures. Series D5. Date Of Maturity May 08, 2023 | 9.00% | - | 100.00 |
| 8.25% Secured Rated Annual Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity October 14, 2023 | 8.25% | - | 307.53 |
| 9.75% Secured Rated Listed Redeemable Non Convertible Debentures. Series III. Maturity Date - February 07, 2024 | 9.75% | - | 170.42 |
| 10.20% Secured Rated Listed Redeemable Non Convertible Debentures. Series IV. Maturity Date - February 07, 2024 | 10.20% | - | 111.80 |
| Total | | 7,659.78 | 7,463.66 |

* Includes hedging cost

NOTE 20. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Crores)

| Particulars | At Amortized Cost | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| (A) | | |
| (a) Term loan | | |
| (i) From Banks, NHB and Financial Institutions (refer note (a), (b), (d) and 20.1) | 25,946.45 | 21,864.90 |
| (ii) From others (refer note (c) and 20.1) | 1,232.55 | 757.93 |
| Less : Prepaid expenses | (117.39) | (84.67) |
| (b) Other loans | | |
| (i) Cash credit/ overdraft (refer note (a) and 20.2) | 620.90 | 335.09 |
| (ii) Securitization liability (refer note 20.2) | 743.94 | 2,406.51 |
| Less : Prepaid expenses | (4.16) | (11.79) |
| (c) Interest accrued but not due | 53.97 | 51.41 |
| Total (A) | 28,476.27 | 25,319.37 |
| (B) | | |
| Borrowings in India | 25,593.27 | 23,791.84 |
| Borrowings outside India | 2,883.00 | 1,527.53 |
| Total (B) | 28,476.27 | 25,319.37 |

Notes:

- These loans are secured by way of a first pari-passu charge over the current assets in the form of receivables, book debts, bills, outstanding monies receivables including future movable assets, other than those specifically charged.
- During the year the Group had borrowed ₹ 395.28 Crores (equivalent to US\$ 50 Million) under External commercial borrowing. These are secured by way of first ranking pari passu charge by way of hypothecation on all borrower's charged asset in favour of the security trustee and specify exclusive charge.
- During the year the Group had also borrowed ₹ 822.00 Crores (equivalent to US\$ 100 Million) under External commercial borrowing. These are secured by way of first ranking pari passu against all reivables/current assets of the borrower including book debts/receivables with both present and future but excluding book debt/receivables pertaining to capital market exposure and securitized asset.
- During the year ended March 31, 2022, the Group borrowed ₹ 379.25 Crores (equivalent to US\$ 50 Million) through the External Commercial Borrowings towards refinancing of existing outstanding Medium Term Notes. These are secured by way of all rights, titles, interest, benefits, claims and demands, whatsoever of the Company in, to and in respect of, all present and future, receivables/assets, including Company's accounts, operating cash flows, current assets, book debts, stock in trade, loans and advances and receivables, both present and future to the extent of complying with the Security Coverage Ratio.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 20.1 - TERMS OF REPAYMENT OF TERM LOANS

| Residual Maturity | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------------|-------------------------|----------------------------|-------------------------|
| | Rate of Interest/ Yield | Amount (₹ in Crores) | Rate of Interest/ Yield | Amount (₹ in Crores) |
| Term loans from Banks and Financial institutions:* | | | | |
| Fixed: | | 6,716.95 | | 6,352.09 |
| More than 5 years | | - | | - |
| 3- 5 years | 8.45% - 9.80% | 786.39 | 8.45%-9.80% | 642.05 |
| 1-3 years | 8.00% - 11.50% | 3,118.88 | 8.00% - 11.50% | 3,203.88 |
| Less than 1 year | 8.00% - 11.50% | 2,811.68 | 7.05% - 12.00% | 2,506.16 |
| Floating: | | 16,144.06 | | 12,749.12 |
| More than 5 years | 7.70% - 9.75% | 1,602.86 | 7.70% - 9.50% | 1,427.47 |
| 3- 5 years | 7.70% - 9.75% | 1,985.13 | 7.70% - 9.75% | 1,824.97 |
| 1-3 years | 7.70% - 11.00% | 5,852.14 | 7.40% - 11.00% | 5,294.62 |
| Less than 1 year | 7.70% - 11.00% | 6,703.94 | 6.00% - 11.75% | 4,202.05 |
| Term loans from NHB: | | | | |
| Fixed: | | 3,085.44 | | 2,763.70 |
| More than 5 years | 2.80% - 7.90% | 783.14 | 2.94 % - 6.85 % | 652.64 |
| 3- 5 years | 2.80% - 7.90% | 723.32 | 2.94 % - 8.18 % | 594.15 |
| 1-3 years | 2.80% - 8.40% | 1,092.71 | 2.94 % - 8.18 % | 1,039.94 |
| Less than 1 year | 2.80% - 8.40% | 486.28 | 2.94 % - 8.80 % | 476.99 |
| Term loans from others:** | | | | |
| Floating: | | 1,232.55 | | 757.93 |
| 3- 5 years | 8.44% - 9.20% | 1,232.55 | 8.62% | 757.93 |
| Total | | 27,179.00 | | 22,622.83 |

*The rate of interest for the above term loans is linked to marginal cost of funds based lending rate/ treasury bills plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

** The rate of interest for the above loan is linked to the benchmark plus appropriate spread.

Note 20.2 - Terms of repayment of Other loans

| Residual Maturity | As at March 31, 2023 | | As at March 31, 2022 | |
|---------------------------------|----------------------------|-------------------------|----------------------------|-------------------------|
| | Rate of Interest/ Yield | Amount (₹ in Crores) | Rate of Interest/ Yield | Amount (₹ in Crores) |
| Less than 1 year - CC/ ODFD *** | 6.00%-9.75% | 620.90 | 3.75% - 10.50% | 335.09 |
| Securitization: | | 743.94 | | 2,406.51 |
| Fixed: | | 564.26 | | 1,989.22 |
| 1-3 years | - | - | 7.50% - 10.10% | 1,945.25 |
| Less than 1 year | 7.72% | 564.26 | 7.72% | 43.97 |
| Floating: | | 179.68 | | 417.29 |
| More than 5 years | 7.30%-8.05% | 143.06 | 6.45% - 8.20% | 318.94 |
| 3- 5 years | 7.30%-8.05% | 15.23 | 6.45% - 8.20% | 39.16 |
| 1-3 years | 7.30%-8.05% | 14.56 | 6.45% - 8.20% | 44.26 |
| Less than 1 year | 7.30%-8.05% | 6.85 | 6.45% - 8.20% | 14.93 |
| Total | | 1,364.84 | | 2,741.59 |

****The rate of interest for the above loans is linked to base rate of Bank's plus applicable spread. The above categorization of loans has been based on the interest rates prevalent as on the respective reporting dates.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 21. UNSECURED/SUBORDINATED LIABILITIES

I. Unsecured, Unsubordinated Non Convertible Debentures

(₹ in Crores)

| Particulars | At Amortized Cost | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| (A) | | |
| (i) Unsecured Non Convertible Debentures - Other than Sub Debt | 140.00 | - |
| Less: Unamortized Debenture Issue Expenses | (0.99) | - |
| (ii) Interest Accrued on Debt Securities | 0.81 | - |
| Total (A) | 139.82 | - |
| (B) | | |
| Unsubordinated liabilities in India | 139.82 | - |
| Unsubordinated liabilities outside India | - | - |
| Total (B) | 139.82 | - |

II. Unsecured, Subordinated Non Convertible Debentures

(₹ in Crores)

| Particulars | At Amortized Cost | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| (A) | | |
| (i) Non Convertible Debentures | 2,858.98 | 2,429.80 |
| Less : Unamortized debenture issue expenses | (53.30) | (50.32) |
| (ii) Interest accrued but not due | 256.92 | 188.57 |
| Total (A) | 3,062.60 | 2,568.05 |
| (B) | | |
| Subordinated liabilities in India | 2,715.29 | 2,220.96 |
| Subordinated liabilities outside India | 347.31 | 347.09 |
| Total (B) | 3,062.60 | 2,568.05 |

NOTE 21.1 - TERMS OF REPAYMENT

(₹ in Crores)

| Residual Maturity | As at March 31, 2023 | | As at March 31, 2022 | |
|--|-----------------------------|-------------------------|-----------------------------|-------------------------|
| | Rate of Interest / Yield | Amount (₹ in Crores) | Rate of Interest / Yield | Amount (₹ in Crores) |
| Non Convertible Debenture (Unsecured) | | | | |
| Fixed: | | 2,748.53 | | 2,179.35 |
| More than 5 years | 9.35% - 11.25% | 2,226.92 | 8.70% - 10.50% | 1,934.74 |
| 3- 5 years | 8.80% - 9.05% | 185.00 | 10.00% - 10.00% | 25.93 |
| 1-3 years | 9.05% - 11.40% | 179.11 | 8.93% - 12.10% | 170.68 |
| Less than 1 years | 8.93% - 12.10% | 157.50 | 12.15% - 16.90% | 48.00 |
| Zero Coupon | | 250.45 | | 250.45 |
| More than 5 years | 9.35% - 10.03% | 244.67 | 9.35% - 10.03% | 244.67 |
| 3- 5 years | - | - | 10.50% | 5.78 |
| 1-3 years | 10.50% | 5.78 | - | - |
| Total | | 2,998.98 | | 2,429.80 |

NOTES:

- (a) Non Convertible Debentures – Includes redeemable non convertible debenture which carries call option and contain a repayment clause by way of reduction in face value ₹ 50.00 Crores (from May 28, 2024), ₹ 30.77 Crores (from August 07, 2024), ₹ 15.45 Crores (from August 07, 2024), ₹ 10.00 Crores (from February 28, 2024), ₹ 126.52 Crores (from May 14, 2024), ₹ 40.00 Crores (from June 18, 2025) and ₹ 30.00 Crores (from July 14, 2025) { As at March 31, 2022 ₹ 50.00 Crores (from May 28, 2024), ₹ 30.77 Crores (from August 07, 2024), ₹ 15.45 Crores (from August 07, 2024), as at March 31,

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

2022 Non Convertible Debentures – Unsecured includes redeemable non convertible debenture which carries call option ₹ 10.00 Crores (from February 28, 2024), ₹ 126.52 Crores (from May 14, 2024), ₹ 40.00 Crores (from June 18, 2025) and ₹ 30.00 Crores (from July 14, 2025)}

- (b) Unsecured Non convertible Debentures - Sub Debt includes debentures amounting to ₹ 11 Cr (P.Y. ₹ 11 Cr) in respect of which the Company is having a call option at the end of the 5th year from July 20, 2018.

Note 21.2 - Non Convertible Debentures - instrument wise details

| Description of security | Coupon/ Yield | ₹ in Crores) | |
|--|------------------|-------------------------|-------------------------|
| | | As at March 31, 2023 | As at March 31, 2022 |
| 8.93% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U07. Date Of Maturity April 14, 2023 | 8.93% | 50.00 | 50.00 |
| 12.10% Unsecured Redeemable Non Convertible Debentures. Date Of Maturity May 24, 2023 | 12.10% | 10.00 | 10.00 |
| 9.30% Unsecured Redeemable Non Convertible Subordinated Debentures. Series Uo5. Date Of Maturity May 29, 2023 | 9.30% | 15.00 | 15.00 |
| 10.50% Unsecured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Series A Date Of Maturity December 20, 2023 | 11.40% | 50.00 | - |
| Nifty 50 Index Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Date Of Maturity April 19, 2024 | 10.15% | 21.85 | 21.85 |
| Nifty 50 Index Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Date Of Maturity April 19, 2024 | 10.15% | 67.15 | 67.15 |
| Nifty 50 Index Linked Unsecured Rated Listed Redeemable Non Convertible Debentures. Date Of Maturity April 18, 2024 | 9.05% | 6.68 | 6.68 |
| 11.40% Unsecured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Series B Date Of Maturity December 19, 2024 | 10.50% | 50.00 | - |
| 10.75% Unsecured Rated Listed Redeemable Non Convertible Debentures Letter Of Allotment Date Of Maturity February 24, 2025 | 10.75% | 40.00 | - |
| 10.00% Unsecured Rated Listed Redeemable Non-Convertible Debenture. Series V. Date Of Maturity June 06, 2025 | 10.00% | 25.93 | 25.93 |
| Zero Coupon Unsecured Redeemable Non Convertible Debentures. Tranche II. Series VI. Date of Maturity June 06, 2025 | 10.50% | 5.78 | 5.78 |
| 8.85% Unsecured Subordinated Listed Redeemable Non-Convertible Debentures. Series U06. Date Of Maturity July 27, 2027 | 8.85% | 75.00 | 75.00 |
| 8.70% Unsecured Listed Redeemable Subordinated Non Convertible Debentures. Series U03. Date Of Maturity November 19, 2027 | 8.70% | 100.00 | 100.00 |
| 9.05% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U08. Date Of Maturity February 28, 2028 | 9.05% | 10.00 | 10.00 |
| 9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U09. Date Of Maturity June 16, 2028 | 9.85% | 40.00 | 40.00 |
| 10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series I. Date Of Maturity June 24, 2028 | 10.00% | 274.69 | 274.69 |
| 9.60% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series II. Date Of Maturity June 24, 2028 | 9.60% | 328.02 | 328.02 |
| Zero Coupon Unsecured Rated Listed Redeemable Non Convertible Debenture. Series III. Date Of Maturity June 24, 2028 | 10.03% | 68.14 | 68.14 |
| 9.00% India Infoline (Regs) 18-2028_Rupee Denominated Bond. Date of Maturity June 28, 2028 | 9.00% | 325.00 | 325.00 |
| 9.85% Unsecured Subordinated Rated Listed Redeemable Non-Convertible Debentures. Series U010. Date Of Maturity July 13, 2028 | 9.85% | 30.00 | 30.00 |
| 11.25% Unsecured Rated Listed Subordinate Tier Ii Redeemable Non Convertible Debenture. Letter Of Allotment. Date Of Maturity July 19, 2028. | 11.25% | 150.00 | - |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Description of security | Coupon/ Yield | As at | |
|---|------------------|-----------------|-----------------|
| | | March 31, 2023 | March 31, 2022 |
| Zero coupon Unsecured Rated Listed Redeemable Non Convertible Subordinated Debentures IIFL MLD-2028. Series U04. Date of Maturity August 25, 2028 | 9.35% | 50.00 | 50.00 |
| Zero Coupon G-Sec Linked Unsecured Rated Listed Redeemable Non-Convertible Debentures. Series Ua3. Date Of Maturity August 11, 2028 | 9.40% | 126.30 | 126.52 |
| 10% Unsecured Rated Listed Redeemable Non Convertible Debentures. Series I. Date Of Maturity November 03, 2028 | 10.00% | 232.72 | 232.72 |
| 9.6% Unsecured Rated Listed Redeemable Non Convertible Debentures. Series li. Date Of Maturity : November 03, 2028 | 9.60% | 382.82 | 382.82 |
| Unsecured Rated Listed Redeemable Non Convertible Debentures. Series lii. Date Of Maturity : November 03, 2028 | 10.02% | 40.28 | 40.28 |
| 10.00% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series V. Maturity Date - February 07, 2029 | 10.00% | 30.77 | 30.77 |
| 10.50% Unsecured Rated Listed Redeemable Non Convertible Debenture. Series VI. Maturity Date - February 26, 2029 | 10.50% | 15.45 | 15.45 |
| 11.25% Unsecured Rated Listed Redeemable Non Convertible Debenture. Letter Of Allotment Date Of Maturity April 02, 2029. | 11.25% | 25.00 | - |
| 9.35% Unsecured Rated Listed Subordinated Redeemable Non Convertible Debenture. Series D16 Option B. Date Of Maturity March 24, 2032 | 9.35% | 50.00 | 50.00 |
| 9.65% Unsecured Rated Listed Subordinate Tier li Non Convertible Debenture. Series D18. Date Of Maturity July 26, 2032 | 9.65% | 236.70 | - |
| 9.45% Unsecured Rated Listed Redeemable Non Convertible Debentures Series D22 Date Maturity December 27, 2032 | 9.45% | 65.69 | - |
| 16.90% Unsecured Redeemable Non Convertible Debentures. F Group Debt Instruments Series 1-50. Date Of Maturity June 30, 2022 | 16.90% | - | 5.00 |
| 12.15% Unsecured Redeemable Non-Convertible Debenture. Date Of Maturity August 30, 2022 | 12.15% | - | 20.00 |
| 12.20% Unsecured Redeemable Subordinated Taxable Non Convertible Debentures. Date Of Maturity November 04, 2022 | 12.20% | - | 23.00 |
| Total | | 2,998.98 | 2,429.80 |

NOTE 22. OTHER FINANCIAL LIABILITIES

(₹ in Crores)

| Particulars | As at | |
|---|-----------------|-----------------|
| | March 31, 2023 | March 31, 2022 |
| Temporary overdrawn bank balances | 787.68 | 747.19 |
| Payable on account of assignment/securitization | 1,037.22 | 1,826.94 |
| Payable towards NCD | 2.26 | 2.22 |
| Unclaimed dividend | 5.13 | 1.76 |
| Other payables (auction proceeds, retention payable, etc.) (refer note 22.1 and 22.2) | 197.95 | 242.43 |
| Total | 2,030.24 | 2,820.54 |

Note 22.1: During the year, amount of ₹ 0.35 Crores (P.Y ₹ 0.59 Crores) was transferred to Investor Education and Protection Fund (IEPF). As of March 31, 2023 ₹ 0.00 Crores (P.Y. ₹ 0.01 Crores) was due for transfer to the IEPF. The same was subsequently transferred.

Note 22.2: Includes liability towards Credit Link Subsidy Scheme received from NHB of ₹ 0.04 Crores (P.Y ₹ 0.04 Crores)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 23: PROVISIONS

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Provision for employee benefits | 50.36 | 31.52 |
| Provision for leave encashment | 24.55 | 18.79 |
| Provision for gratuity (refer note 33.2) | 9.64 | 4.79 |
| Expected loan loss provision on loans sanctioned but undrawn | 0.22 | 9.00 |
| Total | 84.77 | 64.11 |

NOTE 24. OTHER NON-FINANCIAL LIABILITIES

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|----------------------------|-------------------------|-------------------------|
| Income received in advance | 0.04 | 0.04 |
| Advances from customers | 316.04 | 63.80 |
| Others | 12.58 | - |
| Statutory remittances | 51.99 | 39.10 |
| Total | 380.65 | 102.94 |

NOTE 25: EQUITY SHARE CAPITAL

(i) Authorized, Issued, Subscribed and Paid-up Share Capital

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Authorized Share Capital | | |
| 2,35,52,50,000 Equity Shares (P.Y 2,35,52,50,000) of ₹ 2 each | 471.05 | 471.05 |
| 50,00,00,000 Preference Shares (P.Y 50,00,00,000) of ₹ 10 each | 500.00 | 500.00 |
| Total | 971.05 | 971.05 |
| Issued, Subscribed and Paid-up Share Capital | | |
| 38,04,30,389 Equity Shares (P.Y 37,95,98,711) of ₹ 2 each fully paid with voting rights | 76.09 | 75.92 |
| Total | 76.09 | 75.92 |

(ii) Reconciliation of the shares outstanding at the beginning and at the end of the year

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | |
|---|----------------------|--------------|----------------------|--------------|
| | No. of Shares | ₹ in Crores | No. of Shares | ₹ in Crores |
| Equity Shares | | | | |
| At the beginning of the year | 37,95,98,711 | 75.92 | 37,88,40,676 | 75.77 |
| Add: Shares issued during the year | 8,31,678 | 0.17 | 7,58,035 | 0.15 |
| Outstanding at the end of the year | 38,04,30,389 | 76.09 | 37,95,98,711 | 75.92 |

(iii) Rights attached to equity shares

The Company has issued only one class of equity shares having a par value of ₹ 2/- per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. During the year ended March 31, 2023, equity shareholders were paid an interim dividend of ₹ 4.00/- (P.Y ₹ 3.50/-) per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. However, no such preferential amount exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(iv) Details of shareholders holding more than 5% shares in the Company

| Name of the shareholder | As at March 31, 2023 | | As at March 31, 2022 | |
|--|----------------------|------------|----------------------|------------|
| | No. of Shares | % Holdings | No. of Shares | % Holdings |
| Equity shares of ₹ 2 each fully paid up | | | | |
| FIH Mauritius Investments Limited | 8,46,41,445 | 22.25% | 8,46,41,445 | 22.30% |
| CDC Group PLC | - | - | 2,95,01,587 | 7.77% |
| Nirmal Bhanwarlal Jain | 4,77,19,154 | 12.54% | 4,77,19,154 | 12.57% |
| HWIC Asia Fund Class A shares | - | - | - | - |
| Smallcap World Fund, Inc | 2,82,78,861 | 7.43% | 1,96,71,937 | 5.18% |
| Parajia Bharat Himatlal | 1,97,20,000 | 5.18% | 2,03,88,602 | 5.37% |

(v) Details of Shareholding of Promoters

| Promoter name | As at March 31, 2023 | | |
|--|----------------------|-------------------|---------------------------|
| | No. of Shares | % of total shares | % Change during the year* |
| Nirmal Bhanwarlal Jain | 4,77,19,154 | 12.54% | (0.03%) |
| Madhu N Jain | 1,20,75,000 | 3.17% | (0.01%) |
| Venkataraman Rajamani | 1,09,84,432 | 2.89% | 0.00% |
| Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust) | 1,00,00,000 | 2.63% | 0.00% |
| Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust) | 90,00,000 | 2.37% | 0.00% |
| Aditi Athavankar | 2,00,000 | 0.05% | 0.00% |
| Ardent Impex Private Limited | 32,68,904 | 0.86% | 0.00% |
| Orpheus Trading Private Limited | 13,00,000 | 0.34% | 0.00% |
| Total | 94,547,490 | 24.85% | |

* The change in percentage is due to dilution of Share Capital

| Promoter name | As at March 31, 2022 | | |
|--|----------------------|-------------------|--------------------------|
| | No. of Shares | % of total shares | % Change during the year |
| Nirmal Bhanwarlal Jain | 4,77,19,154 | 12.57% | -0.03% |
| Madhu N Jain | 1,20,75,000 | 3.18% | -0.01% |
| Venkataraman Rajamani | 1,09,84,432 | 2.89% | -0.01% |
| Harshita Jain and Mansukhlal Jain (in their capacity as Trustees of Nirmal Madhu Family Private Trust) | 1,00,00,000 | 2.63% | -0.01% |
| Aditi Avinash Athavankar (in her capacity as Trustee of Kalki Family Private Trust) | 90,00,000 | 2.37% | -0.01% |
| Aditi Athavankar | 2,00,000 | 0.05% | 0.00% |
| Ardent Impex Private Limited | 32,68,904 | 0.86% | 0.00% |
| Orpheus Trading Private Limited | 13,00,000 | 0.34% | 0.00% |
| Total | 9,45,47,490 | 24.91% | |

*The change in Percentage is due to dilution of share capital

(vi) During the period of five years immediately preceding the Balance Sheet date, the Company has not issued any shares without payment being received in cash or by way of bonus shares or shares bought back except for 58,654,556 equity shares allotted on account of merger during the year ended March 31, 2020.

(vii) Shares reserved for issue under options and contracts/ commitments for sale of shares/ disinvestments, including the terms and amount: Refer note 39 for details of shares reserved for issue under Employee Stock Option Plan of the Group.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Note 25.1: Other Equity

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| Share Application Money | - | - |
| Capital Reserve | 83.89 | 83.89 |
| Securities Premium Reserve | | |
| Opening Balance | 1,845.85 | 1,840.98 |
| Add: Share issue expenses | (24.13) | (8.34) |
| Add/(Less): Change in minority | (689.64) | - |
| Add: Addition during the year | 2,289.17 | 8.45 |
| Add/(Less): Transfer to/ (from) reserves | 6.07 | 4.76 |
| Closing Balance | 3,427.32 | 1,845.85 |
| General Reserve | | |
| Opening Balance | 653.22 | 653.15 |
| Add/(Less): Change in minority | (29.36) | - |
| Add/(Less): Transfer to/ (from) reserves | 1.09 | 0.07 |
| Closing Balance | 624.95 | 653.22 |
| Special Reserve Pursuant to Section 45 IC of Reserve Bank of India Act, 1934 | | |
| Opening Balance | 845.60 | 640.25 |
| Add/(Less): Transfer to/ (from) reserves | 186.51 | 205.35 |
| Closing Balance | 1,032.11 | 845.60 |
| Special Reserve Pursuant to Section 29C of National Housing Bank Act, 1987 | | |
| Opening Balance | 402.97 | 287.37 |
| Add/(Less): Change in minority | (92.39) | - |
| Add/(Less): Transfer to/ (from) reserves | 158.10 | 115.60 |
| Closing Balance | 468.68 | 402.97 |
| Capital Redemption Reserve | 230.11 | 230.11 |
| Debenture Redemption Reserve | 12.80 | 12.80 |
| Retained Earnings | | |
| Opening Balance | 2,332.71 | 1,589.93 |
| Add: Profit for the year | 1,500.30 | 1,187.89 |
| Less: Interim dividend | (173.63) | (132.82) |
| Add: Change in minority | (287.07) | 0.37 |
| Add/(Less): Transfer to/ (from) reserves | (344.61) | (312.66) |
| Add: Addition during the year | - | - |
| Closing Balance | 3,027.70 | 2,332.71 |
| Stock Compensation Reserve | | |
| Opening Balance | 14.19 | 15.91 |
| Add: Addition during the year | 2.62 | 3.10 |
| Add/(Less): Transfer to/ (from) reserves | (7.16) | (4.82) |
| Closing Balance | 9.65 | 14.19 |
| Effective portion of Cash Flow Hedges | | |
| Opening Balance | (39.39) | (38.41) |
| Add: Other comprehensive income/ (loss) | 34.76 | (0.98) |
| Closing Balance | (4.63) | (39.39) |
| Fair value of loans carried at FVTOCI | | |
| Opening Balance | 9.65 | (0.57) |
| Add: Other comprehensive income/ (loss) | (0.56) | 10.22 |
| Closing Balance | 9.09 | 9.65 |
| Remeasurements of defined benefit | | |
| Opening Balance | (3.69) | (3.66) |
| Add: Other comprehensive income/ (loss) | (2.01) | (0.03) |
| Closing Balance | (5.70) | (3.69) |
| Total | 8,915.97 | 6,387.91 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Non-Controlling Interest

| Particulars | (₹ in Crores) | |
|----------------------------|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Opening Balance | 5.90 | 5.92 |
| Profit for the year | 107.25 | 0.36 |
| Other comprehensive income | (1.52) | (0.01) |
| Change in minority | 1,098.46 | (0.37) |
| Closing Balance | 1,210.08 | 5.90 |

Note 26.1 Interest Income

| Particulars | FY 2022-23 | | | | FY 2021-22 | | | |
|--|---|---|---|-----------------|--|---|---|-----------------|
| | On financial assets measured at amortized cost | On financial assets classified at fair value through profit or loss | On financial assets classified at fair value through OCI | Total | On financial assets measured at amortized cost | On financial assets classified at fair value through profit or loss | On financial assets classified at fair value through OCI | Total |
| Interest on loans | 6,300.62 | - | 795.64 | 7,096.26 | 5,269.69 | - | 683.31 | 5,953.00 |
| Interest on investments | 55.35 | 32.37 | - | 87.72 | 0.90 | 62.99 | - | 63.89 |
| Interest on deposits with banks | 167.32 | - | - | 167.32 | 90.01 | - | - | 90.01 |
| Interest on inter corporate deposit | 17.97 | - | - | 17.97 | 27.63 | - | - | 27.63 |
| Total | 6,541.26 | 32.37 | 795.64 | 7,369.27 | 5,388.23 | 62.99 | 683.31 | 6,134.53 |

Note 26.2 Dividend Income

The Group received dividend income amounting to ₹ 0.00 Crores (P.Y ₹ 0.00 Crores).

NOTE 27. FEES AND COMMISSION INCOME

| Particulars | (₹ in Crores) | |
|-------------------------------------|---------------|---------------|
| | FY 2022-23 | FY 2021-22 |
| Administration Fees & Other charges | 199.85 | 137.94 |
| Insurance Commission | 28.67 | 15.26 |
| Total | 228.52 | 153.20 |

NOTE 28. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

| Particulars | (₹ in Crores) | |
|--|---------------|---------------|
| | FY 2022-23 | FY 2021-22 |
| Net gain/ (loss) on financial instruments at fair value through profit or loss | | |
| On trading portfolio | | |
| - Investments | 147.25 | 155.77 |
| - Derivatives | - | - |
| Fair value changes | | |
| - Realized | 82.68 | 77.20 |
| - Unrealized | 64.58 | 78.58 |
| Total net gain/(loss) on fair value changes | 147.25 | 155.77 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 29. OTHER INCOME

| Particulars | (₹ in Crores) | |
|---|---------------|---------------|
| | FY 2022-23 | FY 2021-22 |
| Interest on income tax refund | 25.53 | 3.53 |
| Profit on sale of fixed assets | 3.08 | 1.90 |
| Marketing, advertisement and support service fees | 127.58 | 133.15 |
| Miscellaneous income | 32.06 | 30.32 |
| Total | 188.26 | 168.88 |

NOTE 30. FINANCE COST

| Particulars | (₹ in Crores) | |
|---|---|-----------------|
| | On Financial liabilities measured at Amortized Cost | |
| | FY 2022-23 | FY 2021-22 |
| Interest on debt securities (refer note 30.1) | 679.84 | 848.62 |
| Interest on borrowings (other than debt securities) (refer note 30.1) | 2,093.89 | 1,752.81 |
| Interest on subordinated liabilities | 273.86 | 234.72 |
| Discount on Commercial Paper | 2.72 | 21.42 |
| Interest on inter corporate deposit | 1.25 | 9.01 |
| Interest expense on lease - Ind AS 116 | 34.62 | 30.79 |
| Other borrowing cost (refer note 30.1) | 124.66 | 86.06 |
| Interest Expense on other borrowings | 10.98 | 7.56 |
| Total | 3,221.83 | 2,991.00 |

Note 30.1: Includes foreign currency expenses incurred amounting to ₹ 403.18 Crores (P.Y ₹ 251.54 Crores)

NOTE 31. NET (GAIN)/ LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTIZED COST CATEGORY

| Particulars | (₹ in Crores) | |
|---|---------------|------------|
| | FY 2022-23 | FY 2021-22 |
| (A) Net (gain) on derecognition of financial instruments under amortized cost category | | |
| - Interest strip on assignment of loans | (513.81) | (411.23) |
| (B) Net loss on derecognition of financial instruments under amortized cost category | | |
| - Bad debts written off (net) | 934.99 | 904.22 |

NOTE 32. IMPAIRMENT ON FINANCIAL INSTRUMENTS

| Particulars | (₹ in Crores) | | | | | |
|------------------------|--|--|----------------|--|--|-------------|
| | FY 2022-23 | | | FY 2021-22 | | |
| | On financial assets measured at amortized cost | On financial assets classified at fair value through OCI | Total | On financial assets measured at amortized cost | On financial assets classified at fair value through OCI | Total |
| Loans (refer note 8.3) | (65.08) | (14.46) | (79.54) | (9.04) | 0.88 | (8.16) |
| Other financial assets | 10.69 | - | 10.69 | 8.77 | - | 8.77 |
| Total | (54.40) | (14.46) | (68.86) | (0.27) | 0.88 | 0.59 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 33. EMPLOYEE BENEFIT EXPENSES

| Particulars | (₹ in Crores) | |
|---|-----------------|---------------|
| | FY 2022-23 | FY 2021-22 |
| Salaries | 1,190.25 | 831.33 |
| Contribution to provident and other funds (refer note 33.1) | 74.20 | 54.88 |
| Leave encashment | 14.22 | 9.12 |
| Gratuity (refer note 33.2) | 8.08 | 6.44 |
| Staff welfare expenses* | 40.60 | 27.02 |
| Share based payments | 2.14 | 1.95 |
| Total | 1,329.50 | 930.74 |

* Includes foreign currency expenses incurred amounting to Nil (P.Y 0.01 Crores)

33.1 DEFINED CONTRIBUTION PLANS

The Group has recognized the following amounts as an expense and included in the Employee benefit expenses

| Particulars | (₹ in Crores) | |
|--|---------------|--------------|
| | FY 2022-23 | FY 2021-22 |
| Contribution to Provident fund | 18.36 | 14.23 |
| Contribution to Employee State Insurance Corporation | 10.05 | 7.89 |
| Contribution to Labour welfare fund | 0.20 | 0.15 |
| Company contribution to employee pension scheme | 44.92 | 32.18 |
| Contribution to NPS & IVTB | 0.67 | 0.43 |
| Total | 74.20 | 54.88 |

33.2 GRATUITY DISCLOSURE STATEMENT

| Particulars | FY 2022-23 | | | FY 2021-22 | | |
|---------------------|---|-----|---------|---|-----|---------|
| | Finance | HFC | Samasta | Finance | HFC | Samasta |
| Type of Benefit | Gratuity | | | Gratuity | | |
| Country | India | | | India | | |
| Reporting Currency | ₹ | | | ₹ | | |
| Reporting Standard | Indian Accounting Standard 19 (Ind AS 19) | | | Indian Accounting Standard 19 (Ind AS 19) | | |
| Funding Status | Funded | | | Funded | | |
| Starting Period | 01-Apr-22 | | | 01-Apr-21 | | |
| Date of Reporting | 31-Mar-23 | | | 31-Mar-22 | | |
| Period of Reporting | 12 Months | | | 12 Months | | |

| Particulars | FY 2022-23 | | | FY 2021-22 | | |
|----------------------------------|---|---|--|---|---|--|
| | Finance | HFC | Samasta | Finance | HFC | Samasta |
| Expected Return on Plan Assets | 7.29% - 7.46% | | | 5.66% - 6.98% | | |
| Rate of Discounting | 7.29% - 7.46% | | | 5.66% - 6.98% | | |
| Rate of Salary Increase | 6.00% - 9.00% | | | 6.00% - 9.00% | | |
| Rate of Employee Turnover | For service 4 years and below 28.00% p.a. For service 5 years and above 2.00% p.a. | For service 4 years and below 28.00% p.a. For service 5 years and above 1.00% p.a. | For service 4 years and below: 35%p.a For service 5 years and above: 10.00% p.a. | For service 4 years and below 28.00% p.a. For service 5 years and above 2.00% p.a. | For service 4 years and below 28.00% p.a. For service 5 years and above 1.00% p.a. | For service 4 years and below: 35%p.a For service 5 years and above: 10.00% p.a. |
| Mortality Rate During Employment | Indian Assured Lives Mortality 2012-14 (Urban) | | | Indian Assured Lives Mortality 2012-14 (Urban) | | |
| Mortality Rate After Employment | N.A. | | | N.A. | | |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

| Particulars | (₹ in Crores) | |
|--|---------------|--------------|
| | FY 2022-23 | FY 2021-22 |
| Table Showing Change in the Present Value of Projected Benefit Obligation | | |
| Present Value of Benefit Obligation at the Beginning of the Year | 32.77 | 28.12 |
| Interest Cost | 2.20 | 1.79 |
| Current Service Cost | 7.79 | 6.29 |
| Past Service Cost | - | - |
| Liability Transferred In/ Acquisitions | 0.14 | 0.25 |
| (Liability Transferred Out/ Divestments) | (0.16) | (0.33) |
| (Gains)/ Losses on Curtailment | - | - |
| (Liabilities Extinguished on Settlement) | - | - |
| (Benefit Paid Directly by the Employer) | - | (0.01) |
| (Benefit Paid From the Fund) | (4.05) | (3.00) |
| The Effect Of Changes in Foreign Exchange Rates | - | - |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | - | (0.00) |
| Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | (3.69) | (2.34) |
| Actuarial (Gains)/Losses on Obligations - Due to Experience | 5.70 | 1.98 |
| Present Value of Benefit Obligation at the End of the Year | 40.69 | 32.77 |

| Particulars | (₹ in Crores) | |
|---|---------------|--------------|
| | FY 2022-23 | FY 2021-22 |
| Table Showing Change in the Fair Value of Plan Assets | | |
| Fair Value of Plan Assets at the Beginning of the Year | 29.20 | 25.89 |
| Interest Income | 2.01 | 1.69 |
| Contributions by the Employer | 4.69 | 5.01 |
| Expected Contributions by the Employees | - | - |
| Assets transferred in/ acquisitions | - | - |
| (Assets Transferred Out/ Divestments) | - | - |
| (Benefit Paid from the Fund) | (4.05) | (3.00) |
| (Assets Distributed on Settlements) | - | - |
| Effects of Asset Ceiling | - | - |
| The Effect of Changes In Foreign Exchange Rates | - | - |
| Return on Plan Assets, Excluding Interest Income | (0.68) | (0.39) |
| Fair Value of Plan Assets at the End of the Year | 31.17 | 29.20 |

| Particulars | (₹ in Crores) | |
|---|----------------|----------------|
| | FY 2022-23 | FY 2021-22 |
| Amount Recognized in the Balance Sheet | | |
| (Present Value of Benefit Obligation at the end of the Year) | (40.69) | (32.77) |
| Fair Value of Plan Assets at the end of the Year | 31.17 | 29.20 |
| Funded Status (Surplus/ (Deficit)) | (9.52) | (3.57) |
| Net (Liability)/Asset Recognized in the Balance Sheet | (9.52) | (3.57) |
| Assets recognized in the Balance Sheet under "Other non-financial assets" | - | 1.18 |
| Liabilities recognized in the Balance Sheet under "Provisions" | (9.52) | (4.75) |

Unfunded gratuity- The above table does not depict unfunded gratuity liability amounting to ₹ 0.12 Crores, correspondingly expense of the equivalent amount has been charged to Profit and Loss A/c.

| Particulars | (₹ in Crores) | |
|--|---------------|-------------|
| | FY 2022-23 | FY 2021-22 |
| Net Interest Cost for Current Year | | |
| Present Value of Benefit Obligation at the Beginning of the Year | 32.77 | 28.12 |
| (Fair Value of Plan Assets at the Beginning of the Year) | (29.20) | (25.89) |
| Net Liability/(Asset) at the Beginning | 3.56 | 2.22 |
| Interest Cost | 2.20 | 1.79 |
| (Interest Income) | (2.01) | (1.69) |
| Net Interest Cost for Current Year | 0.19 | 0.10 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

| (₹ in Crores) | | |
|---|-------------|-------------|
| Expenses Recognized in the Statement of Profit or Loss for Current Year | FY 2022-23 | FY 2021-22 |
| Current Service Cost | 7.79 | 6.29 |
| Net Interest Cost | 0.19 | 0.10 |
| Past Service Cost | - | - |
| Expenses Recognized | 7.98 | 6.40 |

| (₹ in Crores) | | |
|--|-------------|-------------|
| Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year | FY 2022-23 | FY 2021-22 |
| Actuarial (Gains)/Losses on Obligation For the Year | 2.01 | (0.35) |
| Return on Plan Assets, Excluding Interest Income | 0.68 | 0.39 |
| Change in Asset Ceiling | - | - |
| Net (Income)/Expense For the Year Recognized in OCI | 2.69 | 0.03 |

| (₹ in Crores) | | |
|--|-------------|-------------|
| Balance Sheet Reconciliation | FY 2022-23 | FY 2021-22 |
| Opening Net Liability | 3.57 | 2.22 |
| Expenses Recognized in Statement of Profit or Loss | 7.98 | 6.40 |
| Expenses Recognized in OCI | 2.69 | 0.03 |
| Net Liability/(Asset) Transfer In | 0.14 | 0.25 |
| Net (Liability)/Asset Transfer Out | (0.16) | (0.33) |
| (Benefit Paid Directly by the Employer) | - | (0.01) |
| (Employer's Contribution) | (4.69) | (5.01) |
| Net Liability/(Asset) Recognized in the Balance Sheet | 9.52 | 3.57 |

| (₹ in Crores) | | |
|-----------------------------|--------------|--------------|
| Category of Assets | FY 2022-23 | FY 2021-22 |
| Government of India Assets | - | - |
| State Government Securities | - | - |
| Special Deposits Scheme | - | - |
| Debt Instruments | - | - |
| Corporate Bonds | - | - |
| Cash And Cash Equivalents | - | - |
| Insurance fund | 31.17 | 27.47 |
| Asset-Backed Securities | - | - |
| Structured Debt | - | - |
| Other | - | - |
| Total | 31.17 | 27.47 |

Information for major category of plan assets of gratuity fund is not available with the Group and hence not disclosed.

| (₹ in Crores) | | |
|--|-------------|-------------|
| Expenses recognized in the Statement of Profit or Loss for next year | FY 2022-23 | FY 2021-22 |
| Current service cost | 8.41 | 7.19 |
| Net interest cost | 0.43 | 0.08 |
| (Expected contributions by the employees) | - | - |
| Expenses recognized | 8.84 | 7.26 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

| | (₹ in Crores) | |
|---|-------------------|-------------------|
| Maturity Analysis of the Benefit Payments: From the Fund | FY 2022-23 | FY 2021-22 |
| Projected Benefits Payable in Future Years From the Date of Reporting | | |
| 1st Following Year | 3.92 | 0.69 |
| 2nd Following Year | 1.31 | 0.93 |
| 3rd Following Year | 1.39 | 1.07 |
| 4th Following Year | 1.51 | 1.13 |
| 5th Following Year | 1.86 | 1.21 |
| Sum of Years 6 To 10 | 9.50 | 7.41 |
| Sum of Years 11 and above | 118.37 | 100.48 |

| | (₹ in Crores) | |
|---|-------------------|-------------------|
| Sensitivity analysis | FY 2022-23 | FY 2021-22 |
| Projected Benefit Obligation on Current Assumptions | 40.69 | 32.77 |
| Delta Effect of +1% Change in Rate of Discounting | (5.02) | (4.44) |
| Delta Effect of -1% Change in Rate of Discounting | 5.54 | 5.46 |
| Delta Effect of +1% Change in Rate of Salary Increase | 5.34 | 4.77 |
| Delta Effect of -1% Change in Rate of Salary Increase | (4.53) | (4.06) |
| Delta Effect of +1% Change in Rate of Employee Turnover | 0.16 | (0.21) |
| Delta Effect of -1% Change in Rate of Employee Turnover | (0.24) | 0.21 |

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Notes

Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary escalation & attrition rate are in line with the industry practice considering promotion and demand and supply of the employees.

Maturity analysis of benefit payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.

Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.

Value of asset is considered as fair value of plan asset for the period of reporting.

Qualitative disclosures

Characteristics of defined benefit plan

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

Risks associated with defined benefit plan

Gratuity is a defined benefit plan and Company is exposed to the following risks:

Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Investment risk: The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

Asset liability matching risk: The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

Characteristics of defined benefit plans

During the year, there were no plan amendments, curtailments and settlements.

A separate trust fund is created to manage the Gratuity plan.

Note: The above information is as provided by the Actuary, which has been relied upon by the auditors.

NOTE 34. OTHER EXPENSES

| Particulars | (₹ in Crores) | |
|--|---------------|---------------|
| | FY 2022-23 | FY 2021-22 |
| Advertisement and marketing expenses (refer note 34.1) | 75.74 | 50.05 |
| Direct operating expenses | 101.46 | 52.09 |
| Bank charges | 23.17 | 20.30 |
| Commission to non whole-time directors | 0.66 | 0.61 |
| Communication costs | 14.73 | 12.92 |
| Electricity | 22.75 | 15.35 |
| Exchange and statutory charges | 4.53 | 4.54 |
| Legal & professional fees (refer note 34.1) | 143.53 | 87.04 |
| Directors sitting fees | 1.81 | 1.08 |
| Office expenses | 24.24 | 20.11 |
| Postage & courier | 7.63 | 7.71 |
| Printing & stationery | 14.62 | 8.96 |
| Rates & taxes | 2.19 | 1.98 |
| Rent | 32.32 | 19.76 |
| Repairs & maintenance | | |
| - Computer | 2.44 | 1.95 |
| - Others (refer note 34.1) | 15.44 | 13.98 |
| Remuneration to auditors | | |
| - Audit fees | 1.26 | 0.99 |
| - Certification / other services (refer note 34.2) | 0.63 | 0.24 |
| - Out of pocket expenses | 0.14 | 0.06 |
| Software charges (refer note 34.1) | 46.39 | 39.26 |
| Travelling & conveyance (refer note 34.1) | 71.50 | 40.30 |
| Corporate social responsibility expenses (refer note 43) | 21.80 | 18.77 |
| Miscellaneous expenses | 13.81 | 8.47 |
| Insurance premium | 14.46 | 20.22 |
| Security expenses | 106.35 | 92.59 |
| Loss on sale of fixed assets (net) | 0.94 | 0.03 |
| Total | 764.54 | 539.38 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 34.1: INCLUDES BELOW PAYMENTS DONE IN FOREIGN CURRENCY

| Particulars | (₹ in Crores) | |
|--------------------------------------|---------------|------------|
| | FY 2022-23 | FY 2021-22 |
| Advertisement and marketing expenses | 0.17 | - |
| Travelling & conveyance | 0.19 | 0.03 |
| Repairs & maintenance- Others | - | 0.03 |
| Miscellaneous expenses | 0.03 | - |
| Software charges | 0.33 | 0.06 |
| Legal & professional fees | 1.14 | 1.39 |

Note 34.2: During the year the Group has paid ₹ 0.25 Crores (P.Y ₹ 0.97 Crores) to the auditors towards certification required under its Public Issue of Non Convertible Debentures, the same has been amortized over the tenure of the borrowings.

NOTE 35. INCOME TAXES

| Amounts recognized in statement of profit or loss | (₹ in Crores) | |
|---|---------------|---------------|
| | FY 2022-23 | FY 2021-22 |
| Current tax expense | | |
| Current year | 362.70 | 327.78 |
| Changes in estimates related to prior years | (2.41) | 0.57 |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 144.68 | 19.38 |
| Total | 504.97 | 347.72 |

| Amounts recognized in other comprehensive income | FY 2022-23 | | | FY 2021-22 | | |
|--|--------------|----------------|--------------|--------------|---------------|-------------|
| | Before tax | Tax expense | Net of tax | Before tax | Tax expense | Net of tax |
| Remeasurements of defined benefit liability/ (asset) | (2.69) | 0.68 | (2.01) | (0.04) | 0.01 | (0.03) |
| Cash flow hedge (net) | 46.45 | (11.69) | 34.76 | (1.30) | 0.33 | (0.97) |
| Fair value of loans carried at FVTOCI | (0.75) | 0.19 | (0.56) | 13.65 | (3.44) | 10.21 |
| Total | 43.01 | (10.82) | 32.19 | 12.31 | (3.10) | 9.21 |

| Reconciliation of income tax expense of the year to accounting year | (₹ in Crores) | |
|---|-----------------|-----------------|
| | FY 2022-23 | FY 2021-22 |
| Profit before tax | 2,112.52 | 1,535.98 |
| Tax using the Group's domestic tax rate | 564.75 | 405.48 |
| Tax effect of: | | |
| Non-deductible expenses | 6.75 | 5.60 |
| Tax-exempt income - others (includes deduction under section 80JJAA) | (41.07) | (35.57) |
| Tax-exempt income- dividend | (22.36) | (15.83) |
| Income taxed at different rates | (0.82) | (4.08) |
| Others | 0.01 | 0.02 |
| Adjustments for current tax for prior periods | (2.41) | 0.57 |
| Differential tax rate in subsidiary | 0.69 | 1.15 |
| Past-year losses for which no deferred tax asset is recognized | (1.33) | (9.95) |
| Recognition of previously unrecognized deductible temporary differences | 0.76 | 0.33 |
| Total income tax expense | 504.97 | 347.72 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 36. EARNINGS PER SHARE

Basic and Diluted Earnings Per Share ["EPS"] computed in accordance with Ind AS 33 "Earnings per share".

| Particulars | | FY 2022-23 | FY 2021-22 |
|---|------------|--------------|--------------|
| Face value of equity shares in ₹ fully paid up | | 2.00 | 2.00 |
| BASIC | | | |
| Profit after tax as per statement of Profit and Loss (₹ in Crores) | | 1,500.30 | 1,187.89 |
| Profit after tax attributable to equity share holders (₹ in Crores) | A | 1,500.30 | 1,187.89 |
| Weighted average number of equity shares outstanding | B | 37,98,80,425 | 37,91,94,372 |
| Basic EPS (In ₹) | A/B | 39.49 | 31.33 |
| DILUTED | | | |
| Weighted average number of equity shares for computation of basic EPS | | 37,98,80,425 | 37,91,94,372 |
| Add: Potential equity shares on account conversion of Employees Stock Options | | 30,15,015 | 22,54,850 |
| Weighted average number of equity shares for computation of diluted EPS | C | 38,28,95,439 | 38,14,49,222 |
| Diluted EPS (In ₹) | A/C | 39.18 | 31.14 |

NOTE 37. RISK MANAGEMENT

The Group's activities expose it to market risk, liquidity risk and credit risk.

Risk management is integral to the Group's strategy. An enterprise wide risk management framework is in place to govern the Group's risk management processes. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed to ensure minimal impact on the Group's growth and performance.

The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage.

A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement.

The Group's central treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

Risk management is integral to Group's strategy. The comprehensive understanding of risk management throughout the various levels of an organization aids in driving key decisions related to risk-return balance, capital allocation and product pricing. The Group operates under the guidance of the Board approved risk appetite statement that covers business composition, guidance around gross non-performing assets and net non-performing assets, leverage, funding and liquidity, etc. Additionally, it is also ensured that appropriate focus is on managing risk proactively by ensuring business operations are in accordance with laid-down risk. A strong risk management team and an effective credit operations structure ensures that risks are properly identified and timely addressed, to ensure minimal impact on the Group's growth and performance.

Risk Management Structure

The Group has established multi-level risk governance for monitoring & control of product and entity level risks. The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Board has constituted the Risk Management Committee ("RMC") which is responsible for monitoring the overall risk process within the Group. The RMC is empowered to develop an independent risk strategy comprising of principles, frameworks, policies and limits and ensuring its effective implementation. Independent function of Risk management is in place headed by the Chief Risk Officer ("CRO") who reports to the Chief Executive Officer ("CEO") with oversight of RMC of the Board. The Risk department primarily operationalizes risk management framework approved by RMC.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

The group has a well –defined risk framework constituting various lines of defence – the first line of defence, consisting of management, is responsible for seamless integration of risk principles across all businesses. Additionally, it ensures adequate managerial and supervisory controls to ensure compliance and highlight inadequate processes and unexpected events. The Group has well-defined internal control measures in every process.

Independent risk and policy team constitutes second line of defence which is responsible for identification and assessment of entity-wide risks. Post its identification, it aims to mitigate risks either through portfolio trigger and caps (Credit risk) or through ongoing risk control and self assessment (Operational risk)

Internal Audit function is the third line of defence that independently reviews activities of the first two lines of defence and reports to the Audit Committee of the Board.

Risk Management Practices

The Group has developed the necessary competency to identify early stress signals and has also defined processes, including corrective and remedial actions as regards people and processes, for mitigation to ensure minimum damage. A stress testing mechanism is put in place to carry out the event based sensitivity analysis and identify the accounts under stress due to expected market movement. In event of susceptibility to external triggers, appropriate risk mitigation would be undertaken and thereby minimize the losses to the Group.

It has initiated a detailed portfolio quality review mechanism which enables analysis of portfolio along various behavioural, demographic and financial parameters. Additionally, through tie-ups with external bureaus, an analysis of collection performance coupled with continuous credit assessment for various key segments is undertaken. The practices aid in proactive course correction thereby modifying credit or sourcing mechanisms, if required. Additionally, application scorecard has been developed enabling the Group to standardize credit underwriting & improve sourcing quality in the long run.

The Group's policy is to measure and monitor the overall risk-bearing capacity in relation to the aggregate risk exposure across all risk types and activities. Information pertaining to different type of risks are identified, analysed and tested on timely basis. The same is presented to Risk Management Committee at periodic intervals.

In order to minimize any adverse effects on the financial performance of the Group, derivative financial instruments, such as cross currency interest rate swaps are entered to hedge certain foreign currency risk exposures and variable interest rate exposures.

The Group's central treasury department identifies, evaluates and hedges financial risks in close co- operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity. The Group's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Group.

37A.1. Credit Risk

Credit risk refers to risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables.

Credit quality analysis

The following tables sets out information about the credit quality of financial assets measured at amortized cost. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts..

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

| Particulars | As at March 31, 2023 | | | | |
|-------------------------------|--|--|--|--|------------------|
| | Financial Assets where loss allowance measured at 12-month ECL | Financial assets for which credit risk has increased significantly and credit not impaired | Financial assets for which credit risk has increased significantly and credit impaired | Financial Assets where loss allowance measured using simplified approach | Total |
| Cash and cash equivalents | - | - | - | 3,630.65 | 3,630.65 |
| Bank Balance other than above | - | - | - | 2,208.36 | 2,208.36 |
| Receivables | | | | | |
| (i) Trade Receivables | - | - | 1.66 | 127.07 | 128.73 |
| (ii) Other Receivables | - | - | - | 151.96 | 151.96 |
| Loans * | 31,053.25 | 2,061.97 | 813.29 | - | 33,928.51 |
| Investments | - | - | - | 1,051.40 | 1,051.40 |
| Other Financial assets | - | - | - | 1,653.31 | 1,653.31 |

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.

(₹ in Crores)

| Particulars | As at March 31, 2022 | | | | |
|-------------------------------|--|--|--|--|------------------|
| | Financial Assets where loss allowance measured at 12-month ECL | Financial assets for which credit risk has increased significantly and credit not impaired | Financial assets for which credit risk has increased significantly and credit impaired | Financial Assets where loss allowance measured using simplified approach | Total |
| Cash and cash equivalents | - | - | - | 6,211.64 | 6,211.64 |
| Bank Balance other than above | - | - | - | 1,945.29 | 1,945.29 |
| Receivables | | | | | |
| (i) Trade Receivables | - | - | 0.00 | 183.28 | 183.28 |
| (ii) Other Receivables | - | - | - | 15.80 | 15.80 |
| Loans * | 26,105.29 | 2,122.55 | 972.35 | - | 29,200.19 |
| Investments | - | - | - | 9.64 | 9.64 |
| Other Financial assets | - | - | - | 951.80 | 951.80 |

* Loans comprises of outstanding principal, interest accrued but not due and principal and interest overdue.

Financial Assets Measured Using Simplified Approach

The Group follows 'simplified approach' for recognition of impairment loss allowance on Cash and Cash Equivalents, Bank Balances, Trade Receivables, other receivables and Other Financial Assets. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

37A.2. Collateral held

The Group holds collateral and other credit enhancements against certain of its credit exposures. The loans are collateralized against equitable mortgage of property, pledge of shares, hypothecation of assets, Company personal guarantees, physical gold, undertaking to create security.

37A.3. Loss allowance and Exposure at default

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Reconciliation of loss allowance | Financial Assets where loss allowance measured at 12-month ECL | | Financial assets for which credit risk has increased significantly and credit not impaired | | Financial assets for which credit risk has increased significantly and credit impaired | | Total | |
|---|--|--------------|--|--------------|--|---------------|-----------------|---------------|
| | Principal | Others | Principal | Others | Principal | Others | Principal | Others |
| OPENING ECL MAR-22 | 641.16 | 61.84 | 195.80 | 11.35 | 409.22 | 112.49 | 1,246.18 | 185.68 |
| New loans disbursed during the year | 377.44 | 25.55 | 15.54 | 2.30 | 87.97 | 7.96 | 480.95 | 35.82 |
| Loans closed/written off during the year | (213.13) | (33.06) | (65.91) | (4.77) | (329.31) | (85.58) | (608.35) | (123.41) |
| Movement in provision without change in asset staging | (106.43) | 6.35 | 31.87 | 2.44 | 42.66 | 46.81 | (31.90) | 55.60 |
| Movement in provision due to change in asset staging | 17.57 | 4.86 | (38.83) | (1.09) | 90.08 | 4.27 | 68.82 | 8.04 |
| Closing ECL Mar-23 | 716.61 | 65.54 | 138.48 | 10.23 | 300.62 | 85.95 | 1,155.71 | 161.74 |

(₹ in Crores)

| Reconciliation of loss allowance | Financial Assets where loss allowance measured at 12-month ECL | | Financial assets for which credit risk has increased significantly and credit not impaired | | Financial assets for which credit risk has increased significantly and credit impaired | | Total | |
|---|--|--------------|--|--------------|--|---------------|-----------------|---------------|
| | Principal | Others | Principal | Others | Principal | Others | Principal | Others |
| Opening ECL Mar-21 | 629.99 | 67.29 | 194.70 | 55.78 | 382.90 | 116.95 | 1,207.59 | 240.02 |
| New loans disbursed during the year | 323.45 | 24.22 | 16.75 | 1.82 | 88.61 | 2.74 | 428.81 | 28.79 |
| Loans closed/written off during the year | (278.08) | (36.87) | (76.15) | (45.66) | (241.38) | (50.61) | (595.61) | (133.14) |
| Movement in provision without change in asset staging | (15.99) | 4.13 | 71.64 | 3.70 | 44.31 | 39.94 | 99.96 | 47.77 |
| Movement in provision due to change in asset staging | (18.21) | 3.07 | (11.14) | (4.29) | 134.78 | 3.47 | 105.43 | 2.25 |
| Closing ECL Mar-22 | 641.16 | 61.84 | 195.80 | 11.35 | 409.22 | 112.49 | 1,246.18 | 185.68 |

The following tables show reconciliations from the opening to the closing balance of the exposure at default (EAD) by class of financial instrument.

(₹ in Crores)

| Reconciliation of exposure at default | Financial Assets where loss allowance measured at 12-month ECL | | Financial assets for which credit risk has increased significantly and credit not impaired | | Financial assets for which credit risk has increased significantly and credit impaired | | Total | |
|---|--|-----------------|--|---------------|--|---------------|------------------|-----------------|
| | Principal | Others | Principal | Others | Principal | Others | Principal | Others |
| Opening EAD Mar-2022 | 31,166.50 | 2,569.11 | 2,039.69 | 137.26 | 860.19 | 112.00 | 34,066.38 | 2,818.38 |
| New loans disbursed during the year | 24,195.99 | 1,680.15 | 642.19 | 39.84 | 179.69 | 7.86 | 25,017.87 | 1,727.85 |
| Loans closed/written off during the year | (12,744.41) | (691.29) | (1,003.28) | (50.65) | (674.63) | (85.32) | (14,422.31) | (827.26) |
| Movement in EAD without change in asset staging | (4,156.58) | (1,208.23) | (87.31) | (23.85) | (14.94) | 25.66 | (4,258.83) | (1,206.42) |
| Movement in EAD due to change in asset staging | (1,060.29) | (56.89) | 380.53 | 15.69 | 378.38 | 24.23 | (301.38) | (16.97) |
| Closing EAD Mar-2023 | 37,401.20 | 2,292.85 | 1,971.83 | 118.28 | 728.70 | 84.44 | 40,101.73 | 2,495.58 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

| Reconciliation of Exposure at Default | Financial Assets where loss allowance measured at 12-month ECL | | Financial assets for which credit risk has increased significantly and credit not impaired | | Financial assets for which credit risk has increased significantly and credit impaired | | Total | |
|---|--|-----------------|--|---------------|--|---------------|------------------|-----------------|
| | Principal | Others | Principal | Others | Principal | Others | Principal | Others |
| Opening EAD Mar-2021 | 29,517.98 | 2,385.91 | 3,397.77 | 268.15 | 696.23 | 116.35 | 33,611.98 | 2,770.41 |
| New loans disbursed during the year | 21,156.35 | 857.49 | 501.35 | 23.00 | 155.53 | 2.09 | 21,813.24 | 882.59 |
| Loans closed/written off during the year | (13,130.60) | (1,033.20) | (1,798.07) | (154.22) | (389.49) | (50.50) | (15,318.16) | (1,237.93) |
| Movement in EAD without change in asset staging | (5,394.51) | 417.48 | (230.41) | (10.85) | (10.55) | 27.26 | (5,635.45) | 433.88 |
| Movement in EAD due to change in asset staging | (982.74) | (58.56) | 169.05 | 11.19 | 408.47 | 16.80 | (405.23) | (30.56) |
| Closing EAD Mar-2022 | 31,166.50 | 2,569.11 | 2,039.69 | 137.26 | 860.19 | 112.00 | 34,066.38 | 2,818.38 |

37A.4. Write Off

Contractual amount outstanding on financial assets that were written off during the reporting period is ₹ 934.99 Crores (P.Y ₹ 904.22 Crores)

37A.5. Modified Financial Instruments

For financial assets, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that the modification does not result in cash flows that are substantially different (thereby not resulting into derecognition), the Group has recorded a modification gain or loss based on the change in cash flows discounted at the original EIR (Effective Interest Rate).

(₹ in Crores)

| Particulars | FY 2022-23 | FY 2021-22 |
|--|------------|------------|
| Value of Modified Assets at the time of modification | 534.05 | 2,372.91 |
| Value of Modified Assets outstanding at end of year | 528.39 | 2,509.35 |
| Modification Gain/ (Loss) | (5.66) | 136.44 |

The above modification is in accordance with the provisions defined in the Master Direction Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 Circular No DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016 (updated as on February 22, 2019) and the "The Housing Finance Companies (NHB) Directions, 2010".

37A.6. Credit Risk Grading of Loans

Credit Risk Grading is an important tool for credit risk management as it helps in understanding and evaluating risks for different credit transactions.

The Group has established overall credit limits at the level of individual borrowers and counterparties, and groups of connected counterparties. It manages and controls credit risk by confining the amount of risk it is willing to accept for individual counterparties, for geographical concentrations, and by closely monitoring such exposures.

The Group has a Credit Risk Policy which is board approved and shared with all credit approving authorities. All customers will be evaluated on a set of pre-defined parameters as detailed below and accordingly classified into any of the following categories:

1. Low Risk
2. Medium Risk
3. High Risk – This category of customers will not be actively sourced by the Group. Any customer, identified as High Risk, can be funded by the Group basis exceptional comfort and availability of justifying mitigates. The extent and nature of due diligence will be the highest for this category.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

The assessment of a customer being classified into high, medium or low is based on various parameters at the time of on-boarding which are captured in the Credit Approval Memorandum by the credit manager and validated by the relevant approving authority. The parameters are as follows:

1. Customer Profile
2. Financial health
3. Business vintage
4. Credit history
5. Industry feedback
6. Other qualitative/ quantitative factors as mentioned in the policy

Every customer once being stamped into a risk category on a periodic basis would further be subjected to change of his risk profile depending on the repayment history and DPDs through an independent credit quality review process. This process aims to allow the Group to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Credit Grading Details:

| (₹ in Crores) | | | | |
|----------------|-----------|----------|---------|-----------|
| Period | Stage 1 | Stage 2 | Stage 3 | Total EAD |
| March 31, 2023 | 39,694.04 | 2,090.11 | 813.14 | 42,597.30 |
| March 31, 2022 | 33,735.61 | 2,176.95 | 972.19 | 36,884.75 |

37A.7. Concentration of Credit Risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on spreading its lending portfolio across various products/states/customer base with a cap on maximum limit of exposure for an individual/Group. Accordingly, the Group does not have concentration risk.

37B Liquidity Risk

Liquidity risk refers to the risk that the Group may not be able to meet its short-term financial obligations. The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of credit lines. Further, the Group has well defined Asset Liability Management (ALM) framework with an appropriate organizational structure to regularly monitor and manage maturity profiles of financial assets and financial liabilities including debt financing plans, cash and cash equivalent instruments to ensure liquidity. The Group seeks to maintain flexibility in funding mix by way of sourcing the funds through money markets, debt markets and banks to meet its business and liquidity requirements.

(i) Maturities of financial liabilities

| (₹ in Crores) | | | | | | | |
|---|------------------|-----------------|---------------------------|-------------------------|------------------------|-------------------|-----------------|
| Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2023 | Total | Upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 years |
| Derivative financial instruments | 42.37 | 28.40 | 0.96 | 9.22 | 3.78 | - | - |
| Trade payables | 197.30 | 195.61 | 0.47 | 0.65 | 0.56 | 0.01 | - |
| Other payables | - | - | - | - | - | - | - |
| Finance lease obligation * | 525.11 | 29.02 | 28.49 | 65.01 | 179.16 | 112.83 | 110.62 |
| Debt securities | 7,925.30 | 2,623.59 | 157.63 | 449.74 | 1,394.34 | 848.36 | 2,451.64 |
| Borrowings (other than debt securities) (Note 1) | 28,476.27 | 3,045.37 | 2,813.52 | 4,664.40 | 11,824.89 | 3,636.58 | 2,491.51 |
| Subordinated liabilities | 3,202.42 | 113.46 | 65.99 | 59.69 | 242.06 | 180.92 | 2,540.30 |
| Other financial liabilities | 2,030.24 | 2,000.88 | 18.48 | 7.41 | 3.47 | - | - |
| Financial guarantee contracts | 584.94 | 584.94 | - | - | - | - | - |
| Total | 42,983.93 | 8,621.26 | 3,085.54 | 5,256.12 | 13,648.24 | 4,778.70 | 7,594.06 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

| Contractual maturities of financial liabilities (including financial guarantee) As at March 31, 2022 | Total | Upto 3 months | Over 3 months to 6 months | Over 6 months to 1 year | Over 1 year to 3 years | Over 3 to 5 years | Over 5 years |
|---|------------------|-----------------|---------------------------|-------------------------|------------------------|-------------------|-----------------|
| Derivative financial instruments | 164.39 | 3.06 | - | 3.17 | 158.16 | - | - |
| Trade payables | 142.43 | 140.23 | 0.19 | 0.99 | 0.04 | 0.98 | - |
| Other payables | 9.91 | 9.91 | - | - | - | - | - |
| Finance lease obligation * | 458.87 | 24.34 | 24.05 | 50.91 | 153.54 | 110.27 | 95.77 |
| Debt securities | 7,838.08 | 841.02 | 155.01 | 242.75 | 4,138.75 | 526.32 | 1,934.23 |
| Borrowings (other than debt securities) (Note 1) | 25,319.37 | 1,834.56 | 1,955.70 | 4,273.91 | 11,842.92 | 3,044.21 | 2,368.08 |
| Subordinated liabilities | 2,568.05 | 38.66 | 31.06 | 28.11 | 211.07 | 33.40 | 2,225.75 |
| Other financial liabilities | 2,820.54 | 2,791.36 | 3.17 | - | - | 26.02 | - |
| Financial guarantee contracts | 845.50 | 845.50 | - | - | - | - | - |
| Total | 40,167.12 | 6,528.62 | 2,169.15 | 4,599.85 | 16,504.47 | 3,741.19 | 6,623.84 |

* The amount represent undiscounted cash flows

Note 1: Borrowings includes cash credit facilities, has been slotted in "over 6 months to 1 year" and "over 1 year to 3 years" in the ratio of 40% and 60% respectively.

Note 2: In computing the above information with respect to cash credit and overdraft facilities with Banks, the Management has made certain estimates and assumptions which have been relied upon by the auditors.

(ii) Financing Arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| Floating rate | | |
| - Expiring within one year (bank overdraft and other facilities) | 1,053.65 | 1,779.87 |
| - Expiring beyond one year (bank loans) | - | - |

37C Market Risk

Market Risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and/or commodity prices resulting in a loss to earnings and capital.

Financial institutions may be exposed to Market Risk in variety of ways. Market risk exposure may be explicit in portfolios of securities / equities and instruments that are actively traded. Conversely it may be implicit such as interest rate risk due to mismatch of loans and deposits. Besides, market risk may also arise from activities categorized as off-balance sheet item. Therefore market risk is potential for loss resulting from adverse movement in market risk factors such as interest rates, forex rates, equity and commodity prices.

The Group's exposure to market risk is primarily on account of interest rate risk and Foreign exchange risk.

37C.1 Interest Rate Risk

(a) The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in Crores)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--------------------------|-------------------------|-------------------------|
| Variable rate borrowings | 18,292.19 | 14,287.54 |
| Fixed rate borrowings | 20,910.42 | 21,071.24 |
| Total borrowings | 39,202.60 | 35,358.78 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

The Group had the following variable rate borrowings outstanding and cross currency interest rate swap contracts outstanding:

(₹ in Crores)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---|------------------------------------|------------------|-----------------------|------------------------------------|------------------|-----------------------|
| | Weighted average interest rate (%) | Balance | % of total borrowings | Weighted average interest rate (%) | Balance | % of total borrowings |
| Bank overdrafts, bank loans | 9.28% | 16,944.64 | 43.22% | 8.63% | 13,501.49 | 38.18% |
| External Commercial borrowings | 8.44% | 1,232.55 | 3.14% | 8.62% | 757.93 | 2.14% |
| Non convertible debentures | 8.25% | 115.00 | 0.29% | 7.51% | 28.13 | 0.08% |
| Net exposure to cash flow interest rate risk | | 18,292.19 | | | 14,287.54 | |
| Currency Interest Rate Swaps | 8.97% | 1,394.53 | 3.56% | 9.36% | 387.64 | 1.10% |

An analysis by maturities is provided in note 37(B)(i) above. The percentage of total loans shows the proportion of loans that are currently at floating rates in relation to the total amount of borrowings.

The Group had the following variable rate loans outstanding:

(₹ in Crores)

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | |
|---------------------|------------------------------------|-----------|------------------|------------------------------------|-----------|------------------|
| | Weighted average interest rate (%) | Balance | % of total loans | Weighted average interest rate (%) | Balance | % of total loans |
| Floating rate loans | 12.93% | 18,283.62 | 44.25% | 11.44% | 15,862.96 | 45.17% |

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates (assuming other variable constant)

(₹ in Crores)

| Particulars | Impact on profit after tax | | Impact on other components of equity | |
|--|--|----------------|--------------------------------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | Interest rates – increase by 30 basis points | (41.07) | (32.07) | - |
| Interest rates – decrease by 30 basis points | 41.07 | 32.07 | - | - |

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates (assuming other variable constant)

(₹ in Crores)

| Particulars | Impact on profit after tax | | Impact on other components of equity | |
|--|--|----------------|--------------------------------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| | Interest rates – increase by 30 basis points | 41.05 | 35.61 | - |
| Interest rates – decrease by 30 basis points | (41.05) | (35.61) | - | - |

37C.2. Exposure to Currency Risks

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign exchange rates relates primary to the foreign currency borrowings taken from banks and External Commercial Borrowings (ECB).

The Group follows a conservative policy of hedging its foreign currency exposure through Forwards and / or Cross Currency Interest Rate Swaps (CCRS) in such a manner that it has fixed determinate outflows in its functional currency and as such there would be no significant impact of movement in foreign currency rates on the Group's profit before tax (PBT) and equity.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

The Group's currency position is as under

(₹ in Crores)

| Particulars | USD | EUR | CHF | JPY | SGD | Other Currencies |
|--------------------------------------|---------------|-----|-----|-----|-----|------------------|
| Foreign Currency Assets (in ₹)* | 189.91 | - | - | - | - | - |
| Foreign Currency Liabilities (in ₹)* | 33.15 | - | - | - | - | - |
| Net Gap as at March 31, 2023 | 156.76 | - | - | - | - | - |

(₹ in Crores)

| Particulars | USD | EUR | CHF | JPY | SGD | Other Currencies |
|--------------------------------------|-----------------|-----|-----|-----|-----|------------------|
| Foreign Currency Assets (in ₹)* | 45.85 | - | - | - | - | - |
| Foreign Currency Liabilities (in ₹)* | 154.52 | - | - | - | - | - |
| Net Gap as at March 31, 2022 | (108.67) | - | - | - | - | - |

*It is fully hedged by forward contract and CCIRS

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Crores)

| Particulars | Impact on profit after tax | | Impact on other components of equity | |
|-------------------------|----------------------------|----------------|--------------------------------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| US\$ sensitivity | | | | |
| ₹/US\$ -Increase by 5% | - | - | (182.45) | (134.33) |
| ₹/US\$ -Decrease by 5% | - | - | 182.45 | 134.33 |

The sensitivity on profit and loss is due to the timing difference of the maturity of the Cross currency interest rate swap. On the date of maturity of the Cross currency interest rate swap, the sensitivity of profit and loss to changes in the exchange rates will be Nil.

37C.3. Price Risk

(a) Exposure

The Group's exposure to assets having price risk is as under

(₹ in Crores)

| Particulars | Equity Share | Mutual Funds /Alternate investment funds/ others | Bonds | Security Receipts | Total |
|-----------------------------------|--------------|--|--------|-------------------|----------|
| Market Value as on March 31, 2023 | 0.05 | 2,284.73 | 346.52 | 879.70 | 3,511.00 |
| Market Value as on March 31, 2022 | 0.05 | 1,108.81 | - | 83.30 | 1,192.16 |

To manage its price risk arising from investments in equity securities/other assets, the Group diversifies its portfolio.

(b) Sensitivity

The table below summarizes the impact of increases/decreases of the index on the Group's equity/other assets and profit for the period. The analysis is based on the assumption that the instrument index has increased by 5% or decreased by 5% with all other variables held constant.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Particulars | Impact on profit after tax | | Impact on other components of equity | |
|-------------|----------------------------|----------------|--------------------------------------|----------------|
| | March 31, 2023 | March 31, 2022 | March 31, 2023 | March 31, 2022 |
| Increase 5% | 131.37 | 44.61 | - | - |
| Decrease 5% | (131.37) | (44.61) | - | - |

37D. Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the shareholder value. The Group monitors capital in accordance with the capital adequacy ratio prescribed by the Reserve Bank of India ("RBI")/ National Housing Bank ("NHB") as applicable.

37E. Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer an liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques.

The following table shows an analysis of financial instruments recorded at Fair Value hierarchy:

(₹ in Crores)

| Particulars | As at March 31, 2023 | | |
|---|-----------------------------------|---|-----------------------|
| | Fair Value through profit or loss | Fair value through Other Comprehensive Income | Amortized cost / Cost |
| Financial assets | | | |
| Cash and cash equivalents | - | - | 3,630.67 |
| Bank Balance other than (a) above | - | - | 2,208.36 |
| Derivative financial instruments | 9.22 | 214.36 | - |
| Receivables | | | |
| (i) Trade receivables | - | - | 121.43 |
| (ii) Other receivables | - | - | 151.96 |
| Loans | - | 6,923.97 | 33,077.14 |
| Investments | 2,459.60 | - | 1,051.40 |
| Other financial assets | - | - | 1,615.55 |
| Total financial assets | 2,468.82 | 7,138.33 | 41,856.51 |
| Financial liabilities | | | |
| Derivative financial instruments | 9.22 | 33.14 | - |
| Trade payables | - | - | 197.30 |
| Other Payables | - | - | - |
| Finance lease obligation | - | - | 413.43 |
| Debt securities | - | - | 7,925.30 |
| Borrowings (other than debt securities) | - | - | 28,476.27 |
| Subordinated liabilities | - | - | 3,202.42 |
| Other financial liabilities | - | - | 2,030.24 |
| Total financial liabilities | 9.22 | 33.14 | 42,244.95 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

| Particulars | As at March 31, 2022 | | |
|---|-----------------------------------|---|-----------------------|
| | Fair Value through profit or loss | Fair value through Other Comprehensive Income | Amortized cost / Cost |
| Financial assets | | | |
| Cash and cash equivalents | - | - | 6,211.64 |
| Bank Balance other than (a) above | - | - | 1,945.29 |
| Derivative financial instruments | 9.87 | 64.41 | - |
| Receivables | | | |
| (i) Trade receivables | - | - | 183.20 |
| (ii) Other receivables | - | - | 15.80 |
| Loans | - | 5,662.46 | 28,030.43 |
| Investments | 1,182.52 | - | 9.64 |
| Other financial assets | - | - | 924.05 |
| Total financial assets | 1,192.39 | 5,726.87 | 37,320.05 |
| Financial liabilities | | | |
| Derivative financial instruments | 9.87 | 154.52 | - |
| Trade payables | - | - | 142.43 |
| Other Payables | - | - | 9.91 |
| Finance lease obligation | - | - | 360.68 |
| Debt securities | - | - | 7,838.08 |
| Borrowings (other than debt securities) | - | - | 25,319.37 |
| Subordinated liabilities | - | - | 2,568.05 |
| Other financial liabilities | - | - | 2,820.54 |
| Total financial liabilities | 9.87 | 154.52 | 39,059.07 |

37E. 1. Financial instruments measured at fair value – Fair value hierarchy

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

37E.2. Valuation methodologies of financial instruments measured at fair value

- (i) Quoted equity/instruments are measured based on the last traded price in the exchange and are classified as level 1.
- (ii) Mutual Funds are measured based on the published net asset value (NAV) by AMFI and are classified as level 1.
- (iii) Alternate Investment Funds are measured based on the latest NAV provided by the fund house and are classified as level 3.
- (iv) Equity instruments in non-listed entities are initially recognized at transaction price and re-measured (to the extent information is available) and valued by external independent valuer and classified as Level 3.
- (v) Equity instruments in listed entities that are quoted market prices (unadjusted) in active markets for identical instruments are classified at level 1.
- (vi) Government Securities are valued based on the closing price published by CCIL/ FIMMDA for March 2020 respectively and are classified as level 2.
- (vii) Unquoted debt securities are measured based on average of security level prices received from AMFI appointed/ designated agencies viz: CRISIL and ICRA and are classified as level 2.
- (viii) The fair value of interest rate swaps is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs.
- (ix) Fair value of loans measured at FVOCI approximates its carrying value and are classified as level 3.
- (x) Fair value of forward foreign exchange contracts is determined by computing present value of payoff between contractual rate (Strike) and forward exchange rates at the testing date and are classified as Level 2.
- (xi) The fair value principal swap is calculated as the present value of the net of Pay and Receive side estimated future cash flows based on observable appropriate yield curve inputs and spot exchange rate as of the testing date and are classified as Level 2.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Financial assets and liabilities measured at fair value - recurring fair value measurements | Level 1 | Level 2 | Level 3 | Total | Carrying Value |
|---|---------------|---------------|-----------------|-----------------|-----------------|
| Financial assets | | | | | |
| Forward rate agreements and interest rate swaps | - | 214.36 | - | 214.36 | 214.36 |
| Call option included under Debt securities & Subordinated liabilities | - | 9.22 | - | 9.22 | 9.22 |
| Loans - classified under FVOCI | - | - | 6,923.97 | 6,923.97 | 6,923.97 |
| Investments | 404.01 | 43.21 | 2,012.38 | 2,459.60 | 2,459.60 |
| • <i>Mutual Funds/Alternate Investment fund / Others</i> | 57.49 | - | 1,132.68 | 1,190.17 | 1,190.17 |
| • <i>Security Receipts</i> | - | - | 879.70 | 879.70 | 879.70 |
| • <i>Debt Securities</i> | 346.52 | - | - | 346.52 | 346.52 |
| • <i>Government Securities</i> | - | 5.04 | - | 5.04 | 5.04 |
| • <i>Preference Shares</i> | - | 38.17 | - | 38.17 | 38.17 |
| • <i>Certificate of Deposits</i> | - | - | - | - | - |
| • <i>Commercial Papers</i> | - | - | - | - | - |
| Total financial assets | 404.01 | 266.79 | 8,936.35 | 9,607.15 | 9,607.15 |
| Financial liabilities | | | | | |
| Forward rate agreements /CCIRS | - | 33.15 | - | 33.15 | 33.15 |
| Interest rate derivative | - | - | - | - | - |
| Call option included under Debt securities & Subordinated liabilities | - | 9.22 | - | 9.22 | 9.22 |
| Total financial liabilities | - | 42.37 | - | 42.37 | 42.37 |

(₹ in Crores)

| Financial assets and liabilities measured at fair value - recurring fair value measurements | Level 1 | Level 2 | Level 3 | Total | Carrying Value |
|---|-------------|---------------|-----------------|-----------------|-----------------|
| As at March 31, 2022 | | | | | |
| Financial assets | | | | | |
| Forward rate agreements and interest rate swaps | - | 64.41 | - | 64.41 | 64.41 |
| Call option included under Debt securities & Subordinated liabilities | - | 9.87 | - | 9.87 | 9.87 |
| Loans - classified under FVOCI | - | - | 5,662.46 | 5,662.46 | 5,662.46 |
| Investments | 0.00 | - | 1,182.52 | 1,182.52 | 1,182.52 |
| • <i>Mutual Funds/Alternate Investment fund / Others</i> | 0.00 | - | 1,099.22 | 1,099.22 | 1,099.22 |
| • <i>Security Receipts</i> | - | - | 83.30 | 83.30 | 83.30 |
| Total financial assets | 0.00 | 74.28 | 6,844.98 | 6,919.26 | 6,919.26 |
| Financial liabilities | | | | | |
| Forward rate agreements /CCIRS | - | 154.52 | - | 154.52 | 154.52 |
| Interest rate derivative | - | - | - | - | - |
| Call option included under Debt securities & Subordinated liabilities | - | 9.87 | - | 9.87 | 9.87 |
| Total financial liabilities | - | 164.39 | - | 164.39 | 164.39 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

37E.3. Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term nature, the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, other receivables, balances other than cash and cash equivalents and trade payables.

Loans, Debts, Borrowings and Subordinated Debts

The fair values of these instruments are estimated by determining the price of the instrument taking into consideration the origination date, maturity date, coupon rate, actual or approximation of frequency of interest payments and incorporating the actual or estimated/proxy yields of identical or similar instruments through the discounting factor. For instruments, having contractual residual maturity less than one year, the carrying value has been considered as fair value. Loans and advances are presented net of provisions for impairment.

| (₹ in Crores) | | | |
|---|------------------|------------------|---------------------|
| Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2023 | Total Fair value | Carrying value | Valuation hierarchy |
| Financial assets | | | |
| Cash and cash equivalents | 3,630.67 | 3,630.67 | |
| Bank Balance other than included above | 2,208.36 | 2,208.36 | |
| Receivables | | | |
| (i) Trade Receivables | 121.43 | 121.43 | |
| (ii) Other Receivables | 151.96 | 151.96 | |
| Loans | 32,449.59 | 33,077.14 | Level 3 |
| Investment in debt securities | 1,051.40 | 1,051.40 | |
| Other Financial assets | 1,615.55 | 1,615.55 | |
| Total financial assets | 41,228.96 | 41,856.51 | |
| Financial Liabilities | | | |
| Trade Payables | 197.30 | 197.30 | |
| Finance lease obligation | 413.43 | 413.43 | |
| Debt Securities * | 7,551.37 | 7,925.30 | Level 3 |
| Borrowings (Other than debt securities) | 28,476.27 | 28,476.27 | Level 3 |
| Subordinated Liabilities | 3,161.48 | 3,202.42 | Level 3 |
| Other financial liabilities | 2,030.24 | 2,030.24 | |
| Total financial liabilities | 41,830.10 | 42,244.97 | |

| (₹ in Crores) | | | |
|---|------------------|----------------|---------------------|
| Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2022 | Total Fair value | Carrying value | Valuation hierarchy |
| Financial assets | | | |
| Cash and cash equivalents | 6,211.64 | 6,211.64 | |
| Bank Balance other than included above | 1,945.29 | 1,945.29 | |
| Receivables | | | |
| (i) Trade Receivables | 183.20 | 183.20 | |
| (ii) Other Receivables | 15.80 | 15.80 | |
| Loans | 21,915.81 | 28,030.43 | Level 3 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Assets and liabilities which are measured at amortized cost for which fair values are disclosed As at March 31, 2022 | Total Fair value | Carrying value | Valuation hierarchy |
|---|------------------|------------------|---------------------|
| Investment in debt securities | 9.64 | 9.64 | |
| Other Financial assets | 924.05 | 924.05 | |
| Total financial assets | 31,205.43 | 37,320.05 | |
| Financial Liabilities | | | |
| Trade Payables | 142.43 | 142.43 | |
| Other payables | 9.91 | 9.91 | |
| Finance lease obligation | 360.68 | 360.68 | |
| Debt Securities * | 7,662.86 | 7,838.08 | Level 3 |
| Borrowings (Other than Debt Securities) | 24,182.83 | 25,319.37 | Level 3 |
| Subordinated Liabilities | 2,591.86 | 2,568.05 | Level 3 |
| Other financial liabilities | 2,820.54 | 2,820.54 | |
| Total financial liabilities | 37,771.12 | 39,059.07 | |

* For MTN Bond book value is been considered as fair value.

37.E.4 Movements in Level 3 financial instruments measured at fair value :

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

(₹ in Crores)

| Particulars | Loans - Classified under FVOCI | Alternate Investment fund | Security Receipts | Equity |
|---|--------------------------------------|---------------------------------|----------------------|--------|
| Balances as at April 01, 2022 | 5,662.46 | 1,099.22 | 83.30 | - |
| Issuances | 13,996.06 | 79.82 | 913.70 | - |
| Re-classified to amortized cost | (624.07) | - | - | - |
| Sale of financial instrument classified as level 3 at the beginning of the financial year | (12,110.48) | (143.44) | (95.39) | - |
| Total gain /losses recognized in profit and loss | - | 97.09 | (21.91) | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Balances As at March 31, 2023 | 6,923.97 | 1,132.69 | 879.70 | - |
| Unrealized gain /losses related to balances held at the end of financial year | - | 165.66 | (21.91) | - |

(₹ in Crores)

| Particulars | Loans - Classified under FVOCI | Alternate Investment fund | Security Receipts | Equity |
|---|--------------------------------------|---------------------------------|----------------------|--------|
| Balances as at April 01, 2021 | 5,217.17 | 7.11 | - | - |
| Issuances | 12,444.01 | 1,196.64 | 103.71 | - |
| Re-classified to amortized cost | (821.07) | - | - | - |
| Sale of financial instrument classified as level 3 at the beginning of the financial year | (11,177.65) | (174.04) | (20.41) | - |
| Total gain /losses recognized in profit and loss | - | 69.51 | - | - |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Balances As at March 31, 2022 | 5,662.46 | 1,099.22 | 83.30 | - |
| Unrealized gain /losses related to balances held at the end of financial year | - | 68.57 | - | - |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

37 F. Transferred financial assets that are derecognized in their entirety

During the year ended March 31, 2022, the Group has sold some loans and advances measured at FVTOCI as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognized. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plans, the Group's business model remains to hold the assets for collecting contractual cash flows.

The following table provide a summary of the amount of the derecognized financial assets during the year and the gain/ (loss) on derecognition, which qualify for derecognition:

| Particulars | (₹ in Crores) | |
|---|---------------|------------|
| | FY 2022-23 | FY 2021-22 |
| Financial assets derecognized during the year | 12,110.48 | 11,177.65 |
| Gain from derecognition | 543.87 | 515.27 |

37 G. Transferred financial assets that are recognized in their entirety:

The Group uses securitizations as a source of finance. Such transaction resulted in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities. Such deals resulted in continued recognition of the securitized assets since the Group retains substantial risks and rewards. The table below outlines the carrying amounts and fair values of all financial assets transferred that are not derecognized in their entirety and associated liabilities.

| Securitized assets | (₹ in Crores) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Carrying amount of transferred assets measured at amortized cost | 743.94 | 2,406.51 |
| Carrying amount of associated liabilities | 743.94 | 2,406.51 |
| Fair value of assets | 743.81 | 2,405.76 |
| Fair value of associated liabilities | 743.94 | 2,406.10 |

NOTE 38. CAPITAL, OTHER COMMITMENTS AND CONTINGENT LIABILITIES AT BALANCE SHEET DATE:

Contingent Liabilities:

| Particulars | (₹ in Crores) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| In respect of Income tax demands (refer note a and b) | 79.51 | 66.31 |
| In respect of Service tax/ GST demands (including interest accrued and refer note c) | 65.84 | 83.17 |
| In respect of Profession Tax demands (refer note d) | 0.16 | 0.16 |
| In respect of Bank guarantees given (refer note e) | 584.94 | 845.50 |
| In respect of Corporate guarantees given | 23.34 | 23.34 |
| In respect of legal case/ penalties/others | 1.17 | 0.16 |
| Contingent liability in respect of credit enhancement for securitization transaction | 79.95 | 195.67 |
| In respect of Stamp Duty (refer note f) | 16.66 | 16.66 |

- The Group has filed appeal against the said demands raised by the Income Tax Department.
- Amount paid under protest with respect to income tax demand is ₹ 71.34 Crores (P.Y ₹ 41.77 Crores).
- Amount paid under protest with respect to service tax demand ₹ 1.89 Crores (P.Y ₹ 1.89 Crores) and with respect to GST demand ₹ 0.12 Crores (P.Y ₹ 0.02 Crores).
- Amount paid under protest with respect to profession tax demand ₹ 0.05 Crores (P.Y ₹ 0.05 Crores).
- Guarantee has been given on behalf of subsidiary.
- The Group had received demand towards stamp duty on account of the Composite Scheme of Arrangement. The demand had been raised for a sum of ₹ 75.00 Crores. As per the scheme document any incidental expenses will be borne by the

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

resulting companies i.e IIFL Finance Limited, IIFL Securities Limited and 360 ONE WAM Limited (Formerly known as IIFL Wealth Management Limited) equally. The Company has appealed against the same and paid ₹ 8.34 Crores under protest towards its share of the liability and shown ₹ 16.66 Crores as Contingent. The matter is pending before the court.

- (g) Apart from the above, Company is subject to legal proceedings and claims which have arisen in the ordinary course of the business. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have material and adverse effect on the Company's financial position.

Commitments Not Provided For:

| Particulars | ₹ in Crores | |
|---|-------------------------|-------------------------|
| | As at March 31, 2023 | As at March 31, 2022 |
| Commitments related to loans sanctioned but undrawn | 2,139.07 | 2,483.11 |
| Estimated amount of contracts remaining to be executed on capital and operating account | 19.90 | 18.75 |
| Commitments related to alternate investment funds | 9.77 | 20.59 |

Note 39. Employee Stock Option

The Company has implemented Employee Stock Option Scheme 2008 (ESOP Schemes) and has outstanding options granted under the said Schemes. The options vest in graded manner and must be exercised within a specified period as per the terms of the grants made by the Nomination and Remuneration Committee and ESOP Schemes.

a) The details of various Employee Stock Option Schemes are as under:

| Particulars | ₹ in Crores | |
|------------------------------|---|---|
| | As at March 2023 ESOP 2008 | As at March 2022 ESOP 2008 |
| Number of Option outstanding | 9,36,947 | 11,47,105 |
| Method of accounting | Fair Value | Fair Value |
| Vesting Plan | Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options. | |
| Exercise Period | Seven years from the date of grant | |
| Grant Date | March 08, 2016, April 29, 2017, May 06, 2021, August 20, 2021, December 22, 2021, August 26, 2022, October 15, 2022. | August 05, 2014, March 02, 2015, March 08, 2016, April 29, 2017, September 04, 2020, May 06, 2021, August 20, 2021 and December 22, 2021. |
| Grant Price (₹ Per Share) | ₹ 82.02, ₹ 218.71, ₹ 252.00, ₹ 252.00, ₹ 271.40, ₹ 341.65, ₹ 350.00 | ₹ 61.40, ₹ 82.73, ₹ 82.02, ₹ 218.71, ₹ 126.64, ₹ 252.00, ₹ 252.00 and ₹ 271.40 |

(b) (i) Movement of options during the year ended March 31, 2022

| Particulars | Option Outstanding | Range of exercise price (in ₹) | Weight average exercise price (in ₹) | Weight average remaining contractual life (Years) |
|---|--------------------|--------------------------------|--------------------------------------|---|
| Outstanding as on April 01, 2022 | 11,47,105 | 82.02-271.40 | 222.89 | 5.44 |
| Granted during the year | 2,00,000 | 341.65-350.00 | 343.74 | - |
| Expired/forfeited during the year | 2,67,233 | 82.02- 252.00 | 215.90 | - |
| Exercised during the year | 1,42,925 | 82.02- 271.40 | 174.85 | - |
| Outstanding as on March 31, 2023 | 9,36,947 | 82.02-350.00 | 274.97 | 5.44 |
| Exercisable as on March 31, 2023 | 75,788 | 252.00-271.40 | 288.15 | 4.54 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

b) (ii) Movement of options during year ended March 31, 2022

| Particulars | Option Outstanding | Range of exercise price (in ₹) | Weight average exercise price (in ₹) | Weight average remaining contractual life (Years) |
|---|--------------------|--------------------------------|--------------------------------------|---|
| Outstanding as on April 01, 2021 | 3,31,525 | 82.02-218.71 | 93.70 | 2.65 |
| Granted during the year | 9,25,000 | 252.00-271.40 | 252.52 | - |
| Expired/forfeited during the year | 14,360 | 82.00 | 82.65 | - |
| Exercised during the year | 95,060 | 82.02-82.73 | 82.04 | - |
| Outstanding as on March 31, 2022 | 11,47,105 | 82.02-271.40 | 222.89 | 5.44 |
| Exercisable as on March 31, 2022 | 1,77,105 | 82.02-271.40 | 92.54 | 1.14 |

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

| Particulars | ESOP 2008 | | | |
|--------------------------|------------------|-----------------|-------------------|-----------------|
| | October 15, 2022 | August 26, 2022 | December 22, 2021 | August 20, 2021 |
| Stock price (₹) | 350.00 | 341.65 | 271.40 | 252.00 |
| Volatility | 10.00% | 10.00% | 10.00% | 10.00% |
| Risk-free Rate | 7.37% | 7.02% | 5.81% | 5.77% |
| Exercise price (₹) | 350.00 | 341.65 | 271.40 | 252.00 |
| Time to Maturity (Years) | 5.00 | 5.00 | 5.00 | 5.00 |
| Dividend yield | 3.00% | 3.00% | 3.00% | 3.00% |
| Weight Average Value (₹) | 45.31 | 42.15 | 35.40 | 35.40 |

| Particulars | ESOP 2008 | | | |
|--------------------------|--------------|--------------------|----------------|----------------|
| | May 06, 2021 | September 04, 2020 | April 29, 2017 | March 08, 2016 |
| Stock price (₹) | 252.00 | 87.85 | 218.71 | 82.02 |
| Volatility | 10.00% | 10.00% | 10.00% | 10.00% |
| Risk-free Rate | 5.66% | 6.56% | 6.66% | 7.47% |
| Exercise price (₹) | 252.00 | 126.64 | 218.71 | 82.02 |
| Time to Maturity (Years) | 5.00 | 5.00 | 5.00 | 5.00 |
| Dividend yield | 3.00% | 3.00% | 3.00% | 3.00% |
| Weight Average Value (₹) | 34.72 | 21.10 | 201.65 | 76.59 |

Stock Price: The closing market price on NSE one day prior to the date of grant has been considered for the purpose of Option valuation.

Volatility: The daily volatility of the stock prices on BSE, over a period prior to the date of grant, corresponding with the expected life of the Options has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

The Company has granted Employee Stock Options under IIFL Finance Employee Stock Option Plan 2020 – Merger Scheme pursuant to aforesaid Composite Scheme of Arrangement.

a) The details of various Employee Stock Option Schemes are as under:

(₹ in Crores)

| Particulars | As at March 2023 ESOP 2020 | As at March 2022 ESOP 2020 |
|------------------------------|---|--|
| Number of Option outstanding | 27,05,444 | 35,72,033 |
| Method of accounting | Fair Value | Fair Value |
| Vesting Plan | Options granted would vest over a period of five years subject to a minimum period of one year from the date of grant of options. | |
| Exercise Period | Seven years from the date of grant | |
| Grant Date | December 02, 2015, February 08, 2017, May 02, 2018, November 21, 2018 and January 18, 2019 | December 02, 2015, March 09, 2016, February 08, 2017, May 02, 2018, September 04, 2018, November 21, 2018, January 18, 2019 and September 18, 2019 |
| Grant Price (₹ Per Share) | ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 182.22 | ₹ 61.48, ₹ 61.48, ₹ 106.67, ₹ 142.22, ₹ 177.04, ₹ 177.04, ₹ 182.22, ₹ 129.63 |

(b) (i) Movement of options during the year ended March 31, 2023

| Particulars | Option Outstanding | Range of exercise price (in ₹) | Weight average exercise price (in ₹) | Weight average remaining contractual life (Years) |
|---|--------------------|--------------------------------|--------------------------------------|---|
| Outstanding as on April 01, 2022 | 35,72,033 | 61.48-182.22 | 154.91 | 3.19 |
| Granted during the year | - | - | - | - |
| Expired/forfeited during the year | 1,77,836 | 106.67- 182.22 | 238.57 | - |
| Exercised during the year | 6,88,753 | 61.48-182.22 | 189.43 | - |
| Outstanding as on March 31, 2023 | 27,05,444 | 106.67- 182.22 | 212.21 | 2.29 |
| Exercisable as on March 31, 2023 | 20,62,979 | 106.67- 182.22 | 218.51 | 2.35 |

(b) (ii) Movement of options during the year ended March 31, 2022

| Particulars | Option Outstanding | Range of exercise price (in ₹) | Weight average exercise price (in ₹) | Weight average remaining contractual life (Years) |
|---|--------------------|--------------------------------|--------------------------------------|---|
| Outstanding as on April 01, 2021 | 44,33,233 | 61.48-182.22 | 150.40 | 4.06 |
| Granted during the year | - | - | - | - |
| Expired/forfeited during the year | 1,98,225 | 177.04-182.22 | 177.37 | - |
| Exercised during the year | 6,62,975 | 61.48-182.22 | 118.03 | - |
| Outstanding as on March 31, 2022 | 35,72,033 | 61.48-182.22 | 154.91 | 3.19 |
| Exercisable as on March 31, 2022 | 20,31,205 | 61.48-182.22 | 150.73 | 3.05 |

Fair Value Methodology:

The fair value of the shares are measured using Black scholes formulae. Measurement inputs include share price on measurement date, exercise date of the instrument, exercise price, expected life, risk free interest rate, dividend yield, expected volatility .

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Key Assumptions used in Black-Scholes model for calculating fair value as on the date of grant are as follows:

| Particulars | ESOP 2020 | | | |
|--------------------------|------------------|------------------|-------------------|---------------|
| | January 18, 2019 | January 18, 2019 | November 21, 2018 | May 02, 2018 |
| Stock price (₹) | 179.63 | 179.63 | 179.63 | 179.63 |
| Volatility | 59.00% | 59.00% | 59.00% | 59.00% |
| Risk-free Rate | 7.28% - 7.49% | 7.28% - 7.49% | 7.21% - 7.40% | 7.13% - 7.40% |
| Exercise price (₹) | 182.22 | 182.22 | 177.04 | 142.22 |
| Time to Maturity (Years) | 5.80 | 5.55 | 5.39 | 5.09 |
| Dividend yield | 1.00% | 1.00% | 1.00% | 1.00% |
| Weight Average Value (₹) | 161.25 | 102.16 | 102.29 | 106.78 |

| Particulars | ESOP 2020 | | |
|--------------------------|---------------|-------------------|-------------------|
| | May 02, 2018 | February 08, 2017 | December 02, 2015 |
| Stock price (₹) | 179.63 | 179.63 | 179.63 |
| Volatility | 59.00% | 59.00% | 59.00% |
| Risk-free Rate | 7.13% - 7.34% | 6.94% - 7.21% | 6.82% |
| Exercise price (₹) | 142.22 | 106.67 | 61.48 |
| Time to Maturity (Years) | 4.84 | 3.87 | 2.33 |
| Dividend yield | 1.00% | 1.00% | 1.00% |
| Weight Average Value (₹) | 106.90 | 110.78 | 37.90 |

Stock Price: The fair value of stock as on Appointed Date, i.e., April 01, 2018 ("the Effective date" or the "Date of Modification") has been used to value the outstanding grants based on Mercant Banker's Report.

Volatility: The daily volatility of the stock prices on BSE, based on post demerger traded prices, has been considered to calculate the fair value.

Risk-free rate of return: The risk-free rate being considered for the calculation is the India Government Bond Generic Bid Yield with a maturity about equal to the expected life of the options.

Exercise Price: Price of each specific grant has been considered based on equity swap ratio of the Composite Scheme of Arrangement.

Time to Maturity: Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live. The minimum life of a stock option is the minimum period before which the Options cannot be exercised and the maximum life is the period after which the Options cannot be exercised.

Expected dividend yield: Expected dividend yield has been calculated as an average of dividend yields for the three financial years preceding the date of the grant. The dividend yield for the year is derived by dividing the dividend per share by the average price per share of the respective period.

NOTE 40. ADDITIONAL DISCLOSURE REQUIREMENTS

(i) Relationship With Struck off Companies

The Group has not entered into any transactions with strike off companies

(ii) Registration of charges or satisfaction with Registrar of Companies (ROC)

There are no charges or satisfaction yet to be registered with ROC beyond the statutory period.

(iii) Compliance with number of layers of companies

The clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Group.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(iv) Utilization of Borrowed funds and share premium

- (A) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (B) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:-
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(v) Undisclosed income

The Group has disclosed all its Income appropriately and in the ongoing Tax Assessments as well there has not been any such undisclosed income recognized by the relevant tax authorities.

(vi) Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(vii) Disclosure of Benami Property

The Group does not possess any benami property under the Benami Transactions (Prohibition) Act, 1985 and rules made thereunder.

(viii) Disclosure of Borrowings

- The quarterly returns and statements of current assets filed by the Group with banks or financial institutions are in agreement with the books of accounts.
- The Group has utilized the borrowings from banks and financial institutions for the specific purpose for which it was taken As at March 31, 2023.

(ix) Wilful Defaulter

The Group has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

(x) Title Deeds Of Immovable Properties Not Held In Name Of The Group

Except the details as disclosed below all the title deeds of immovable properties (other than properties where the Group is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Group.

Title deeds of Immovable Property not held in name of the Group

As at March 31, 2023

(₹ in Crores)

| Particulars | Description of item of property | Gross Carrying Value | Title Deeds held in the name of | Whether title deed holder is promoter, director or relative of promoter. director or employee of promoter/director | Property held since which date | Reason for not being held in the name of the Group |
|--------------------------------------|---------------------------------|----------------------|--------------------------------------|--|--|--|
| Investment Property (Refer note 12) | Building | 2.75 | Borrower to whom loan has been given | No | January 10, 2020 | Acquired in the SARFAESI Proceedings |
| Assets Held for Sale (Refer note 17) | Building (3 Properties) | 5.47 | Borrowers to whom loans were given | No | Repossessed between June 2019 to December 2020 | Properties repossessed under SARFAESI Act. |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

As at March 31, 2022

(₹ in Crores)

| Particulars | Description of item of property | Gross Carrying Value | Title Deeds held in the name of | Whether title deed holder is promoter, director or relative of promoter, director or employee of promoter/director | Property held since which date | Reason for not being held in the name of the Group |
|--------------------------------------|---------------------------------|----------------------|---------------------------------------|--|--------------------------------|--|
| Investment Property (Refer note 12) | Building | 2.75 | Borrower to whom loan has been given | No | January 10, 2020 | Acquired in the SARFAESI Proceedings |
| | Building | 4.73 | Borrower to whom loan has been given | No | December 31, 2019 | Acquired in the SARFAESI Proceedings |
| Assets Held for Sale (Refer note 17) | Building (19 Properties) | 9.70 | Borrowers to whom loan has been given | No | Various dates | Properties repossessed under SARFAESI Act |

Note: Due to the voluminous nature of transactions and sensitivity of the information, individual borrower wise details, in whose name the title deeds are held are not disclosed.

(xi) Disclosure on Loans and Advances

The Group has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

NOTE 41. LIST OF RELATED PARTIES

| Nature of relationship | Name of party * |
|---------------------------------------|---|
| Key managerial personnel | Mr. Nirmal Jain |
| | Mr. R. Venkataraman |
| | Mr. Kapish Jain (w.e.f November 01, 2022) |
| | Mr. Rajesh Rajak (upto October 31, 2022) |
| | Mrs. Sneha Patwardhan |
| | Mr. Monu Ratra |
| | Mr. Amit Gupta |
| | Mr. Ajay Jaiswal |
| | Mr. Narayanaswamy Venkatesh |
| | Mr. Shivaprakash Deviah |
| | Mr. Anantha Kumar T |
| Relatives of Key managerial personnel | Mr. Pramod Kulkarni |
| | Mr. Manoranjan Biswal |
| | Mr. Shankar Subramanian (Brother of Independent Director Mr. Ramakrishnan Subramanian) (w.e.f September 06, 2021) |
| Other related parties | Mr. Venkatakrishnama Appanaidu Narayanaswamy |
| | Mrs. Anitha Shivaprakash |
| | IIFL Securities Limited |
| | IIFL Facilities Services Limited |
| | IIFL Management Services Limited |
| | India Infoline Employee Trust |
| | Livlong Protection & Wellness Solutions Limited (Formerly IIFL Corporate Services Limited) |
| | Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited) |
| | India Infoline Foundation |
| | 360 One Distribution Services Limited (Formerly IIFL Wealth Distribution Services Limited) |
| | 360 ONE WAM LIMITED (Formerly IIFL Wealth Management Limited) |
| | IIFL Wealth Prime Limited (Formerly IIFL Wealth Finance Limited) |
| | 5Paisa Capital Limited |
| | 5Paisa P2P Limited |

* The above list includes related parties with whom the transactions have been carried out during the year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Note 41.1 Significant transactions with related parties

| (₹ in Crores) | | | |
|--|-----------------------|--|---------|
| Nature of transaction | Other related parties | Key managerial personnel and their relatives | Total |
| Interest income | | | |
| 5paisa Capital Limited | 3.47 | - | 3.47 |
| | (5.07) | - | (5.07) |
| IIFL Management Services Limited | - | - | - |
| | (0.01) | - | (0.01) |
| IIFL Facilities Services Limited | - | - | - |
| | (2.04) | - | (2.04) |
| IIFL Securities Limited | 5.28 | - | 5.28 |
| | (4.75) | - | (4.75) |
| Mr. Shankar Subramanian | - | 0.04 | 0.04 |
| | - | (0.02) | (0.02) |
| Interest expense | | | |
| IIFL Facilities Services Limited | 0.00 | - | 0.00 |
| | (9.01) | - | (9.01) |
| IIFL Management Services Limited | 0.46 | - | 0.46 |
| | (1.96) | - | (1.96) |
| 360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited) | 0.38 | - | 0.38 |
| | - | - | - |
| IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited) | 0.56 | - | 0.56 |
| | (1.17) | - | (1.17) |
| IIFL Securities Limited | 2.24 | - | 2.24 |
| | (0.81) | - | (0.81) |
| Trademark License Fee | | | |
| IIFL Securities Limited | - | - | - |
| | - | - | - |
| Donation paid | | | |
| India Infoline Foundation | 17.22 | - | 17.22 |
| | (15.27) | - | (15.27) |
| Arranger/ processing fees /brokerage on non convertible debenture/merchant banking fees | | | |
| 360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited) | 6.77 | - | 6.77 |
| | (4.39) | - | (4.39) |
| IIFL Securities Limited | 0.40 | - | 0.40 |
| | (46.46) | - | (46.46) |
| IIFL Management Services Limited | 0.50 | - | 0.50 |
| | - | - | - |
| Livlong Protection & Wellness Solutions Limited(Formerly known as IIFL Corporate Services Limited) | 0.07 | - | 0.07 |
| | - | - | - |
| 5paisa Capital Limited | - | - | - |
| | - | - | - |
| Rent expenses | | | |
| IIFL Facilities Services Limited | 3.82 | - | 3.82 |
| | (1.92) | - | (1.92) |

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2023**

| (₹ in Crores) | | | |
|--|-----------------------|--|--------|
| Nature of transaction | Other related parties | Key managerial personnel and their relatives | Total |
| Referral fees income/Other charges Income | | | |
| Livlong Protection & Wellness Solutions Limited(Formerly known as IIFL Corporate Services Limited) | 10.85 | | 10.85 |
| Mr. Shankar Subramanian | - | 0.00 | 0.00 |
| | - | (0.00) | (0.00) |
| Commission / brokerage expense | | | |
| 360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited) | 0.09 | - | 0.09 |
| IIFL Securities Limited | 1.48 | - | 1.48 |
| | (0.09) | - | (0.09) |
| Brokerage/Commission on NCDs paid | | | |
| IIFL Securities Limited | 7.06 | - | 7.06 |
| | - | - | - |
| Remuneration paid | | | |
| Mr.Nirmal Jain | - | 10.20 | 10.20 |
| | - | (8.67) | (8.67) |
| Mr.Kapish Jain (from November 01, 2022) | - | 0.88 | 0.88 |
| | - | - | - |
| Mrs. Sneha Patwardhan | - | 0.74 | 0.74 |
| | - | (0.58) | (0.58) |
| Mr.Rajesh Rajak (Upto October 31, 2022) | - | 1.82 | 1.82 |
| | - | (1.33) | (1.33) |
| Mr. Monu Ratra | - | 4.65 | 4.65 |
| | - | (4.95) | (4.95) |
| Mr. Amit Gupta | - | 0.79 | 0.79 |
| | - | (1.15) | (1.15) |
| Mr. Ajay Jaiswal | - | 0.89 | 0.89 |
| | - | (0.89) | (0.89) |
| Mr.Narayanaswamy Venkatesh | - | 2.33 | 2.33 |
| | - | (1.56) | (1.56) |
| Mr.Shivaprakash Deviah | - | 1.02 | 1.02 |
| | - | (0.73) | (0.73) |
| Mr. Anantha Kumar T | - | 0.56 | 0.56 |
| | - | (0.35) | (0.35) |
| Mr.Pramod Kulkarni | - | - | - |
| | - | (0.05) | (0.05) |
| Mr. Manoranjan Biswal | - | 0.16 | 0.16 |
| | - | (0.10) | (0.10) |
| Equity dividend paid | | | |
| India Infoline Employee Trust | 0.03 | - | 0.03 |
| | (0.03) | - | (0.03) |
| Mr.Narayanaswamy Venkatesh | - | 0.01 | 0.01 |
| | - | - | - |
| Mr.Shivaprakash Deviah | - | 0.00 | 0.00 |
| | - | - | - |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

| Nature of transaction | (₹ in Crores) | | |
|--|-----------------------|--|------------|
| | Other related parties | Key managerial personnel and their relatives | Total |
| Mr.Venkatakrishnama Appanaidu Narayanaswamy | 0.01 | - | - |
| | - | - | - |
| Mrs. Anitha Shivaprakash | 0.00 | - | - |
| | - | - | - |
| ICD/loan taken | | | |
| IIFL Facilities Services Limited | - | - | - |
| | (4,295.60) | - | (4,295.60) |
| IIFL Securities Limited | - | - | - |
| | (200.00) | - | (200.00) |
| ICD/loan returned | | | |
| IIFL Facilities Services Limited | - | - | - |
| | (4,295.60) | - | (4,295.60) |
| IIFL Securities Limited | - | - | - |
| | (200.00) | - | (200.00) |
| ICD/loan given | | | |
| 5paisa Capital Limited | 700.00 | - | 700.00 |
| | (600.00) | - | (600.00) |
| IIFL Facilities Services Limited | - | - | - |
| | (2,663.50) | - | (2,663.50) |
| IIFL Management Services Limited | - | - | - |
| | (50.00) | - | (50.00) |
| IIFL Securities Limited | 1,435.00 | - | 1,435.00 |
| | (1,739.00) | - | (1,739.00) |
| ICD/loan received back | | | |
| 5paisa Capital Limited | 700.00 | - | 700.00 |
| | (600.00) | - | (600.00) |
| IIFL Management Services Limited | - | - | - |
| | (50.00) | - | (50.00) |
| IIFL Facilities Services Limited | - | - | - |
| | (2,663.50) | - | (2,663.50) |
| IIFL Securities Limited | 1,435.00 | - | 1,435.00 |
| | (1,739.00) | - | (1,739.00) |
| Mr. Shankar Subramanian | - | 0.06 | 0.06 |
| | - | - | - |
| Allocation / reimbursement of expenses paid | | | |
| IIFL Securities Limited | 12.73 | - | 12.73 |
| | (13.70) | - | (13.70) |
| IIHFL Sales Limited | - | - | - |
| | - | - | - |
| IIFL Management Services Limited | 0.48 | - | 0.48 |
| | (0.26) | - | (0.26) |
| IIFL Facilities Services Limited | 3.03 | - | 3.03 |
| | (2.21) | - | (2.21) |
| 5paisa Capital Limited | 0.06 | - | 0.06 |
| | (0.04) | - | (0.04) |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

| (₹ in Crores) | | | |
|---|-----------------------|--|--------|
| Nature of transaction | Other related parties | Key managerial personnel and their relatives | Total |
| 360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited) | - | - | - |
| | - | - | - |
| Allocation / reimbursement of expenses paid others | | | |
| IIFL Facilities Services Limited | 0.09 | - | 0.09 |
| | (0.20) | - | (0.20) |
| IIFL Insurance Brokers Limited | - | - | - |
| | (0.01) | - | (0.01) |
| 5paisa Capital Limited | 0.27 | - | 0.27 |
| | (0.40) | - | (0.40) |
| 5paisa P2P Limited | - | - | - |
| | (0.00) | - | (0.00) |
| IIFL Management Services Limited | 0.01 | - | 0.01 |
| | (0.03) | - | (0.03) |
| IIFL Securities Limited | 0.92 | - | 0.92 |
| | (2.29) | - | (2.29) |
| IIFL Sales Limited | - | - | - |
| | - | - | - |
| Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited) | 0.00 | - | 0.00 |
| | - | - | - |
| Livlong Protection & Wellness Solutions Limited (Formerly known as IIFL Corporate Services Limited) | 0.05 | - | 0.05 |
| | (0.02) | - | (0.02) |
| 360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited) | - | - | - |
| | - | - | - |
| Allocation / reimbursement of expenses received | | | |
| IIFL Facilities Services Limited | 0.08 | - | 0.08 |
| | (0.09) | - | (0.09) |
| 5paisa Capital Limited | 1.56 | - | 1.56 |
| | - | - | - |
| IIFL Management Services Limited | 0.14 | - | 0.14 |
| | (0.03) | - | (0.03) |
| IIFL Sales Limited | - | - | - |
| | - | - | - |
| 5paisa Capital Limited | - | - | - |
| | (0.87) | - | (0.87) |
| IIFL Securities Limited | 3.54 | - | 3.54 |
| | (3.15) | - | (3.15) |
| Livlong Protection & Wellness Solutions Limited (Formerly known as IIFL Corporate Services Limited) | 0.22 | - | 0.22 |
| | (0.01) | - | (0.01) |
| 360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited) | - | - | - |
| | - | - | - |
| Allocation / reimbursement of expenses received others | | | |
| IIFL Facilities Services Limited | 0.01 | - | 0.01 |
| | (0.10) | - | (0.10) |
| IIFL Management Services Limited | 0.10 | - | 0.10 |
| | (0.00) | - | (0.00) |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

| Nature of transaction | (₹ in Crores) | | |
|---|-----------------------|--|----------|
| | Other related parties | Key managerial personnel and their relatives | Total |
| IIFL Insurance Brokers Limited | - | - | - |
| | (0.07) | - | (0.07) |
| India Infoline Foundation | 0.00 | - | 0.00 |
| | - | - | - |
| 5paisa Capital Limited | 0.22 | - | 0.22 |
| | (0.13) | - | (0.13) |
| 5paisa P2P Limited | 0.00 | - | 0.00 |
| | - | - | - |
| Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited) | 0.03 | - | 0.03 |
| | - | - | - |
| IIFL Sales Limited | - | - | - |
| | - | - | - |
| IIFL Commodities Limited | - | - | - |
| | - | - | - |
| Livlong Protection & Wellness Solutions Limited (Formerly known as IIFL Corporate Services Limited) | 0.06 | - | 0.06 |
| | (0.03) | - | (0.03) |
| IIFL Securities Limited | 1.14 | - | 1.14 |
| | (1.01) | - | (1.01) |
| Security Deposit Paid | | | |
| IIFL Facilities Services Limited | 0.53 | - | 0.53 |
| | (0.04) | - | (0.04) |
| Repayment towards Borrowing | | | |
| IIFL Management Services Limited | 0.12 | - | 0.12 |
| | - | - | - |
| Security Deposit Received | | | |
| IIFL Facilities Services Limited | 0.01 | - | 0.01 |
| | - | - | - |
| Sale of investment | | | |
| IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited) | - | - | - |
| | - | - | - |
| Non convertible debenture Issued | | | |
| IIFL Facilities Services Limited | - | - | - |
| | (0.04) | - | (0.04) |
| IIFL Securities Limited | - | - | - |
| | (50.00) | - | (50.00) |
| IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited) | 25.07 | - | - |
| | - | - | - |
| IIFL Management Services Limited | 55.09 | - | 55.09 |
| | (94.30) | - | (94.30) |
| Investment in Non convertible debentures/Buyback | | | |
| IIFL Management Services Limited | - | - | - |
| | (108.11) | - | (108.11) |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Note 41.2 Closing balances with related parties

| Nature of transaction | (₹ in Crores) | | |
|---|-----------------------|--|---------|
| | Other related parties | Key managerial personnel and their relatives | Total |
| Other payable | | | |
| IIFL Facilities Services Limited | 0.14 | - | 0.14 |
| | (0.13) | - | (0.13) |
| 5paisa Capital Limited | 0.02 | - | 0.02 |
| | (0.17) | - | (0.17) |
| 5paisa P2P Limited | - | - | - |
| | - | - | - |
| 360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited) | 1.52 | - | 1.52 |
| | (4.02) | - | (4.02) |
| IIFL Management Services Limited | 0.11 | - | 0.11 |
| | - | - | - |
| IIFL Sales Limited | - | - | - |
| | - | - | - |
| IIFL Insurance Brokers Limited | - | - | - |
| | - | - | - |
| IIFL Securities Limited | - | - | - |
| | (1.26) | - | (1.26) |
| Other receivable | | | |
| IIFL Management Services Limited | - | - | - |
| | (0.01) | - | (0.01) |
| IIFL Securities Limited | 0.73 | - | 0.73 |
| | - | - | - |
| Livlong Insurance Brokers Limited (Formerly IIFL Insurance Brokers Limited) | 0.01 | - | 0.01 |
| | (0.04) | - | (0.04) |
| Livlong Protection & Wellness Solutions Limited (Formerly known as IIFL Corporate Services Limited) | 3.11 | - | 3.11 |
| | (0.05) | - | (0.05) |
| India Infoline Foundation | - | - | - |
| | (5.49) | - | (5.49) |
| 360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited) | - | - | - |
| | - | - | - |
| Mr. Shankar Subramanian | - | 0.15 | 0.15 |
| | - | - | - |
| Security Deposit receivable | | | |
| IIFL Facilities Services Limited | 1.44 | - | 1.44 |
| | (0.92) | - | (0.92) |
| Outstanding non convertible debenture issued | | | |
| IIFL Facilities Services Limited | - | - | - |
| | (0.00) | - | (0.00) |
| IIFL Management Services Limited | 4.00 | - | 4.00 |
| | (4.00) | - | (4.00) |
| IIFL Securities Limited | 8.00 | - | 8.00 |
| | (52.30) | - | (52.30) |
| 360 ONE WAM LIMITED (Formerly known as IIFL Wealth Management Limited) | 21.46 | - | 21.46 |
| | - | - | - |
| IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited) | 7.60 | - | 7.60 |
| | (26.70) | - | (26.70) |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

| Nature of transaction | (₹ in Crores) | | |
|---|-----------------------|--|--------|
| | Other related parties | Key managerial personnel and their relatives | Total |
| Interest accrued on outstanding non convertible debenture issued | | | |
| IIFL Facilities Services Limited | - | - | - |
| | (0.00) | - | (0.00) |
| IIFL Management Services Limited | - | - | - |
| | - | - | - |
| IIFL Securities Limited | - | - | - |
| | (1.97) | - | (1.97) |
| IIFL Wealth Prime Limited (Formerly known as IIFL Wealth Finance Limited) | 3.10 | - | 3.10 |
| | (1.97) | - | (1.97) |
| Loan & other receivable | | | |
| Mr. Shankar Subramanian | - | 0.15 | 0.15 |
| | - | (0.20) | (0.20) |
| Gratuity payable* | | | |
| Mr.Nirmal Jain | - | 0.15 | 0.15 |
| | - | (0.15) | (0.15) |
| Mr.Kapish Jain | - | 0.01 | 0.01 |
| | - | - | - |
| Mrs. Sneha Patwardhan | - | 0.01 | 0.01 |
| | - | (0.01) | (0.01) |
| Mr.Rajesh Rajak (Upto October 2022) | - | 0 | - |
| | - | (0.02) | (0.02) |
| Mr. Monu Ratra | - | 0.10 | 0.10 |
| | - | (0.10) | (0.10) |
| Mr. Amit Gupta | - | 0.10 | 0.10 |
| | - | (0.09) | (0.09) |
| Mr. Ajay Jaiswal | - | 0.09 | 0.09 |
| | - | (0.08) | (0.08) |
| Leave encashment payable* | | | |
| Mr.Nirmal Jain | - | 0.89 | 0.89 |
| | - | (0.64) | (0.64) |
| Mr.Kapish Jain | - | 0.02 | 0.02 |
| | - | - | - |
| Mrs. Sneha Patwardhan | - | 0.02 | 0.02 |
| | - | (0.02) | (0.02) |
| Mr.Rajesh Rajak (Upto October 2022) | - | - | - |
| | - | (0.01) | (0.01) |
| Mr. Monu Ratra | - | 0.17 | 0.17 |
| | - | (0.15) | (0.15) |
| Mr. Amit Gupta | - | 0.05 | 0.05 |
| | - | (0.04) | (0.04) |
| Mr. Ajay Jaiswal | - | 0.05 | 0.05 |
| | - | (0.05) | (0.05) |

* Based on actuarial valuation report

#Amount is less than ₹ 0.01 Crores hence shown as ₹ 0.00 Crores wherever applicable.

(Figure in bracket represents previous year figures)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE 42.1. MATURITY ANALYSIS OF ASSETS AND LIABILITIES AS AT MARCH 31, 2023

(₹ in Crores)

| Sr. No | Particulars | Within 12 months | After 12 months | Total |
|------------|---|------------------|------------------|------------------|
| | Assets | | | |
| [1] | Financial assets | | | |
| (a) | Cash and cash equivalents | 3,630.38 | 0.29 | 3,630.67 |
| (b) | Bank balance other than (a) above | 1,761.22 | 447.14 | 2,208.36 |
| (c) | Derivative financial instruments | 95.21 | 128.37 | 223.58 |
| (d) | Receivables | | | |
| | (i) Trade receivables | 120.51 | 0.92 | 121.43 |
| | (ii) Other receivables | 151.96 | - | 151.96 |
| (e) | Loans | 18,051.63 | 21,949.48 | 40,001.11 |
| (f) | Investments | 1,557.03 | 1,953.97 | 3,511.00 |
| (g) | Other financial assets | 747.79 | 867.76 | 1,615.55 |
| [2] | Non-financial assets | | | |
| (a) | Current tax assets | 2.15 | 237.44 | 239.59 |
| (b) | Deferred tax assets | - | 122.67 | 122.67 |
| (c) | Investment property | - | 296.04 | 296.04 |
| (d) | Property, plant and equipment | - | 176.13 | 176.13 |
| (e) | Capital work-in-progress | 27.30 | 0.10 | 27.40 |
| (f) | Right to use assets | - | 386.60 | 386.60 |
| (g) | Other intangible assets | - | 3.38 | 3.38 |
| (h) | Other non-financial assets | 197.48 | 75.05 | 272.53 |
| (i) | Assets held for sale | 13.32 | - | 13.32 |
| | Total Assets | 26,355.98 | 26,645.34 | 53,001.32 |
| | Liabilities and Equity | | | |
| | Liabilities | | | |
| [1] | Financial liabilities | | | |
| (a) | Derivative financial instruments | 38.59 | 3.78 | 42.37 |
| (b) | Payables | | | |
| | (I) Trade payables | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | 3.01 | 0.01 | 3.02 |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 193.65 | 0.63 | 194.28 |
| | (II) Other payables | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | - | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | - | - | - |
| (c) | Finance lease obligation | 96.43 | 317.00 | 413.43 |
| (d) | Debt securities | 3,230.95 | 4,694.35 | 7,925.30 |
| (e) | Borrowings (other than debt securities) | 10,523.29 | 17,952.98 | 28,476.27 |
| (f) | Subordinated liabilities | 243.43 | 2,958.99 | 3,202.42 |
| (g) | Other financial liabilities | 2,030.24 | - | 2,030.24 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Crores)

| Sr. No | Particulars | Within 12 months | After 12 months | Total |
|------------|-------------------------------------|------------------|------------------|------------------|
| [2] | Non-financial liabilities | | | |
| (a) | Current tax liabilities | 45.82 | - | 45.82 |
| (b) | Provisions | 66.22 | 18.55 | 84.77 |
| (c) | Deferred tax liabilities | - | 0.61 | 0.61 |
| (d) | Other non-financial liabilities | 380.55 | 0.10 | 380.65 |
| [3] | Equity | | | |
| (a) | Equity share capital | - | 76.09 | 76.09 |
| (b) | Other equity | - | 8,915.97 | 8,915.97 |
| (c) | Non-controlling interest | - | 1,210.08 | 1,210.08 |
| | Total Liabilities and Equity | 16,852.18 | 36,149.14 | 53,001.32 |

NOTE 42.2 MATURITY ANALYSIS OF ASSETS AND LIABILITIES AS AT MARCH 31, 2022

(₹ in Crores)

| Sr. No | Particulars | Within 12 months | After 12 months | Total |
|------------|---|------------------|------------------|------------------|
| | Assets | | | |
| [1] | Financial assets | | | |
| (a) | Cash and cash equivalents | 6,211.64 | - | 6,211.64 |
| (b) | Bank balance other than (a) above | 1,414.05 | 531.24 | 1,945.29 |
| (c) | Derivative financial instruments | - | 74.28 | 74.28 |
| (d) | Receivables | | | |
| | (i) Trade receivables | 183.18 | 0.02 | 183.20 |
| | (ii) Other receivables | 15.80 | - | 15.80 |
| (e) | Loans | 14,940.89 | 18,752.00 | 33,692.89 |
| (f) | Investments | 0.34 | 1,191.82 | 1,192.16 |
| (g) | Other financial assets | 164.86 | 759.19 | 924.05 |
| [2] | Non-financial assets | | | |
| (a) | Current tax assets | 1.64 | 232.53 | 234.17 |
| (b) | Deferred tax assets (net) | - | 285.82 | 285.82 |
| (c) | Investment property | - | 295.19 | 295.19 |
| (d) | Property, plant and equipment | - | 150.52 | 150.52 |
| (e) | Capital work-in-progress | 5.14 | 0.50 | 5.64 |
| (f) | Right to use assets | - | 327.53 | 327.53 |
| (g) | Other intangible assets | - | 2.11 | 2.11 |
| (h) | Other non-financial assets | 103.36 | 249.24 | 352.60 |
| (i) | Assets held for sale | 17.55 | - | 17.55 |
| | Total Assets | 23,058.45 | 22,851.99 | 45,910.44 |
| | Liabilities and Equity | | | |
| | Liabilities | | | |
| [1] | Financial liabilities | | | |
| (a) | Derivative financial instruments | 6.23 | 158.16 | 164.39 |
| (b) | Payables | | | |
| | (i) Trade payables | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | - | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 141.41 | 1.02 | 142.43 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Crores)

| Sr. No | Particulars | Within 12 months | After 12 months | Total |
|------------|---|------------------|------------------|------------------|
| (II) | Other payables | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | - | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 9.91 | - | 9.91 |
| (c) | Finance lease obligation | 74.92 | 285.76 | 360.68 |
| (d) | Debt securities | 1,238.78 | 6,599.30 | 7,838.08 |
| (e) | Borrowings (other than debt securities) | 8,064.17 | 17,255.20 | 25,319.37 |
| (f) | Subordinated liabilities | 97.82 | 2,470.23 | 2,568.05 |
| (g) | Other financial liabilities | 2,794.52 | 26.02 | 2,820.54 |
| [2] | Non-financial liabilities | | | |
| (a) | Current tax liabilities | 50.21 | - | 50.21 |
| (b) | Provisions | 50.38 | 13.73 | 64.11 |
| (c) | Other non-financial liabilities | 102.94 | - | 102.94 |
| [3] | Equity | | | |
| (a) | Equity share capital | - | 75.92 | 75.92 |
| (b) | Other equity | - | 6,387.91 | 6,387.91 |
| (c) | Non-controlling interest | - | 5.90 | 5.90 |
| | Total Liabilities and Equity | 12,631.29 | 33,279.15 | 45,910.44 |

NOTE 43. CORPORATE SOCIAL RESPONSIBILITY:

During the financial year 2022-23, the Group has spent ₹ 21.35 Crores (P.Y. ₹ 12.74 Crores) out of the total amount of ₹ 27.40 Crores (P.Y. ₹ 18.77 Crores) resulting into shortfall of ₹ 6.05 Crores (P.Y. ₹ 6.03 Crores). The shortfall amount pertains towards the ongoing projects. The unspent amount has been transferred to a separate Bank account and will be spent during the FY 2023-24. The aforementioned amount has been contributed to India Infoline Foundation.

NOTE 44. ADDITIONAL INFORMATION PURSUANT TO PARA 2 OF GENERAL INSTRUCTIONS FOR THE PREPARATIONS OF CONSOLIDATED FINANCIAL STATEMENTS:

(₹ in Crores)

| Name of entity in the Group | Net Assets i.e Total Assets less Total Liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|--|--|----------------------|-------------------------------------|----------------------|---|----------------------|---|----------------------|
| | As % of consolidated net assets | Amount (₹ in Crores) | As % of consolidated profit or loss | Amount (₹ in Crores) | As % of consolidated other comprehensive income | Amount (₹ in Crores) | As % of consolidated total comprehensive income | Amount (₹ in Crores) |
| IIFL Finance Limited | 31.44% | 3,207.09 | 44.66% | 717.93 | 64.69% | 20.82 | 45.05% | 738.75 |
| Indian Subsidiaries | | | | | | | | |
| IIFL Home Finance Limited | 43.25% | 4,412.64 | 39.92% | 641.75 | 33.23% | 10.70 | 39.79% | 652.45 |
| IIFL Samasta Finance Limited | 12.90% | 1,316.15 | 7.82% | 125.67 | 6.81% | 2.19 | 7.80% | 127.86 |
| IIFL Open Fintech Private Limited | 0.41% | 42.08 | 0.23% | 3.68 | 0.00% | - | 0.22% | 3.68 |
| Indian Step down Subsidiary | | | | | | | | |
| IIHL Sales Limited | 0.14% | 14.10 | 0.70% | 11.27 | - | - | 0.69% | 11.27 |
| Subtotal | 88.14% | 8,992.06 | 93.33% | 1,500.30 | 104.72% | 33.71 | 93.55% | 1,534.00 |
| Non Controlling interest in subsidiaries | 11.86% | 1,210.08 | 6.67% | 107.25 | (4.71%) | (1.52) | 6.45% | 105.73 |
| Total | | 10,202.15 | | 1,607.55 | | 32.19 | | 1,639.73 |

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 45. SEGMENT REPORTING

The Group's primary business segments are reflected based on the principal business carried out, i.e. financing. All other activities of the Group revolve around the main business. The risk and returns of the business of the Group is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment. As such, there are no separate reportable segments as per the Indian Accounting Standard 108 on 'Segment Reporting'.

NOTE 46. SHARED SERVICES

The Group operates from and uses the premises, infrastructure and other facilities and services as provided to it by its group companies, which are termed as 'Shared Services'. Hitherto, such shared services consisting of administrative and other revenue expenses paid for by the Group were identified and recovered/recoverable from them based on reasonable management estimates, which are constantly refined in the light of additional knowledge gained relevant to such estimation. These expenses are recovered on an actual basis and the estimates are used only where actual were difficult to determine.

NOTE 47. Previous year's figures are regrouped, reclassified and rearranged wherever considered necessary to confirm to current year's presentation.

For and on behalf of the Board of Directors of IIFL FINANCE LIMITED

Arun Kumar Purwar

Chairman & Independent Director
DIN : 00026383

Nirmal Jain

Managing Director
DIN : 00010535

Kapish Jain

Chief Financial Officer

Sneha Patwardhan

Company Secretary

Place : Mumbai

Dated: April 26, 2023

FORM AOC-I

Salient features of financial statements of Subsidiaries as per Companies Act, 2013 as on March 31, 2023

(₹ in crores)

| SR. NO. | Particulars | IIFL Home Finance Limited | IIFL Samasta Finance Limited | IIFL Open Fintech Private Limited | IIFL Sales Limited |
|---------|---|---------------------------|------------------------------|-----------------------------------|--------------------|
| 1. | Share Capital | 26.34 | 593.64 | 16.84 | 0.05 |
| 2. | Other Equity | 5,526.86 | 728.51 | 101.94 | 14.05 |
| 3. | Total Assets | 21,785.18 | 8,904.10 | 119.56 | 41.47 |
| 4. | Total Liabilities | 16,231.98 | 7,581.95 | 0.78 | 27.37 |
| 5. | Investments | 1,427.24 | 160.42 | 57.49 | - |
| 6. | Total Turnover | 2,731.16 | 1,753.51 | 5.77 | 47.28 |
| 7. | Profit/ (loss) before taxation | 1,022.90 | 158.51 | 4.92 | 14.86 |
| 8. | Provision for taxation (including deferred tax) | 232.57 | 30.33 | 1.24 | 3.61 |
| 9. | Total Comprehensive Income | 802.00 | 127.87 | 3.68 | 11.25 |
| 10. | Proposed preference dividend | - | - | - | - |
| 11. | Extent of interest in subsidiary | 79.59% | 99.51% | 51.02% | 100.00% |

Note: Reporting period for the subsidiary is the same as holding company.

**For and on behalf of the Board of Directors
of IIFL Finance Limited**

Arun Kumar Purwar

Chairman & Independent Director
DIN : 00026383

Nirmal Jain

Managing Director
DIN : 00010535

Kapish Jain

Chief Financial Officer

Sneha Patwardhan

Company Secretary

Place : Mumbai

Dated: April 26, 2023